

Quarterly rpt on consolidated results for the financial period ended 31/3/2014

PERISAI PETROLEUM TEKNOLOGI BHD

Financial Year End 31/12/2014
 Quarter 1
 Quarterly report for the 31/03/2014
 financial period ended
 The figures have not been audited

Attachments

[Perisai-Quarterly Report Q1 2014.xlsx](#)

53 KB

[Perisai-Notes to Accounts Q1 2014.doc](#)

268 KB

- Default Currency
- Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 31/03/2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2014 \$\$'000	31/03/2013 \$\$'000	31/03/2014 \$\$'000	31/03/2013 \$\$'000
1 Revenue	10,870	31,699	10,870	31,699
2 Profit/(loss) before tax	53	11,729	53	11,729
3 Profit/(loss) for the period	187	25,605	187	25,605
4 Profit/(loss) attributable to ordinary equity holders of the parent	-2,989	23,682	-2,989	23,682
5 Basic earnings/(loss) per share (Subunit)	-0.28	2.76	-0.28	2.76

6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
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	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.8300	0.8300

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	PERISAI PETROLEUM TEKNOLOGI BHD
Stock Name	PERISAI
Date Announced	15 May 2014
Category	Financial Results
Reference No	CC-140515-D99CE

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2014

		Individual Period		Cumulative Period	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	Note	31 March 2014	31 March 2013	31 March 2014	31 March 2013
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Continuing operations					
Revenue	A8	10,870	31,699	10,870	31,699
Direct cost		(9,957)	(12,580)	(9,957)	(12,580)
Gross profit		913	19,119	913	19,119
Other income		471	1,621	471	1,621
Operating expenses		(7,681)	(6,484)	(7,681)	(6,484)
Finance costs		(3,397)	(2,680)	(3,397)	(2,680)
Share of results of associates, net of tax		937	153	937	153
Share of results of joint ventures, net of tax		8,810	-	8,810	-
Profit before tax	B1	53	11,729	53	11,729
Tax credit/(expense)	B5	134	(40)	134	(40)
Profit for the period from continuing operations, net of tax		187	11,689	187	11,689
Discontinued operation					
Profit for the period from discontinued operation,net of tax	A14	-	13,916	-	13,916
Profit for the period, net of tax		187	25,605	187	25,605
Profit attributable to:					
Owners of the Company		(2,989)	23,682	(2,989)	23,682
Non-controlling interests		3,176	1,923	3,176	1,923
		187	25,605	187	25,605
Earnings per share ("EPS") attributable to owners of the company (sen)					
Basic EPS	B13(a)	Sen	Sen	Sen	Sen
-from continuing operations		(0.28)	1.58	(0.28)	1.58
-from discontinued operation		-	1.18	-	1.18
		(0.28)	2.76	(0.28)	2.76
Diluted EPS	B13(b)				
-from continuing operations		(0.27)	1.56	(0.27)	1.56
-from discontinued operation		-	1.18	-	1.18
		(0.27)	2.74	(0.27)	2.74

The unaudited consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

	Individual Period		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	187	25,605	187	25,605
<i>Items that may subsequently be classified to profit or loss:</i>				
Foreign currency translation differences arising during the financial period	1,563	3,005	1,563	3,005
Cash flow hedged				
- fair value changes during the period	208	-	208	-
- reclassified adjustments for amounts recognised in profit or loss	(251)	-	(251)	-
Total comprehensive income	1,707	28,610	1,707	28,610
Attributable to:				
Owners of the Company	(1,132)	25,862	(1,132)	25,862
Non-controlling interests	2,839	2,748	2,839	2,748
	1,707	28,610	1,707	28,610

