

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 JUNE 2016

	Note	Individual Period		Cumulative Period	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Continuing Operations					
Revenue	A8	53,081	53,659	107,969	110,389
Direct cost		(32,351)	(38,502)	(66,440)	(74,095)
Gross profit		20,730	15,157	41,529	36,294
Other income		293	3,656	598	6,012
Operating expenses		(8,489)	(7,305)	(26,038)	(16,067)
Finance costs		(12,345)	(10,714)	(24,615)	(21,191)
Share of results of associates, net of tax		324	1,067	934	2,469
Share of results of joint ventures, net of tax		2,370	14,761	17,763	27,994
Profit before tax	B1	2,883	16,622	10,171	35,511
Tax expense	B5	(231)	(239)	(458)	(489)
Profit for the period from continuing operations		2,652	16,383	9,713	35,022
Discontinued Operation					
Loss for the period from discontinued operation	A17	(571)	(10,635)	(6,957)	(18,321)
		2,081	5,748	2,756	16,701
Profit/(loss) attributable to:					
Owners of the Company		(2,683)	1,606	(6,728)	8,638
Non-controlling interests		4,764	4,142	9,484	8,063
		2,081	5,748	2,756	16,701
(Loss)/Earnings per share ("EPS") attributable to owners of the company (sen per share)					
		Sen	Sen	Sen	Sen
- Basic	B11(a)				
- from continuing operations		(0.17)	1.02	0.02	2.26
- from discontinued operation		(0.05)	(0.89)	(0.57)	(1.54)
		(0.22)	0.13	(0.55)	0.72
- Diluted	B11(b)				
- from continuing operations		(0.17)	1.02	0.02	2.26
- from discontinued operation		(0.05)	(0.89)	(0.57)	(1.54)
		(0.22)	0.13	(0.55)	0.72

The unaudited consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2016

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	2,081	5,748	2,756	16,701
<i>Items that may subsequently be classified to profit or loss:</i>				
Foreign currency translation differences arising during the financial period	29,056	18,254	(54,034)	103,879
Reclassified to profit or loss on repayment of intercompany balances	-	(7)	-	(596)
Cash flow hedged				
- fair value changes during the period	14	1,931	4,572	(1,597)
- reclassified adjustments for amounts recognised in profit or loss	(107)	(1,231)	(3,141)	1,151
Total comprehensive income/(loss)	31,044	24,695	(49,847)	119,538
Attributable to:				
Owners of the Company	21,070	17,971	(48,967)	101,568
Non-controlling interests	9,974	6,724	(880)	17,970
	31,044	24,695	(49,847)	119,538

The unaudited consolidated comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD
(Company No.: 632811-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	As At End Of Current Quarter 30 June 2016 RM'000 (Unaudited)	As At End Of Previous Financial Year 31 December 2015 RM'000 (Audited)
Non-current assets			
Plant and equipment	A9	946,808	1,348,104
Intangible assets		75	75
Investment in associates		1,898	2,419
Investment in joint ventures		722,962	751,323
Prepayment	B8	18,792	-
		<u>1,690,535</u>	<u>2,101,921</u>
Current assets			
Trade receivables		81,692	67,307
Other receivables, deposits and prepayment		57,372	64,586
Tax recoverable		533	311
Cash and bank balances		<u>21,854</u>	<u>39,655</u>
		161,451	171,859
Asset of disposal group classified as held for sale	A17	294,069	-
TOTAL ASSETS		<u>2,146,055</u>	<u>2,273,780</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		122,261	120,461
Share premium		642,729	640,108
Treasury shares		(231)	(231)
Accumulated losses	B13	(413,348)	(406,620)
Other reserves		285,361	323,897
Equity attributable to owners of the Company		<u>636,772</u>	<u>677,615</u>
Non-controlling interests		165,597	167,599
Total equity		<u>802,369</u>	<u>845,214</u>
Non-current liabilities			
Loans and borrowings	B7	686,467	794,679
Other payables		9,877	10,519
		<u>696,344</u>	<u>805,198</u>
Current liabilities			
Trade payables		16,815	16,861
Other payables and accruals		58,613	48,864
Loans and borrowings	B7	475,384	546,816
Derivatives liability		5,972	10,544
Tax payable		254	283
		<u>557,038</u>	<u>623,368</u>
Total liabilities		1,253,382	1,428,566
Liabilities of disposal group classified as held for sale	A17	90,304	-
TOTAL EQUITY AND LIABILITIES		<u>2,146,055</u>	<u>2,273,780</u>
Net assets per share attributable to owners of the parent (RM)		0.52	0.56

