

Quarterly rpt on consolidated results for the financial period ended 31 Dec 2018

PERISAI PETROLEUM TEKNOLOGI BHD

Financial Year End 30 Jun 2019

Quarter 2 Qtr

Quarterly report for the financial period ended 31 Dec 2018

The figures have not been audited

Attachments

[Perisai-Notes to Accounts Q2 31 December 2018.pdf](#)
473.9 kB

[Perisai-Quarterly Report Q2 31 December 2018.pdf](#)
81.6 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2018

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	32,472	27,697	64,820	67,588
2	Profit/(loss) before tax	-26,178	39,011	-48,411	-5,376
3	Profit/(loss) for the period	-26,361	38,911	-48,772	-5,637
4	Profit/(loss) attributable to ordinary equity holders of the parent	-24,786	40,776	-44,667	-1,393
5	Basic earnings/(loss) per share (Subunit)	-1.97	3.23	-3.54	-0.11
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT		AS AT PRECEDING FINANCIAL	

		QUARTER	YEAR END
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	-0.3300	-0.2800

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	27 Feb 2019
Category	Financial Results
Reference Number	FRA-25022019-00062

PERISAI PETROLEUM TEKNOLOGI BHD
(Company No.: 632811-X)
(Incorporated in Malaysia)
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018**

	Note	Individual Period			Cumulative Period		
		Current	Preceding	Changes	Current	Preceding	Changes
		Year	Year		Year	Year	
		Quarter	Corresponding		To Date	Corresponding	
		31.12.2018	31.12.2017	%	31.12.2018	31.12.2017	%
		RM'000	RM'000		RM'000	RM'000	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	A8	32,472	27,697	17	64,820	67,588	(4)
Direct costs		(16,875)	(23,795)	29	(34,703)	(53,687)	35
Gross profit/(loss)		15,597	3,902	300	30,117	13,901	117
Other income		334	82,354	(100)	6,761	83,862	(92)
Administrative expenses		(5,079)	(5,284)	4	(10,112)	(10,610)	5
Other expenses		(1,558)	(4,709)	67	(3,570)	(9,786)	64
Impairment loss on:							
- trade receivables		(666)	(930)	28	(1,644)	(12,297)	87
- amount due from joint venture		3	-	100	(1,366)	-	(100)
Finance costs		(22,321)	(19,212)	(16)	(43,599)	(38,435)	(13)
Share of results of associates, net of tax		74	42	76	90	204	(56)
Share of results of joint ventures, net of tax		(12,562)	(17,152)	27	(25,088)	(32,215)	22
(Loss)/Profit before tax	B1	(26,178)	39,011	(167)	(48,411)	(5,376)	(801)
Income tax expense	B5	(183)	(100)	(83)	(361)	(261)	(38)
(Loss)/Profit for the period		(26,361)	38,911	(168)	(48,772)	(5,637)	(765)
(Loss)/Profit attributable to:							
Owners of the Company		(24,786)	40,776	(161)	(44,667)	(1,393)	(3,107)
Non-controlling interests		(1,575)	(1,865)	16	(4,105)	(4,244)	3
		(26,361)	38,911	(168)	(48,772)	(5,637)	(765)
(Loss)/Earnings per share ("EPS / LPS") attributable to owners of the company (sen per share)		Sen	Sen		Sen	Sen	
- Basic	B10(a)	(1.97)	3.23		(3.54)	(0.11)	
- Diluted	B10(a)	(1.97)	3.23		(3.54)	(0.11)	

The unaudited consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 SECOND QUARTER ENDED 31 DECEMBER 2018**

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To Date	Preceding Year Corresponding Period	Changes
	31.12.2018 RM'000 (Unaudited)	31.12.2017 RM'000 (Unaudited)	%	31.12.2018 RM'000 (Unaudited)	31.12.2017 RM'000 (Unaudited)	%
(Loss)/Profit for the period	(26,361)	38,911	(168)	(48,772)	(5,637)	(765)
<i>Items that may subsequently be classified to profit or loss:</i>						
Foreign currency translation differences arising during the financial period	696	(110,213)	101	(7,798)	(115,988)	93
Reclassified of foreign currency translation reserve to profit or loss on repayment of intercompany balances	(260)	-	(100)	(120)	(59)	(103)
Reliasation of foreign currency translation reserve to profit or loss	-	48,111	(100)	-	48,111	(100)
Total comprehensive loss	(25,925)	(23,191)	(12)	(56,690)	(73,573)	23
Attributable to:						
Owners of the Company	(24,361)	(16,641)	(46)	(54,976)	(62,674)	12
Non-controlling interests	(1,564)	(6,550)	76	(1,714)	(10,899)	84
	(25,925)	(23,191)	(12)	(56,690)	(73,573)	23