The unaudited consolidated comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		As At End Of Current Quarter 31 March 2014 RM'000 (Unaudited)	As At End Of Previous Financial Year 31 December 2013 RM'000 (Audited)
	Note		
Non-current assets			
Plant and equipment	A9	546,950	548,216
Intangible assets		75	75
Investment in associates		1,888	1,315
Investment in joint ventures		495,931	488,698
Prepayment	B8	211,171	142,238
		<u>1,256,015</u>	<u>1,180,542</u>
Current assets			
Trade receivables		14,342	20,386
Other receivables, deposits and prepayment	B9	218,098	188,475
Tax recoverable		151	251
Cash and bank balances		<u>22,010</u>	<u>62,917</u>
		<u>254,601</u>	<u>272,029</u>
TOTAL ASSETS		<u><u>1,510,616</u></u>	<u><u>1,452,571</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		108,470	108,453
Share premium		486,219	486,025
Treasury shares		(231)	(231)
Retained earnings	B15	282,983	285,972
Other reserves		<u>22,018</u>	<u>22,738</u>
Equity attributable to owners of the Company		<u>899,459</u>	<u>902,957</u>
Non-controlling interests		<u>103,243</u>	<u>100,404</u>
Total equity		<u><u>1,002,702</u></u>	<u><u>1,003,361</u></u>
Non-current liabilities			
Loans and borrowings	B7	257,427	272,023
Derivatives liability		<u>1,235</u>	<u>1,443</u>
		<u>258,662</u>	<u>273,466</u>
Current liabilities			
Trade payables		357	543
Other payables and accruals	B10	97,148	93,149
Loans and borrowings	B7	151,687	82,012
Tax payable		<u>60</u>	<u>40</u>
		<u>249,252</u>	<u>175,744</u>
Total liabilities		<u>507,914</u>	<u>449,210</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,510,616</u></u>	<u><u>1,452,571</u></u>
Net assets per share attributable to owners of the parent (RM)		0.83	0.83

The unaudited consolidated financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

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	Reserve of disposal group classified as held for sale RM'000		Retained earnings RM'000		
At 1 January 2013 (Audited)	85,178	198,268	(231)	8,267	(23,244)	214,187	482,425	82,230	564,655
Comprehensive income									
Profit for the financial period	-	-	-	-	-	23,682	23,682	1,923	25,605
Other comprehensive income									
Foreign currency translation differences	-	-	-	2,180	-	-	2,180	825	3,005
Total comprehensive income for the period	-	-	-	2,180	-	23,682	25,862	2,748	28,610
Transactions with owners									
Share options granted under ESOS	-	-	-	1,847	-	-	1,847	-	1,847
Shares issuance pursuant to private placement	8,513	77,568	-	-	-	-	86,081	-	86,081
	8,513	77,568	-	1,847	-	-	87,928	-	87,928
At 31 March 2013 (Unaudited)	93,691	275,836	(231)	12,294	(23,244)	237,869	596,215	84,978	681,193
At 1 January 2014 (Audited)	108,453	486,025	(231)	22,738	-	285,972	902,957	100,404	1,003,361
Comprehensive income									
Profit for the financial period	-	-	-	-	-	(2,989)	(2,989)	3,176	187
Other comprehensive income									
Foreign currency translation differences	-	-	-	1,900	-	-	1,900	(337)	1,563
Cash flow hedge	-	-	-	(43)	-	-	(43)	-	(43)
Total comprehensive income for the period	-	-	-	1,857	-	(2,989)	(1,132)	2,839	1,707
Transactions with owners									
Share options exercised	17	118	-	-	-	-	135	-	135
Share options granted under ESOS	-	-	-	(2,501)	-	-	(2,501)	-	(2,501)
Transfer to share premium for share options exercised	-	76	-	(76)	-	-	-	-	-
	17	194	-	(2,577)	-	-	(2,366)	-	(2,366)
At 31 March 2014 (Unaudited)	108,470	486,219	(231)	22,018	-	282,983	899,459	103,243	1,002,702

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 2013 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 31 MARCH 2014