The unaudited consolidated financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD

(Company No.: 632811-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016**

Note	Attributable to Equity Holders of the Company						Non-controlling Interest	Total equity
	Non-distributable				Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings/ (accumulated losses) RM'000	Sub-total RM'000		
At 1 January 2015 (Audited)	119,313	638,407	(231)	112,896	299,698	1,170,083	121,633	1,291,716
Comprehensive income								
Profit for the financial period	-	-	-	-	8,638	8,638	8,063	16,701
Other comprehensive income								
Foreign currency translation differences	-	-	-	93,377	-	93,377	9,907	103,284
Cash flow hedge	-	-	-	(446)	-	(446)	-	(446)
Total comprehensive income for the period	-	-	-	92,931	8,638	101,569	17,970	119,539
Transactions with owners								
Share options granted under ESOS	-	-	-	4,145	-	4,145	-	4,145
	-	-	-	4,145	-	4,145	-	4,145
At 30 June 2015 (Unaudited)	119,313	638,407	(231)	209,972	308,336	1,275,797	139,603	1,415,400
At 1 January 2016 (Audited)	120,461	640,108	(231)	323,896	(406,620)	677,614	167,599	845,213
Comprehensive income/(loss)								
Profit/(loss) for the financial period	-	-	-	-	(6,728)	(6,728)	9,484	2,756
Other comprehensive income								
Foreign currency translation differences	-	-	-	(43,669)	-	(43,669)	(10,364)	(54,033)
Cash flow hedge	-	-	-	1,431	-	1,431	-	1,431
Total comprehensive income/(loss) for the period	-	-	-	(42,238)	(6,728)	(48,966)	(880)	(49,846)
Transactions with owners								
Share options granted under ESOS	-	-	-	3,703	-	3,703	-	3,703
Shares issuance pursuant to private placement	1,800	2,700	-	-	-	4,500	-	4,500
Shares issuance expenses	-	(79)	-	-	-	(79)	-	(79)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,122)	(1,122)
	1,800	2,621	-	3,703	-	8,124	(1,122)	7,002
At 30 June 2016 (Unaudited)	122,261	642,729	(231)	285,361	(413,348)	636,772	165,597	802,369

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD
(Company No.: 632811-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016

	6-month ended	
	30 June 2016	30 June 2015
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Profit/(loss) before taxation		
- continuing operations	10,171	35,511
- discontinued operation	(6,957)	(18,321)
Adjustment for :		
Depreciation of plant and equipment	26,486	35,055
Bad debt written off	72	-
Net unrealised (gain)/loss on foreign exchange	12,028	(4,429)
Share of results of associates	(934)	(2,469)
Share of results of joint ventures	(17,763)	(27,994)
Share options granted under employees' share option scheme ("ESOS")	3,703	4,145
Interest expense	26,081	22,803
Interest income	(110)	(91)
Operating profit before working capital changes	52,777	44,210
Changes in working capital :		
Change in receivables	(15,587)	8,719
Dividend received	1,320	1,392
Change in payables	18,606	(31,771)
Cash generated from operating activities	57,116	22,550
Interest paid	(28,783)	(25,332)
Interest received	45	94
Tax paid	(682)	(632)
Tax refund	-	75
Net cash generated from operating activities	27,696	(3,245)
Cash flow from investing activities		
Prepayment of plant and equipment	(15,157)	(9,214)
Purchase of plant and equipment	(944)	(1,558)
Net advances (to)/from joint ventures	(629)	(8,482)
Net cash used in investing activities	(16,730)	(19,254)
Cash flow from financing activities		
Payment of hire purchase	(59)	(56)
Net proceeds from shares issuance pursuant to private placement		
- Gross proceeds	4,500	-
- Share issuance expenses	(79)	-
Dividend paid	(1,122)	-
Drawdown of loans and borrowings	-	24,383
Repayment of loans and borrowings	(30,678)	(54,166)
Net cash from/(used) from financing activities	(27,438)	(29,839)
Net increase/(decrease) in cash and cash equivalents during the period	(16,472)	(52,338)
Effect of exchange rate changes	(1,126)	5,082
	(17,598)	(47,256)
Cash and cash equivalents at beginning of year	34,525	94,108
Cash and cash equivalents at end of period *	16,927	46,852
* Cash and cash equivalents comprise :		
Cash and bank balances	21,854	48,053
Bank overdraft	(4,927)	(1,201)
	16,927	46,852