The unaudited consolidated comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 DECEMBER 2018

		As At End Of Current Quarter 31.12.2018 RM'000 (Unaudited)	As At End Of Previous Financial Period 30.6.2018 RM'000 (Audited)
	Note		
Non-current assets			
Plant and equipment	A9	660,840	662,558
Intangible assets		75	75
Investment in associates		1,255	1,138
Investment in joint ventures		381,681	396,855
		<u>1,043,851</u>	<u>1,060,626</u>
Current assets			
Trade receivables		20,561	28,643
Other receivables, deposits and prepayment		9,294	11,017
Tax recoverable		185	471
Cash and bank balances		42,917	28,385
		<u>72,957</u>	<u>68,516</u>
TOTAL ASSETS		<u>1,116,808</u>	<u>1,129,142</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		770,888	770,888
Treasury shares		(231)	(231)
Accumulated losses		(1,454,936)	(1,410,269)
Other reserves		272,478	282,787
		<u>(411,801)</u>	<u>(356,825)</u>
Non-controlling interests		95,072	98,243
Capital deficiencies		<u>(316,729)</u>	<u>(258,582)</u>
Non-current liabilities			
Other payables		10,133	9,892
		<u>10,133</u>	<u>9,892</u>
Current liabilities			
Trade payables		13,159	14,741
Other payables and accruals		159,502	133,595
Loans and borrowings	B7	1,250,578	1,229,496
Tax payable		165	-
		<u>1,423,404</u>	<u>1,377,832</u>
Total liabilities		1,433,537	1,387,724
TOTAL EQUITY AND LIABILITIES		<u>1,116,808</u>	<u>1,129,142</u>
Net assets/(liabilities) per share attributable to owners of the parent (RM)		(0.33)	(0.28)

The unaudited consolidated financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

Note	<-----Attributable to Equity Holders of the Company----->						Non-controlling	Total
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Sub-total RM'000	Interest RM'000	equity RM'000
At 1.7.2017 (Audited)	770,888	-	(231)	324,234	(962,830)	132,061	118,842	250,903
Comprehensive income								
Loss for the financial period	-	-	-	-	(1,393)	(1,393)	(4,244)	(5,637)
Other comprehensive income								
Foreign currency translation differences	-	-	-	(61,281)	-	(61,281)	(6,655)	(67,936)
Total comprehensive income/(loss) for the period	-	-	-	(61,281)	(1,393)	(62,674)	(10,899)	(73,573)
Transactions with owners								
Share options granted under ESOS	-	-	-	325	-	325	-	325
At 31.12.2017 (Unaudited)	770,888	-	(231)	263,278	(964,223)	69,712	107,943	177,655
At 1.7.2018 (Audited)	770,888	-	(231)	282,787	(1,410,269)	(356,825)	98,243	(258,582)
Comprehensive income/(loss)								
Loss for the financial period	-	-	-	-	(44,667)	(44,667)	(4,105)	(48,772)
Other comprehensive income/(loss)								
Foreign currency translation differences	-	-	-	(10,309)	-	(10,309)	2,390	(7,919)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,456)	(1,456)
Total comprehensive (loss)/income for the period	-	-	-	(10,309)	(44,667)	(54,976)	(3,171)	(58,147)
At 31.12.2018 (Unaudited)	770,888	-	(231)	272,478	(1,454,936)	(411,801)	95,072	(316,729)