		3-month ended	
		31 March 2014	31 March 2013
		RM'000	RM'000
			(Unaudited)
Cash flow from operating activities			
Profit before taxation			
Continuing operations		53	15,489
Discontinued operation	A14	-	10,177
Adjustment for :			
Depreciation of plant and equipment		9,308	13,734
Net unrealised (gain)/loss on foreign exchange		(69)	-
Share of results of associates		(937)	(153)
Share of results of joint ventures		(8,810)	-
Share options granted under Employees' share option scheme ("ESOS")		2,501	1,847
Interest expense:			
-continuing operations		3,397	2,680
-discontinued operations	A14	-	918
Interest income		(7)	(261)
Operating profit before working capital changes		5,436	44,431
Changes in working capital :			
Change in receivables		(4,176)	(7,066)
Change in payables		4,614	(25,835)
Cash generated from operating activities		5,874	11,530
Interest paid		(4,371)	(3,598)
Interest received		7	261
Tax paid		(17)	(17)
Tax refunded		271	-
Net cash generated from operating activities		1,764	8,176
Cash flow from investing activities			
Subscription of shares in an associates		(40)	-
Prepayment of plant and equipment		(96,758)	(64,886)
Purchase of plant and equipment		(20)	(1,154)
Net advances (to)/from associates		(7)	-
Net advances (to)/from joint ventures		(1,623)	-
Purchase of intangible assets		-	(75)
Net cash used in investing activities		(98,448)	(66,115)
Cash flow from financing activities			
Payment of hire purchase		(27)	557
Net proceeds from shares issuance pursuant to private placement		-	87,691
- Gross proceeds		-	(1,610)
- Share issuance expenses		-	-
Proceeds from share issuance pursuant to ESOS	A6	135	-
Drawdown of loans and borrowings		70,128	-
Repayment of loans and borrowings		(13,937)	(16,589)
Net cash generated from financing activities		56,299	70,049
Net (decrease)/increase in cash and cash equivalents during the period		(40,385)	12,110
Effect of exchange rate changes		(347)	(6,037)
		(40,732)	6,073
Cash and cash equivalents at beginning of period		53,376	30,434
Cash and cash equivalents at end of period *		12,644	36,507
* Cash and cash equivalents comprise :			
Cash and bank balances		22,010	39,731
Bank overdraft		(9,366)	(11,824)
Bank balances as held for sale		-	8,600
		12,644	36,507

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. 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 2013.

2. Changes In Accounting Policies

- a) The Group adopted the following Amendments/Improvement to Standards and new IC Interpretations ("IC Int") effective as of 1 January 2014:-

Amendments/Improvement to MFRSs

MFRS 10	Consolidated Financial Statements: Investment Entities
MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
MFRS 127	Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
MFRS 136	Impairment of Assets – Recoverable amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Condition of Hedged Accounting

New IC Int

IC Interpretation 21	Levies
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The adoption of the above Amendments to MFRSs and new IC Int did not have any material effect on the financial statements of the Group.

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

MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)*
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)*
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)*
MFRS 9	Financial Instruments: (Hedged Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)*
Amendments to MFRS 7	Financial Instruments: Disclosures*** - Mandatory Effective Date of MFRS 9 and Transition Disclosure
Amendments to MFRS 119	Defined Benefit Plan: Employee Contribution**
Annual Improvements to MFRSs 2010 – 2012 Cycle**	
Annual Improvements to MFRSs 2011 – 2013 Cycle**	

**Effective for financial periods beginning on or after – to be announced by the Malaysian Accounting Standard Board*

*** Effective for financial periods beginning on or after – 1 July 2014*

****Applies when MFRS 9 is applied*

The Group will adopt the above new MFRS and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods. The adoption of the above mentioned amendments to MFRSs are not expected to have any material effect to the financial statements of the Group upon initial recognition, except MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued and effective.

3. Seasonal Or Cyclical Factors

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions.

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 31 March 2014.

5. Changes In Estimates

There were no significant changes in estimates that had a material effect on the results for the financial period ended 31 March 2014.

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 31 March 2014:

- i. New ordinary shares of RM0.10 issued each pursuant to the exercise of options granted under the Employee Share Option Scheme at the option price of RM0.785 per ordinary share were as follows:-

Quarter ended	Number of ordinary shares	Issue Price	RM
31 January 2014	72,000	RM0.785	56,520
28 February 2014	100,000	RM0.785	78,500
31 March 2014	Nil	Nil	Nil

As at 31 March 2014, 400,000 shares of RM0.10 each were held as treasury shares in accordance with the requirement of section 67A of the Companies Act, 1965.

7. Dividends Paid

There were no dividends paid during the financial period ended 31 March 2014.

8. Segmental Information

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)	Current Year To Date	Preceding Year Corresponding Period (Restated)
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Segment Revenue				
Revenue from continuing operations				
Marine vessels	10,870	11,765	10,870	11,765
Production unit	-	19,500	-	19,500
Others	-	434	-	434
Total revenue	10,870	31,699	10,870	31,699
Segment Results				
Results from continuing operations				
Marine vessels	6,284	9,580	6,284	9,580
Production unit	(6,991)	11,700	(6,991)	11,700
Others	(8,987)	(9,704)	(8,987)	(9,704)
Share of results in associates	937	153	937	153
Share of results in joint ventures	8,810	-	8,810	-
Total results	53	11,729	53	11,729

9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial period ended 31 March 2014.