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

NOTES TO THE ACCOUNTS

**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD ("MFRS") 134**

1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Perisai Petroleum Teknologi Bhd ("Perisai" or the "Company") and its subsidiaries ("Group") since the financial year ended 31 December 2015.

2. Changes In Accounting Policies

- a) The Group adopted the following Standard, Amendments/Annual Improvement to Standards effective as of 1 January 2016:-

Amendment to MFRS 11	Joint Arrangements
Amendment to MFRS 101	Disclosure Initiative
Amendment to MFRS 127	Separate Financial Statements
Amendment to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation And Amortisation
Annual Improvements to MFRSs 2012 -2014 Cycle	

The adoption of the above Amendments to MFRSs did not have any material effect on the financial statements of the Group.

- b) At the date of this report, the following new MFRSs and Amendments/Improvements to MFRSs were issued but not yet effective and have not been applied by the Group:

Amendment to MFRS 107	Disclosure Initiative *
MFRS 112	Income Taxes *
MFRS 9	Financial Instruments **
MFRS 15	Revenue from Contracts with Customers **
MFRS 16	Leases ***
Amendment to MFRS 10	Consolidated Financial Statements #
Amendment to MFRS 128	Investment in Associates and Joint Ventures #

**Effective for financial periods beginning on or after – 1 January 2017*

*** Effective for financial periods beginning on or after – 1 January 2018*

**** Effective for financial periods beginning on or after – 1 January 2019*

Not yet effective and to be announced by Malaysian Accounting Standards Board ("MASB")

The Group will adopt the above new MFRS and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods.

3. Seasonal Or Cyclical Factors

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions and significant changes in oil prices.

4. Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the financial period ended 30 June 2016.

5. Changes In Estimates

There were no significant changes in estimates that had a material effect on the results for the financial period ended 30 June 2016 except for the revised in residual value of plant and equipment. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the current quarter and financial period ended 30 June 2016 have been increased by RM427,038 and RM1,378,100 respectively.

6. Debts And Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2016:

- i. Perisai had fixed the issue price of the Placement Shares under the Private Placement as follows:

Date	Issue Price	No of Placement Shares
4.2.2016	RM0.25	6,000,000
16.2.2016	RM0.25	6,000,000
18.2.2016	RM0.25	6,000,000

- ii. As at 31 December 2015, 400,000 shares of RM0.10 each were held as treasury shares in accordance with the requirements of section 67A of the Companies Act, 1965.

7. Dividends Paid

There were no dividends paid during the financial period ended 30 June 2016.

8. Segmental Information

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2016 RM'000	30 June 2015 RM'000 (Restated)	30 June 2016 RM'000	30 June 2015 RM'000 (Restated)
Segment Revenue				
Drilling	38,778	40,582	78,706	84,522
Production	-	-	-	-
Marine vessels	14,303	13,077	29,263	25,867
Others	-	-	-	-
Total revenue	53,081	53,659	107,969	110,389
Segment Results				
Drilling	1,219	(904)	2,655	4,390
Production	(5)	(1)	(7)	(1)
Marine vessels	9,255	8,098	18,411	15,571
Others	(10,280)	(6,399)	(29,585)	(14,912)
Share of results in associates	324	1,067	934	2,469
Share of results in joint ventures	2,370	14,761	17,763	27,994
Total results	2,883	16,622	10,171	35,511

9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial period ended 30 June 2016. As at 30 June 2016, all property, plant and equipment were stated at cost less accumulated depreciation and provision for impairment.