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 DECEMBER 2018

	6 Months Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Loss before taxation	(48,411)	(5,376)
Adjustment for :		
Depreciation of plant and equipment	18,004	30,672
Provision for impairment on trade receivables	1,644	12,297
Provision for impairment on other receivables	332	-
Surplus on liquidation	-	(79,750)
Provision for impairment on amount due from joint venture	1,366	-
Bad debt relief	(690)	-
Net unrealised (gain)/loss on foreign exchange	(5,151)	9,786
Share of results of associates	(90)	(204)
Share of results of joint ventures	25,088	32,215
Share options granted under employees' share option scheme ("ESOS")	-	325
Interest expense	43,599	38,435
Interest income	(334)	(143)
Operating profit before working capital changes	35,357	38,257
Changes in working capital:		
Change in receivables	10,751	(2,036)
Change in payables	(6,281)	381
Cash generated from operating activities	39,827	36,602
Interest paid	(16,753)	(14,589)
Interest received	334	142
Dividend received	-	810
Tax paid	(348)	(412)
Tax refund	417	-
Net cash generated from operating activities	23,477	22,553
Cash flow from investing activities		
Purchase of plant and equipment	(143)	(7)
Net advances (to)/from joint ventures	(11)	(43)
Net cash used in investing activities	(154)	(50)
Cash flow from financing activities		
Payment of hire purchase	-	(63)
Dividend paid	(1,456)	-
Drawdown of loans and borrowings	696	2,779
Repayment of loans and borrowings	(9,916)	(10,108)
Net cash from/(used) from financing activities	(10,676)	(7,392)
Net increase/(decrease) in cash and cash equivalents during the year/period	12,647	15,111
Effect of exchange rate changes	1,742	(2,854)
Cash and cash equivalents at beginning of year/period	23,015	11,626
Cash and cash equivalents at end of period/year *	37,404	23,883
* Cash and cash equivalents comprise :		
Deposit	680	500.00
Cash and bank balances	42,237	28,399
Bank overdraft	(5,513)	(5,016)
	37,404	23,883

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 30 June 2018. 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 30 June 2018.

2. Changes In Accounting Policies

- a) The Group adopted the following Amendments/Improvements to MFRS and IC Interpretation effective as of 1 January 2018:-

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 128	Investments in Associates and Joint ventures
MFRS 140	Investment Property
IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments/improvements to MFRS and IC Interpretation does not have any material impact to the Group except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Based on the analysis of the Group's financial assets and liabilities as at 30 June 2018 on the basis of facts and circumstances that exist at that date, the Group do not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements on MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The adoption of the MFRS 15 is not expected to have a significant impact on financial statements of the Group except for new disclosures in the financial statements.

- b) At the date of this report, the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued but not yet effective and have not been applied by the Group:

Amendments/Improvement to MFRSs and IC Interpretations effective for financial periods beginning on or after – 1 January 2019

Amendments/Improvements to MFRRS

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employees Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments
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Amendments/Improvement to MFRSs and Amendments to IC Interpretations effective for financial periods beginning on or after – 1 January 2020

Amendments/Improvements to MFRRS

MFRS 2	Share-based Payment
MFRS 3	Business Contracts
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in accounting Estimates and Errors
MFRS 134	Interim Financial Reporting
MFRS 137	Provision, Contingent Liabilities and Contingent Assets
MFRS 138	Intangibles Assets

Amendments to IC Int

IC Int 12	Service Concession Arrangements
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
IC Int 22	Foreign Currency Transactions and Advance Consideration
IC 132	Intangible Assets - Web Site Costs

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 current quarter ended 31 December 2018.

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 December 2018.

6. Debts And Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial period ended 31 December 2018.

As at 31 December 2018, 400,000 shares were held as treasury shares in accordance with the requirements of section 127 of the Companies Act 2016.

7. Dividends Paid

There were no dividends paid during the financial period ended 31 December 2018.

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

8. Segmental Information

	Drilling Units		Production Units		Marine Vessels		Others		Elimination		As per Consolidation	
	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for the Quarter												
Revenue												
External revenue	31,807	26,818	-	-	665	879	-	-	-	-	32,472	27,697
Inter-segment revenue	-	-	-	-	-	-	1,975	1,278	(1,975)	(1,278)	-	-
Total segment revenue	31,807	26,818	-	-	665	879	1,975	1,278	(1,975)	(1,278)	32,472	27,697
Results												
Operating results	11,765	7,575	(1,327)	(6,823)	(1,241)	(2,144)	(81)	(2,177)	-	-	9,116	(3,569)
Interest expense	(8,175)	(6,819)	(1,613)	(1,104)	(2,052)	(1,667)	(10,481)	(9,622)	-	-	(22,321)	(19,212)
Interest income	170	75	-	-	-	-	8	7	-	-	178	82
Surplus on liquidation	-	31,639	-	-	-	-	-	48,111	-	-	-	79,750
Impairment loss on:												
-Amount due from joint ventures	-	-	-	-	-	-	3	-	-	-	3	-
-Trade receivables	-	-	-	-	(666)	(930)	-	-	-	-	(666)	(930)
-Share of results of associates	-	-	-	-	-	-	74	42	-	-	74	42
-Share of results of joint ventures	-	-	-	-	-	-	(12,562)	(17,152)	-	-	(12,562)	(17,152)
Segment results	3,760	32,470	(2,940)	(7,927)	(3,959)	(4,741)	(23,039)	19,209	-	-	(26,178)	39,011
Tax expense											(183)	(100)
Loss for financial period											(26,361)	38,911