10. Subsequent Events

Save as disclosed below, there were no material events subsequent to the financial quarter ended 31 March 2014;

- a) On 10 April 2014, Perisai completed the listing and quotation of a private placement of up to 10% of the issued and paid up share capital as follows:-

Number of Ordinary shares	Issue Price	RM
108,419,998	RM1.53	165,882,597

- b) On 22 April 2014, Perisai Drilling Holdings Sdn Bhd, a wholly-owned subsidiary of Perisai incorporated two (2) new wholly-owned subsidiaries companies in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990, the particulars of which are set out in the table below :

Name of Company	Issued and Paid-up Share capital
Perisai Pacific 102 (L) Inc	USD1,000 divided into 1,000 ordinary shares of USD1.00 each
Perisai Pacific 103 (L) Inc	USD1,000 divided into 1,000 ordinary shares of USD1.00 each

The incorporation of these two (2) wholly-owned subsidiaries is for the purposes of asset ownership within its drilling division.

- c) On 8 May 2014, Perisai had announced that its 51% owned subsidiary Perisai Offshore Sdn Bhd ("Perisai Offshore") had secured a Letter of Award ("Award") from Petronas Carigali Sdn Bhd ("PCSB") dated 24 April 2014 for the provision of the jack up drilling rig, Perisai Pacific 101. The Award is valued at USD158 million for the three (3) year duration of the Award.

All conditions relating to the disclosure of the Award had been secured on 8 May 2014.

The works required under the Award would be fully undertaken and performed by the Company's wholly owned subsidiary, Perisai Drilling Sdn Bhd and managed by Hercules Offshore, Inc as the drilling operations and maintenance manager of the Perisai Pacific 101.

Actual operations are expected to commence in the middle of 2014 in support of PCSB's drilling campaign.

11. Changes In Composition Of The Group

Save as disclosed below, there were no changes in the composition of the Group during the financial year ended 31 March 2014.

- a) On 19 March 2014, the Company incorporated a new associate company, Larizz Energy Services Sdn. Bhd.; in which the Company holds a 40% equity interest whilst the remaining 60% is held by Zainol Izzet bin Mohamed Ishak, the managing director of the Company.

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 31 March 2014.

Corporate Guarantee of RM533.15million 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 31 March 2014.

14. Discontinuing Operations

On 26 December 2013, the Company completed its disposal of 49% equity interest in SJR Marine (L) Ltd ("SJR Marine") as mentioned in Note A15 and B6 of the Bursa quarterly announcement for the financial quarter ended 31 December 2013. The results from this subsidiary prior to the completion date of disposal are presented separately on the consolidated statement of profit or loss and other comprehensive income as "profit for the financial year from discontinued operations" in accordance with MFRS 5 "Non- Current Assets Held For Sale and Discontinued Operations".

Subsequent to the disposal the result of the remaining 51% equity interest in SJR Marine was reflected under the caption of share of results of joint ventures.

15. 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 assets value of the Group as at 31 March 2014.

	RM'Million
Capital expenditure	
Approved and contracted for:	
Construction of three (3) Jack-up Drilling rigs	1,708

16. Significant Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the financial year ended 31 March 2014.

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

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Bareboat charter of vessels to Emas Offshore Pte. Ltd.*	3,852	3,575	3,852	3,575
Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.*	7,018	6,513	7,018	6,513
Vessel maintenance expenses charged by Emas Offshore Services Pte. Ltd.*	-	123	-	123
Vessel maintenance expenses charged by Emas Offshore Services (M) Sdn Bhd*	144	-	144	-
Agency fee charged by Larizza Petroleum Services Sdn. Bhd.#	45	45	45	45
Agency fee charged by Perisai Offshore Sdn. Bhd.#	28	-	28	-
Secondment of personnel to Victoria Production Services Sdn Bhd^	74	-	74	-

*The transactions above involves Emas Offshore Pte Ltd, Emas Offshore (M) Sdn Bhd, Emas Offshore Services (M) Sdn Bhd and Emas Offshore Services Pte Ltd which are wholly owned subsidiaries of Ezra Holdings Limited ("Ezra"). Ezra is an indirect major shareholder of Perisai which holds Perisai's shares through its wholly owned subsidiaries HCM Logistics Limited, Emas Offshore(M) Sdn Bhd and its 45.7% associate company EOC Limited ("EOC").