10. Subsequent Events

Save as disclosed below, there were no material events subsequent to the financial period ended 30 June 2016:

- i. On 28 July 2016, the Company announced that its 51% subsidiary, Perisai Offshore Sdn Bhd, Petronas Carigali Sdn Bhd ("PCSB") and HESS Exploration and Production Malaysia B.V ("HESS") have agreed to an extension of the Farm-Out which the last date is 15 August 2016. At the end of the Farm-Out extension, the jack-up drilling rig PP101 will be reassigned to PCSB to support PCSB's drilling operations.
- ii. On 11 August 2016, the Company entered into a supplemental call option agreement no. 2 ("Supplemental Call Option Agreement No. 2") with Macquarie Bank Limited in relation to the Call Option. In the Supplemental Call Option Agreement No. 2, the Parties agree that the Exercise Price may be lower than the Floor Price subject to the Company's absolute discretion in accepting or rejecting the same.
- iii. On 15 August 2016, the Company has fixed the issue price of the sixth (6th) tranche of the Proposed Private Placement comprising 7,380,000 Placement Shares at RM0.20331 per Placement Share.
- iv. On 18 August 2016, the Company announced that it will commence discussions and engage with the holders of the Notes with regard to the upcoming maturity of the Notes on 3 October 2016.
- v. On 19 August 2016, the Company announced that its 40% owned associate, Larizz Petroleum Services Sdn Bhd and Hess had agreed to extend the firm charter duration of the Perisai Kamelia for a period of six (6) months to 31 May 2017. At the end of the extension, Hess may exercise its option to further extend the charter on a monthly basis for up to a total of twelve (12) months to 31 May 2018. The value of the extension is expected to be in the range between USD31,950,000 and USD45,000,000, depending on the daily average Brent crude oil price.
- vi. On 23 August 2016, the Company has fixed the issue price of the seventh (7th) tranche of the Proposed Private Placement comprising 7,422,100 Placement Shares at RM0.2021 per Placement Share.

11. Changes In Composition Of The Group

There were no changes to the composition of the Group during the financial period ended 30 June 2016.

12. Changes In Contingent Liabilities

Save as disclosed below, the Directors are not aware of any material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group during the financial period ended 30 June 2016.

Corporate Guarantee of RM408.1 million issued by the Group for banking facilities granted to its joint ventures.

13. Changes In Contingent Assets

The Directors are not aware of any material contingent assets, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group during the financial period ended 30 June 2016.

14. Material Commitments

Save as disclosed below, the Group is not aware of any material commitments incurred or known to be incurred by the Group which upon becoming enforceable may have a material impact on the profit or net asset value of the Group as at 30 June 2016.

RM' Million

Capital expenditure

Approved and contracted for:

Construction of two (2) jack-up drilling rigs 1,353

15. Significant Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the financial period ended 30 June 2016.

The recurrent related party transactions with the Group and the Company are as follows:-

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Revenue				
Bareboat charter of vessels to Emas Offshore Pte. Ltd.*	4,003	3,660	8,190	7,240
Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.*	10,300	9,417	21,073	18,627
Secondment of personnel to Victoria Production Services Sdn Bhd^	-	39	-	39
Expenses				
Agency fee charged by Larizz Petroleum Services Sdn. Bhd.#	45	45	90	90
Agency fee charged by Larizz Energy Services Sdn. Bhd.#	45	45	90	90
Agency fee charged by Perisai Offshore Sdn. Bhd.#	27	27	55	55

*The transactions above involve Emas Offshore Pte Ltd, and Emas Offshore (M) Sdn Bhd which are indirect wholly-owned subsidiaries of EMAS Offshore Limited ("EMAS Offshore"). EMAS Offshore and HCM Logistics Limited ("HCM") are major shareholders of Perisai. Emas Offshore is a 75.46% subsidiary of Ezra Holding Limited ("Ezra") whereas HCM is a wholly-owned subsidiary of Ezra.

^The transactions above involving Victoria Production Services Sdn Bhd, a Joint Venture between Perisai and EMAS.