8. Segmental Information (continued)

	Drilling Units		Production Units		Marine Vessels		Others		Elimination		As per Consolidation	
	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for year-to-date												
Revenue												
External revenue	63,177	56,007	-	-	1,643	11,581	-	-	-	-	64,820	67,588
Inter-segment revenue	-	-	-	-	-	-	2,389	1,920	(2,389)	(1,920)	-	-
Total segment revenue	63,177	56,007	-	-	1,643	11,581	2,389	1,920	(2,389)	(1,920)	64,820	67,588
Results												
Operating results	23,190	10,480	(2,690)	(13,772)	(3,340)	5,197	5,702	(4,431)	-	-	22,862	(2,526)
Interest expense	(15,956)	(13,722)	(3,109)	(2,166)	(3,967)	(3,297)	(20,567)	(19,250)	-	-	(43,599)	(38,435)
Interest income	318	131	-	-	-	-	16	12	-	-	334	143
Surplus on liquidation	-	31,639	-	-	-	-	-	48,111	-	-	-	79,750
Impairment loss on:												
-Amount due from joint ventures	-	-	-	-	-	-	(1,366)	-	-	-	(1,366)	-
-Trade receivables	-	-	-	-	(1,644)	(12,297)	-	-	-	-	(1,644)	(12,297)
-Share of results of associates	-	-	-	-	-	-	90	204	-	-	90	204
-Share of results of joint ventures	-	-	-	-	-	-	(25,088)	(32,215)	-	-	(25,088)	(32,215)
Segment results	7,552	28,528	(5,799)	(15,938)	(8,951)	(10,397)	(41,213)	(7,569)	-	-	(48,411)	(5,376)
Tax expense											(361)	(261)
Loss for financial period											(48,772)	(5,637)

9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial period ended 31 December 2018. As at 31 December 2018, all property, plant and equipment were stated at cost less accumulated depreciation and provision for impairment.

10. Subsequent Events

There has been no material event or transaction during the financial period from 31 December 2018 to the date of this announcement, which affects substantially the results of the Group for the financial period ended 31 December 2018.

11. Changes In Composition Of The Group

There were no changes to the composition of the Group during the financial period ended 31 December 2018.

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 December 2018.

Corporate Guarantee of RM242.9 million issued by the Company for banking facilities granted to its joint ventures.

13. Material Commitments

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 31 December 2018.

14. Significant Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the quarter and financial period ended 31 December 2018.

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
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
<u>Revenue</u>				
Bareboat charter of vessels to Emas Offshore Pte. Ltd.*	-	(35)	-	2,867
Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.*	665	914	1,643	8,714
<u>Expenses</u>				
Agency fee charged by Larizz Petroleum Services Sdn. Bhd.#	30	45	75	90
Agency fee charged by Larizz Energy Services Sdn. Bhd.#	30	45	75	90
Agency fee charged by Perisai Offshore Sdn. Bhd.#	18	28	46	56

*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.

#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 2.34% equity interest in Perisai.

The resolution for the Proposed Renewal of Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the period from 30 November 2018 to 29 November 2019 was not carried during the Annual General Meeting held on 29 November 2018. The above recurrent related party transactions were recognised only up to 29 November 2018 instead of up to 31 December 2018 based on the previous approved mandate.

15. Fair Value Measurements

The Group uses the following hierarchy for determining the fair value of the financial instruments carried at fair value:

- 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).

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

1. Performance Review

	3 months ended 31 December			6 months ended 31 December		
	31.12.2018 RM'000	31.12.2017 RM'000	Changes (%)	31.12.2018 RM'000	31.12.2017 RM'000	Changes (%)
Revenue	32,472	27,697	17	64,820	67,588	(4)
Profit/(Loss) before taxation	(26,178)	39,011	(167)	(48,411)	(5,376)	(801)
Profit/(Loss) after taxation	(26,361)	38,911	(168)	(48,772)	(5,637)	(765)
Profit/(Loss) attributable to owner of the Company	(24,786)	40,776	(161)	(44,667)	(1,393)	(3,107)

Statement of Profit or Loss and Other Comprehensive Income

For the financial period ended 31 December 2018, the Group generated total revenue of RM64.82 million, a decrease of RM2.77 million when compared to the amount of RM67.59 million in the corresponding financial period ended 31 December 2017.