#Agency fees charged by Larizza Petroleum Services Sdn Bhd ("LPSSB") and Perisai Offshore Sdn Bhd ("POSB") is a recurrent related party transaction as Encik Zainol Izzet Bin Mohamed Ishak is a major shareholder of LPSSB and POSB. He is also a director and one of the substantial shareholders of Perisai.

PERISAI PETROLEUM TEKNOLOGI BHD (632811-X)
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^The transactions above involving Victoria Production Services Sdn Bhd being a Joint Venture between Perisai and EOC. EOC is a major shareholder of Perisai and a 45.7% associate company of Ezra. Ezra is an indirect major shareholder of Perisai, which holds Perisai Shares through HCM Logistics Limited, Emas Offshore (M) Sdn Bhd and EOC.

17. 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 *	1,235	-	1,235	-

There were no transfers between Level 1 and Level 2 during the quarter ended 31 March 2014 and the Group does not have any financial instruments classified as Level 3 as at 31 March 2014.

* The valuation technique used to derive the Level 2 is as disclosed in Note B17.

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

1. Performance Review

For the current quarter and period ended 31 March 2014, the Group generated total revenue from continuing operations of RM10.87million, which represent a decrease of RM20.83million as compared to RM31.70million in the corresponding quarter and period ended 31 March 2013.

The decrease was mainly due to the Rubicone (Mobile Offshore Production Unit) has not generated any revenue for the financial quarter and period ended 31 March 2014.

The profit before tax ("PBT") from continuing operations for the current quarter and period ended 31 March 2014 amounted to RM0.05million, which represents a decrease of RM11.68million as compared to RM11.73million in the previous corresponding quarter and period ended 31 March 2013.

The decrease was mainly due to lower revenue generated as mentioned in the 2nd paragraph above and the loss from Enterprise 3 (Derrick Pipe lay Barge). However the loss was mitigated by profits from Perisai Kamelia (Floating Production, Storage and Offloading unit ("FPSO")) as reflected in the share of results of joint ventures.

The total profit net of tax for the current quarter ended 31 March 2014 amounted to RM0.19 million which represent a decrease of RM25.42million as compared to RM25.61million in the corresponding quarter ended 31 March 2013. The decrease was mainly due to the same reasons as mentioned in the immediate paragraph above.

The result from SJR Marine which owns the Enterprise 3 was reflected under profit from discontinued operation prior to its disposal. Subsequent to its 49% equity interest disposal on 26 December 2013, the result of the remaining 51% equity interest was captured under the caption of share of results of joint ventures.

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

For the current financial quarter ended 31 March 2014, the Group recorded a PBT of approximately RM0.05million as compared to loss before tax of RM0.81 million in the preceding quarter.

The increase was mainly due to the net effect of the share of profit from the FPSO for the full quarter and the losses incurred by Enterprise 3.

3. Future Prospects

Perisai had recently secured a 3 years award from PCSB valued at USD158 million for its first jack up drilling rig, Perisai Pacific 101. The actual operations are expected to commence in the middle of 2014 and contribute positively to the profit of Perisai.

Perisai Kamelia, a FPSO unit had commenced its 3 years contract in November 2013 and all the eight (8) offshore support vessels have long term charter until August 2015.

Perisai is currently exploring various opportunities for its Enterprise 3 (Derrick Pipe Lay Barge) and Rubicone (Mobile Offshore Production Unit). Perisai Group's results would be improved in the event new charters are secured for its two (2) assets.

The award secured for Perisai Pacific 101 signified Perisai's entry into the offshore drilling segment. The outlook of jack-up rig market particularly in Malaysia is expected to be robust. This augurs well for the second and third jack-up drilling rigs, which are expected to be delivered in the second quarter of 2015 and July 2016 respectively.

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 quarter ended 31 March 2014.

5. Income Tax Expense

	Individual Period		Cumulative Period	
	Current Year Quarter 31 March 2014 RM'000	Preceding Year Corresponding Quarter 31 March 2013 RM'000	Current Year To Date 31 March 2014 RM'000	Preceding Year Corresponding Period 31 March 2013 RM'000
Based on result for the period from continuing operations				
- Current period provision	20	40	20	40
- Overprovision for taxation in prior year	(154)	-	(154)	-
- Deferred taxation	-	-	-	-
	(134)	40	(134)	40

The effective tax rate for the current quarter and financial period ended 31 March 2014 were lower than the statutory tax rate mainly due to 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