#Agency fees charged by Larizz Petroleum Services Sdn Bhd ("LPSSB"), Larizz Energy Services Sdn Bhd ("LESSB") and Perisai Offshore Sdn Bhd ("POSB") is a recurrent related party transaction as Datuk Zainol Izzet Bin Mohamed Ishak ("Datuk Izzet") is a substantial shareholder of LPSSB, LESSB and POSB. Datuk Izzet holds 60% equity interest in LPSSB, 49% equity interest in LESSB and POSB. He is also a director of Perisai and holds 5.4% equity interest in Perisai.

16. Fair Value Measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, the lowest level input that is significant to the fair value measurement as a whole.

- (a) Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provided the fair value measurement hierarchy of the Group's assets and liabilities:

Liabilities measured at fair value

	Amount	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Group				
Derivative financial instruments				
-cross currency interest rate swaps *	5,972	-	5,972	-

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2016 and the Group does not have any financial instruments classified as Level 3 as at 30 June 2016.

* The valuation technique used to derive the Level 2 is as disclosed in Note B15.

17. Discontinued Operation

The Company has the intention to dispose of its idle asset. If the disposal is materialised, it is expected to enhance the cash position of the Group.

In accordance with MFRS 5, the assets and liabilities of a wholly-owned subsidiary of Perisai have been presented on the consolidated statement of financial position as a disposal group held for sale and results from this subsidiary are presented separately on the consolidated income statement as discontinued operation.

The revenue, results and cash flows of the wholly-owned subsidiary, which are classified as discontinued operation are as follows:-

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Revenue	-	-	-	-
Other Income	10	21	15	31
Expenses	(581)	(10,656)	(6,972)	(18,352)
Loss before tax of discontinued operation	(571)	(10,635)	(6,957)	(18,321)
Tax expense	-	-	-	-
Loss for the period from discontinued operation	(571)	(10,635)	(6,957)	(18,321)
The cash flows attributable to the discontinued operations are as follows:				
Operating cash flows	(215)	(4,038)	(2,214)	(5,981)
Investing cash flows	1,752	2,776	8,438	18,649
Financing cash flows	173	(261)	(7,722)	(14,205)
Total cash flows	1,710	(1,523)	(1,498)	(1,537)

The major classes of assets and liabilities of the discontinued operation classified as held for sale as at 30 June 2016 are as follows:

	Carrying Amount As at 30.6.2016 RM'000	Carrying Amount As at 31.12.2015 RM'000
Assets		
Plant and equipment	293,956	317,332
Other receivables	112	40
Assets of disposal group classified as held for sale	294,068	317,372
Liabilities		
Other payables	2,079	2,765
Borrowings	88,225	102,048
Liabilities of disposal group classified as held for sale	90,304	104,813
Net assets of disposal group classified as held for sale	203,764	212,559

18. Comparatives

During the financial period ended 30 June 2016, certain comparatives of the Group has been re-presented in accordance with the requirement of MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as mentioned in Note 17 above.

The effect of this exercise was adjusted as a prior year adjustment against the comparative figures as summary below:-

Income statement

3 months ended 30 June 2015	Previously stated RM'000	MFRS 5 RM'000	Restated RM'000
Revenue	53,659	-	53,659
Direct cost	(48,268)	9,766	(38,502)
Gross profit	5,391	9,766	15,157
Other income	3,677	(21)	3,656
Operating expenses	(7,459)	154	(7,305)
Finance costs	(11,450)	736	(10,714)
Share of results of associates, net of tax	1,067	-	1,067
Share of results of joint ventures, net of tax	14,761	-	14,761
Profit before tax	5,987	10,635	16,622
Tax expense	(239)	-	(239)
Profit for the period from continuing operations	5,748	10,635	16,383
Discontinued Operation			
Loss for the period from discontinued operation	-	(10,635)	(10,635)
Profit for the period, net of tax	5,748	-	5,748