The decrease in revenue was mainly due to the expiry of the charter contract for the eight (8) offshore support vessels in August 2017 which was compensated by the higher revenue from PP101 jack up rig as a result of higher no of days with full charter rate and lesser number of days with standby and rig move rate for the financial period ended 31 December 2018.

Loss before tax ("LBT") for the financial period ended 31 December 2018 amounted to RM48.41 million, an increase of RM43.03 million when compared to the LBT amount of RM5.38 million recorded in the corresponding financial period ended 31 December 2017.

The higher LBT recorded was mainly due to the absence of one off surplus of RM79.75 million in other income arising from the deconsolidation of Perisai Pacific 102 (L) Inc on 11 October 2017 as a result of winding up by the Court, higher finance cost and the expiry of the contract for the eight (8) offshore support vessels in August 2017 despite lower direct cost, lower share of loss in joint venture and lower foreign exchange loss.

For the current quarter ended 31 December 2018, the Group generated total revenue of RM32.47 million an increase of RM4.77 million when compared with the revenue of RM27.70 million generated in the previous corresponding quarter ended 31 December 2017.

The increase in revenue was mainly due to higher revenue generated from PP101 Jack up rig as a result of higher no of days with full charter rate and lesser number of days with standby and rig move rate in the current financial quarter ended 31 December 2018

LBT for the current quarter ended 31 December 2018 amounted to RM26.18 million, a decrease of RM65.19 million when compared to the profit before tax ("PBT") amount of RM39.01 million recorded in the corresponding quarter ended 31 December 2017.

The higher LBT recorded was mainly due to the absence of one off surplus of RM79.75 million in other income arising from the deconsolidation of Perisai Pacific 102 (L) Inc on 11 October 2017 as a result of winding up by the Court, higher finance cost despite the lower direct cost, share of loss in joint venture and foreign exchange loss.

Statement of Financial Position

As at 31 December 2018, the capital deficiency had increased to RM316.73 million from RM258.58 million as at 30 June 2018 was mainly due to loss incurred for the financial period ended 31 December 2018 and lower foreign translation reserve as a result of weakening of Ringgit Malaysia on net liabilities of certain subsidiaries.

The capital deficiencies will be dealt with as part of the regularization plan of the Company.

Total borrowings of the Group increased to RM1,251 million as at 31 December 2018 against RM1,229 million as at 30 June 2018 mainly due to unfavorable conversion exchange rate despite the repayment of term loans.

Statement of Cash Flows

The Group generated a net operating cash flow of RM23.48 million for the six months ended 31 December 2018 as compared to RM22.55 million for the corresponding period ended 31 December 2017. The increase was mainly due to lower operating cost.

The cash utilisation in investing activities increased to RM0.20 million from RM0.05 million for the corresponding period was mainly due to purchase of plant and equipment in the current financial period.

The net cash outflow in financing activities increased to RM10.68 million from RM7.39 million for the corresponding period was mainly due to dividend paid to non-controlling interest and lower drawdown of borrowings.

Overall, the cash and cash equivalents increased by RM14.39 million as compared with opening balance cash and cash equivalent as at 1 July 2018. The cash and cash equivalents of the Group was RM37.40 million as at 31 December 2018.

Segmental Analysis

Drilling unit

For the financial period ended 31 December 2018, the Drilling Unit generated total revenue of RM63.18 million, an increase of RM7.17 million when compared to the amount of RM56.01 million in the corresponding financial period ended 31 December 2017.

The increase in revenue was mainly due to higher no of days with full charter rate and lesser no of days with standby and rig move rate recorded as well as higher other related income in the current financial period ended 31 December 2018.

PBT for the financial period ended 31 December 2018 amounted to RM7.55 million as compared to the PBT amount of RM28.53 million in the corresponding financial period ended 31 December 2017.

The decrease in PBT of RM20.98 million was mainly due to the absence of one off surplus of RM31.64 million attributable to the drilling segment arising from the deconsolidation of Perisai Pacific 102 (L) Inc on 11 October 2017 as a result of winding up by the Court and higher finance cost despite higher revenue and lower operation costs.