The proceeds raised during the private placement were approved for the following activities and status on the funds utilised as at 7 May 2014 are summarised below:

Purpose	Approved Utilisation RM' Million	Amount Utilised RM' Million	Expected Time Frame For The Full Utilisation
Repayment of bank borrowings and/or capital investment for jack-up drilling rig(s) and/or Mobile Offshore Production Unit(s) ("MOPU")	105.0	68.7	Within one (1) year
*Working capital:			
- Drilling and/or MOPU operational expenses	45.0	-	Within one (1) year
- Management and administrative expenses of the Perisai Group	13.0	3.9	Within one (1) year
Estimated listing expenses	2.9	2.9	Fully utilised
Total	165.9	75.5	

7. Borrowings And Debt Securities

The Group's borrowings and debt securities as at 31 March 2014 are as follows:

	Short Term RM'000	Long Term RM'000
Secured		
- Term loan	72,141	199,770
- Hire purchase	110	363
- Multicurrency medium term note ("MTN")	-	57,294
- Revolving credit facilities	70,070	-
- Bank overdraft	9,366	-
Total	151,687	257,427

The Group borrowings are denominated in the following currencies:

	Short Term RM'000 Equivalent	Long Term RM'000 Equivalent
Ringgit Malaysia	9,476	363
US Dollar	142,211	199,770
SG Dollar	-	57,294
Total	151,687	257,427

8. Prepayment

Prepayment consists of the deposit paid for the design, construction, equipping, commissioning and delivery of the second (2nd) and third (3rd) jack up drilling rigs including deposit provision for the third (3rd) Jack up Drilling Rig.

9. Other Receivables

Included in other receivables is a 20% deposit paid amounting to RM136.26 million (USD41.6million) for the design, construction, equipping, commissioning and delivery of the first (1st) Jack up Drilling Rig.

10. Other Payables

Included in other payables is a deposit provision amounted to RM63.7million (USD19.5million) for the design, construction, equipping, commissioning of the third Jack up Drilling Rig.

11. Changes In Material Litigation

There were no material litigation for the financial quarter ended 31 March 2014 save for the claim below:

SJR Marine (L) Ltd ("SJR Marine") had on 2 April 2009 commenced an arbitration proceeding in London in accordance with the London Maritime Arbitrators Association against Superior Energy Services LLC ("Respondent") in respect of breach by the Respondent of three agreements between the parties namely:

- (i) Losses arising from the Respondent's breaches of the Bareboat Charterparty Agreement dated 13 July 2006 ("Bareboat Charterparty") for the sum of USD1,173,357.13 (equivalent to approximately RM3,360,132.29);
- (ii) Losses arising from the Respondent's breaches of the Vessel Purchase Agreement dated 13 July 2006 ("Vessel Purchase Agreement") for the sum of USD16,200,107.00 (equivalent to approximately RM50,119,891.04);
- (iii) Losses arising from the Respondent's breach of the Settlement Agreement dated 19 June 2008 for the sum of USD1,387,843.23 (equivalent to approximately RM4,293,709.38), arising from the Respondents' wrongful call for payment under the letter of credit; and
- (iv) Costs and interest thereon,

SJR Marine had further filed its point of claim against the Respondent on 7 December 2009 and the Respondent had filed its defence and counterclaim against SJR Marine in the sum of USD6,993,456.47 (equivalent to approximately RM21,636,355.63) on 7 March 2010. Further to the counterclaim made by the Respondent, SJR Marine had filed its points of reply and defence to counterclaim on 27 May 2010. Subsequently, SJR Marine had submitted its questionnaire to the tribunal on 1 December 2011 and awaiting the submission of the same by the Respondent.

The solicitors are of the view that SJR Marine is likely to succeed in its claims against the Respondent under the Vessel Purchase Agreement for the late delivery of the vessel and defects and non-provision of davits to the vessel and under the Bareboat Charterparty for crew wages. However, the solicitors are of the view that SJR Marine's claim for repair costs, downtime and overpayment of hire under the Bareboat Charterparty is arguable due to the lack of documentary evidence at this stage.

SJR Marine is a 51% joint ventures of Perisai.

12. Dividends Payable

There were no dividends declared for the financial period ended 31 March 2014.