6 months ended 30 June 2015	Previously stated RM'000	MFRS 5 RM'000	Restated RM'000
Revenue	110,389	-	110,389
Direct cost	(90,564)	16,469	(74,095)
Gross profit	19,825	16,469	36,294
Other income	6,043	(31)	6,012
Operating expenses	(16,338)	271	(16,067)
Finance costs	(22,803)	1,612	(21,191)
Share of results of associates, net of tax	2,469	-	2,469
Share of results of joint ventures, net of tax	27,994	-	27,994
Profit before tax	17,190	18,321	35,511
Tax expense	(489)	-	(489)
Profit for the period from continuing operations	16,701	18,321	35,022
<u>Discontinued Operation</u>			
Loss for the period from discontinued operation	-	(18,321)	(18,321)
Profit for the period, net of tax	16,701	-	16,701

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR

1. Performance Review

For the financial period ended 30 June 2016, the Group generated total revenue of RM107.97million, a decrease of RM2.42million when compared to the amount of RM110.39million in the corresponding financial period ended 30 June 2015.

The decrease in revenue was mainly due to discount given on the charter rate for Perisai Pacific 101("PP101") as a result of significant drop in oil prices.

Profit before tax ("PBT") from continuing operations for the financial period ended 30 June 2016 amounted to RM9.71million, a decrease of RM25.31million when compared to the PBT amount of RM35.02million recorded in the corresponding financial period ended 30 June 2015.

The decrease in PBT was mainly due to:

- (i) the full 6 months discount given on the charter rate for PP101 for the financial period ended 30 June 2016 as compared to approximately 4 months in the previous financial period ended 30 June 2015;
- (ii) higher foreign exchange loss as reflected in other operating expenses, amounting to RM13.36million;
- (iii) a lower share of contribution from the results of the joint ventures particularly from the Floating, Production, Storage and Offloading unit (FPSO), Perisai Kamelia as a result of discount given on the charter rate; and
- (iv) higher finance cost, which was mitigated by lower direct cost incurred.

Total profit net of tax from both continuing and discontinued operations for the financial period ended 30 June 2016 amounted to RM2.76million, a decrease of RM13.94million when compared to the amount of RM16.70million attained in the corresponding financial period ended 30 June 2015. The decrease is mainly due to the same reasons as mentioned in the immediate paragraph above and lower loss from discontinued operation as no depreciation charge is required under the provisions of MFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations" for assets which are held for sale.

For the current quarter ended 30 June 2016, the Group generated total revenue of RM53.08million which is consistence with the revenue of RM53.66million generated in the previous corresponding quarter ended 30 June 2015.

Profit before tax ("PBT") from continuing operations for the current quarter ended 30 June 2016 amounted to RM2.65million, a decrease of RM13.73million when compared to the PBT amount of RM16.38million attained in the corresponding quarter ended 30 June 2015.

The decrease in PBT was mainly due to:

- (i) a lower share of contribution from the results of the joint ventures particularly from the Floating, Production, Storage and Offloading unit, Perisai Kamelia as a result of discount given on the charter rate;
- (ii) lower foreign exchange gain as reflected in other income; and
- (iii) higher finance cost, which was mitigated by lower direct cost incurred.

Total profit net of tax from both continuing and discontinued operations for the current quarter ended 30 June 2016 amounted to RM2.08million, a decrease of RM3.67million when compared to the amount of RM5.75million attained in the corresponding quarter ended 30 June 2015. The decrease is mainly due to the same reasons as mentioned in the immediate paragraph above and lower loss from discontinued operation as no depreciation charge is required under the provisions of MFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations" for assets which are held for sale.

2. Material Change in Profit Before Tax ("PBT") In Comparison to the Preceding Quarter

For the current financial quarter ended 30 June 2016, the Group recorded a PBT of approximately RM2.65million against a PBT of RM7.29million recorded in the preceding quarter.

The decreased in PBT was mainly due to lower share of contribution from the results of the joint ventures particularly from the Floating, Production, Storage and Offloading unit, Perisai Kamelia as a result of discount given on the charter rate.

3. Future Prospects

Continuing depressed oil prices has caused uncertainty on the outlook for the demand for the oil and gas assets in the short to medium terms. The Group will remain cautious on its capital and cost management. Operational efficiency of the operating assets is expected to be maintained while pursuing various opportunities with respect to the Rubicone, Enterprise 3 and drilling rigs.

In the current quarter, all covenants relating to financial ratios as applying to the group were fully complied with with the exception of the interest cover ratio. As at the financial period ended 30 June 2016, the ratio for interest cover was slightly below the required minimum. The Group has and is taking active steps in addressing this slight deviation.

The Company has commenced discussions and engaged with the holders of the Medium Term Notes ("Notes") with the view of achieving a mutually agreed solution with regards to the upcoming maturity of the Notes on 3 October 2016.

4. Profit Forecast and Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in any public documents for the financial period ended 30 June 2016.

5. Income Tax Expense

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Based on result for the year				
- Current year provision	(225)	(196)	(452)	(448)
- Under provision for taxation in prior year	(6)	(43)	(6)	(41)
	(231)	(239)	(458)	(489)

The effective tax rate for the current quarter and financial period ended 30 June 2016 was lower than the statutory tax rate arising mainly from certain subsidiaries being subject to fixed tax rates under the Labuan Business Activity Tax Act, 1990.

6. Corporate Proposal

(a) There were no corporate proposals announced but not completed as at the reporting date.

(b) Status of Utilisation of Proceeds

Macquarie Bank Limited ("Macquarie") was granted call options with the right to exercise and be issued with up to 119,000,000 ordinary shares of RM0.10 each pursuant to the Call Option Agreement dated 24 November 2015.

The proceeds raised during the private placement were approved for the following activities and status on the funds utilised as at 18 August 2016 are summarised below:

PERISAI PETROLEUM TEKNOLOGI BHD (632811-X)
(Incorporated in Malaysia)

Purpose	Approved Utilisation RM' Million	Amount Utilised RM' Million	Amount Unutilised RM' Million	Expected Time Frame For The Full Utilisation
Repayment of bank borrowings and/or capital investment for jack-up drilling rigs and MOPU	25.0	(-)	25.0	Within one (1) year
Working capital:				
- Operational expenses for jack-up drilling and MOPU	1.2	(1.2)	-	Fully utilised
- Finance cost	5.8	(1.3)	4.5	Within one (1) year
- Management and administrative expenses	4.7	(4.7)	-	Fully utilised
Estimated expenses relating to the Proposed Private Placement	0.3	(0.3)	-	Fully utilised
Total	*37.0	(7.5)	29.5	

* Total proceeds raised as at 18 August 2016 is RM9.0million.

The Company had on 7 April 2016 obtained the approval from Bursa Malaysia Securities Berhad for an extension of time of six (6) months from 21 April 2016 up to 20 October 2016 to complete the implementation of the Proposed Private Placement.

7. Borrowings And Debt Securities

The Group's borrowings and debt securities as at 30 June 2016 are as follows:

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
- Term loan	49,152	686,372
- Revolving credit	50,315	-
- Overdraft	4,927	-
- Hire purchase	122	95
<u>Unsecured</u>		
- MTN	370,868	-
Total	475,384	686,467

The Group borrowings are denominated in the following currencies:

	Short Term RM'000 Equivalent	Long Term RM'000 Equivalent
Ringgit Malaysia	15,049	95
US Dollar	89,467	686,372
SG Dollar	370,868	-
Total	475,384	686,467

8. Prepayment

Prepayment mainly consists of capital expenditure, project management and other related costs for the second (2nd) and third (3rd) jack up drilling rigs.

9. Changes In Material Litigation

There was no litigation for the financial period ended 30 June 2016.

10. Dividends Payable

There was no dividend declared for the financial period ended 30 June 2016.

11. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

(a) Basic Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
		(Restated)		(Restated)
(Loss)/Profit from continuing operations	(2,112)	12,241	229	26,959
Loss from discontinued operations	(571)	(10,635)	(6,957)	(18,321)
(Loss)/Profit attributable to owners of the Company net of tax	(2,683)	1,606	(6,728)	8,638
Weighted average number of ordinary shares in issue ('000)	1,217,855	1,192,725	1,217,855	1,192,725
Basic earnings/(loss) per share (sen):				
- from continuing operations	(0.17)	1.02	0.02	2.26
- from discontinued operation	(0.05)	(0.89)	(0.57)	(1.54)
Total (sen)	(0.22)	0.13	(0.55)	0.72