13. Earnings Per Share ("EPS")

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

(a) Basic Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter 31 March 2014 RM'000	Preceding Year Corresponding Quarter 31 March 2013 RM'000	Current Year To Date 31 March 2014 RM'000	Preceding Year Corresponding Period 31 March 2013 RM'000
		(Restated)		(Restated)
Profit/(loss) from continuing operations	(2,989)	9,766	(2,989)	9,766
Profit from discontinued operation	-	13,916	-	13,916
Profit attributable to owners of the Company net of tax	(2,989)	23,682	(2,989)	23,682
Weighted Average/Number of ordinary shares in issue ('000)	1,084,223	857,146	1,084,223	857,146
Basic earnings per share (sen):				
- from continuing operations	(0.28)	1.58	(0.28)	1.58
- from discontinued operation	-	1.18	-	1.18
Total (sen)	(0.28)	2.76	(0.28)	2.76

(b) Diluted Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter 31 March 2014 RM'000	Preceding Year Corresponding Quarter 31 March 2013 RM'000	Current Year To Date 31 March 2014 RM'000	Preceding Year Corresponding Period 31 March 2013 RM'000
		(Restated)		(Restated)
Profit/(loss) from continuing operations	(2,989)	9,766	(2,989)	9,766
Profit from discontinued operation	-	13,916	-	13,916
Profit attributable to owners of the company net of tax	(2,989)	23,682	(2,989)	23,682
Weighted Average/Number of ordinary shares in issue ('000)	1,084,223	857,146	1,084,223	857,146
Effect of dilution ('000)				
- Share options	16,048	7,393	16,048	7,393
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,100,271	864,539	1,100,271	864,539
Diluted earnings per share (sen):				
- from continuing operations	(0.27)	1.56	(0.27)	1.56
- from discontinued operation	-	1.18	-	1.18
Total (sen)	(0.27)	2.74	(0.27)	2.74

14. Auditors' Report On Preceding Annual Financial Statements

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

15. Realised and Unrealised Retained Earnings

	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings	(Unaudited)	(Audited)
Company and subsidiaries		
- realised profit	289,006	299,198
- unrealised profit	69	334
	289,075	299,532
Associates		
- realised profit	1,908	711
- unrealised loss	(494)	167
	1,414	878
Joint ventures		
- realised profit	14,952	6,079
- unrealised loss	(61)	2
	14,891	6,081
Less: Group consolidated adjustments	(22,397)	(20,519)
Total Group retained earnings as per unaudited consolidated financial statements	282,983	285,972

16. Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 3 months 31.3.2014 RM'000	Current Year ToDate 3 months 31.3.2014 RM'000
Profit /(loss) before tax is arriving at after charging/(crediting):		
Interest income	(7)	(7)
Other income	(310)	(310)
Interest expenses	3,397	3,397
Depreciation and amortisation	9,308	9,308
Realised foreign exchange gain	(83)	(83)
Unrealised foreign exchange gain	(71)	(71)
Realised foreign exchange loss	6	6
Unrealised foreign exchange loss	2	2

17. Financial Instruments

(a) Details of derivative financial instruments outstanding as at 31 March 2014 are set out below:

Type of derivative	Contract/Notional Amount	Fair value liabilities
	RM'000	RM'000
Cross Currency Interest Rate Swaps ("CCIRS")		
-less than 1 year	nil	nil
-1 year to 3 years	59,577	1,235
-More than 3 years	nil	Nil

There have been no changes since the end of the previous financial year ended 31 December 2013 in respect of the followings:

- (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/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 31 March 2014, the Group has recognized derivative financial liabilities of RM1.235million, a decrease of RM0.208million from previous financial year ended 31 December 2013, on re-measuring the fair value of the derivative financial instrument. The corresponding increase has been included in equity in the cashflow hedging reserve of which RM0.208million for the current quarter was transferred to the income statement to offset the unrealized gain of RM0.208 which arose from the strengthening of SGD against USD. This has resulted in an increase in the cashflow hedging reserve as at 31 March 2014 by RM0.043million to RM0.674million from the preceding financial year ended 31 December 2013.

The cashflow hedging reserve represents the deferred fair value losses relating to the CCIRS. As the Group intends to hold the Multi-currency Medium Term Notes ("MTN") and associated derivative instrument to maturity, any changes to the fair value of the derivative instrument will not impact the income statement.

18. 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 15 May 2014.

By Order of the Board
Perisai Petroleum Teknologi Bhd

Lim Seck Wah (MAICSA No: 0799845)
M.Chandrasegaran a/l S. Murugasu (MAICSA No: 0781031)
Company Secretaries