(b) Diluted Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
		(Restated)		(Restated)
(Loss)/Profit from continuing operations	(2,112)	12,241	229	26,959
Loss from discontinued operations	(571)	(10,635)	(6,957)	(18,321)
(Loss)/Profit attributable to owners of the company net of tax	(2,683)	1,606	(6,728)	8,638
Weighted average number of ordinary shares in issue ('000)	1,222,207	1,192,725	1,222,207	1,192,725
Effect of dilution ('000)				
- Share options	-	5,053	-	5,053
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,222,207	1,197,778	1,222,207	1,197,778
Diluted (loss)/earnings per share (sen):				
- from continuing operations	(0.17)	1.02	0.02	2.26
- from discontinued operation	(0.05)	(0.89)	(0.57)	(1.54)
Total (sen)	(0.22)	0.13	(0.55)	0.72

12. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the latest audited financial statements was not qualified.

13. Realised and Unrealised Retained Earnings/Accumulated Losses

	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings/(accumulated losses)		
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		(Audited)
- realised profit/(loss)	(970,793)	(956,351)
- unrealised profit/(loss)	(12,028)	12,367
	(982,821)	(943,984)
Total share of (accumulated losses)/retained earnings from associates		
- realised profit/(loss)	(16,333)	(15,299)
- unrealised profit/(loss)	175	(473)
	(16,158)	(15,772)
Total share of (accumulated losses)/retained earnings from joint ventures		
- realised profit	88,784	70,907
- unrealised profit/(loss)	(444)	(331)
	88,340	70,576
Less: Consolidated adjustments	497,291	482,560
Total accumulated losses as per unaudited consolidated financial statements	(413,348)	(406,620)

14. Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 30 June 2016 RM'000	Current Year To Date 30 June 2016 RM'000
Profit/(loss) before tax is arriving at after charging/(crediting):		
Interest income	(16)	(45)
Other income	(277)	(554)
Interest expenses	13,053	26,081
Depreciation and amortisation	10,156	26,486
Other receivables written off	-	72
Realised foreign exchange loss	464	1,332
Unrealised foreign exchange loss	1,291	12,028

15. Financial Instruments

(a) Details of derivative financial instruments outstanding as at 30 June 2016 are set out below:-

Type of derivative	Contract/Notional Amount	Fair value liabilities
	RM'000	RM'000
Cross Currency Interest Rate Swaps ("CCRIS")		
-less than 1 year	68,738	68,738
-1 year to 3 years	Nil	Nil
-More than 3 years	Nil	Nil

There have been no changes since the end of the previous financial period ended 30 June 2016 in respect of the following:-

- i. the credit risk and market risks associated with the derivatives;
- ii. the cash requirements of the derivatives;
- iii. the policies in place for mitigating or controlling the risk associated with the derivatives; and
- iv. the related accounting policies.

(b) Disclosure of gains and/losses arising from fair value changes of financial liabilities

The Group determines the fair value of the derivative financial liabilities relating to the CCIRS using valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of the estimated future cash flow using an appropriate market based yield curve.

As at 30 June 2016, the Group has on re-measuring the fair value of the derivative financial instrument, recognized derivative financial liabilities of RM5.972million, a decrease of RM4.572million from the previous financial year ended 31 December 2015. The corresponding increase has been included in equity in the cashflow hedging reserve of which unrealized profit of RM3.141million for the financial year was transferred to the income statement. This has resulted in an increase in the cash flow hedging reserve as at 31 December 2015 by the amount of RM1.431million to RM1.911million as compared to the preceding financial year ended 31 December 2015.

The cashflow hedging reserve represents the deferred fair value losses relating to the CCIRS. As the Group intends to hold the MTN and associated derivative instrument to maturity, any changes to the fair value of the derivative instrument will not impact the income statement.

16. Authorised For Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Board of Directors dated 24 August 2016.

By Order of the Board
Perisai Petroleum Teknologi Bhd

Finton Tuan Kit Ming (LS 0008941)
Hooi Sook Han (MAICSA No: 7026472)
Company Secretaries