For the current quarter ended 31 December 2018, the Drilling Unit generated total revenue of RM31.81 million, an increase of RM4.99 million when compared to the amount of RM26.82 million in the corresponding quarter ended 31 December 2017.

The increase in revenue was mainly due to higher no of days with full charter rate and no of days with lesser standby and rig move rate as well as higher other related income.

PBT for the current quarter ended 31 December 2018 amounted to RM3.76 million as compared to the PBT amount of RM32.47 million in the corresponding quarter ended 31 December 2017.

The lower PBT of RM28.71 million was mainly due to the absence of one off surplus of RM31.64 million attributable to the drilling segment arising from the deconsolidation of Perisai Pacific 102 (L) Inc on 11 October 2017 as a result of winding up by the Court and higher finance cost despite higher revenue and lower operation cost in the current quarter ended 31 December 2018.

Production unit

Rubicone remained idle and did not generate any revenue for the current quarter and period ended 31 December 2018.

LBT for the financial period ended 31 December 2018 amounted to RM5.80 million, a decrease of RM10.14 million as compared to the LBT amount of RM15.94 million in the corresponding financial period ended 31 December 2017.

The decrease in LBT was mainly due to lower revised depreciation as a result of impairment on plant and equipment in the previous financial year ended 30 June 2018.

LBT for the current quarter ended 31 December 2018 amounted to RM2.94 million, a decrease of RM4.99 million as compared to the LBT amount of RM7.93 million in the corresponding quarter ended 31 December 2017.

The decrease in LBT was mainly due to lower revised depreciation as a result of impairment on plant and equipment in the previous financial year ended 30 June 2018.

Marine Vessels

For the financial period ended 31 December 2018, the Marine Vessels generated total revenue of RM1.64 million, a decrease of RM9.94 million as compared to the amount of RM11.58 million in the corresponding financial period ended 31 December 2017

The decrease in revenue was mainly due to the expiry of the charter contract for the eight (8) offshore support vessels in August 2017.

LBT for the financial period ended 31 December 2018 amounted to RM8.95 million, a decrease of RM1.45 million when compared to the LBT amount of RM10.40 million in the corresponding financial period ended 31 December 2017.

The lower LBT was mainly due to the lower impairment loss on trade receivables and bad debt relief recognised in other income despite the expiry of contract for the eight (8) offshore support vessels in August 2017.

For the current quarter ended 31 December 2018, the Marine Vessels generated total revenue of RM0.67 million as compared to the amount of RM0.88 million in the corresponding quarter ended 31 December 2017.

The decrease in revenue was mainly due to revenue being recognised up to 29 November 2018 instead of up to 31 December 2018 as a result of the resolution for the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the period from 30 November 2018 to 29 November 2019 was not carried during the Annual General Meeting held on 29 November 2018.

LBT for the current quarter ended 31 December 2018 amounted to RM3.96 million, a decrease of RM0.78 million when compared to the LBT amount of RM4.74 million in the corresponding quarter ended 31 December 2017.

The LBT was mainly due to bad debt relief recognised in other income and lower impairment on trade receivable in the current quarter ended 31 December 2018.

Results of Joint Ventures

For the financial period ended 31 December 2018, the share of loss in joint ventures was RM25.09 million as compared to a loss of RM32.22 million in the corresponding financial period ended 31 December 2017.

The lower share of loss was mainly due to the Group has ceased recognising all losses that exceeded its interest in one of its joint ventures in the current financial period ended 31 December 2018 in accordance with MFRS 128 Investments in Associates and Joint Ventures.

For the current quarter ended 31 December 2018, the share of loss in joint ventures was RM12.56 million as compared to a loss of RM17.15 million in the corresponding quarter ended 31 December 2017.

The lower share of loss was mainly due to the Group has ceased recognising all losses that exceeded its interest in one of its joint ventures in the current quarter ended 31 December 2018 in accordance with MFRS 128 Investments in Associates and Joint Ventures.

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

	Current Quarter	Preceding Quarter	
	31.12.2018 RM'000	30.9.2018 RM'000	Changes (%)
Revenue	32,472	32,348	0.38
Profit/(Loss) before taxation	(26,178)	(22,233)	(17.74)
Profit/(Loss) after taxation	(26,361)	(22,411)	(17.63)
Profit/(Loss) attributable to owner of the Company	(24,786)	(19,881)	(24.67)

For the current quarter ended 31 December 2018, the Group recorded a LBT of approximately RM26.18 million against a LBT of RM22.23 million recorded in the preceding quarter.

The higher LBT in the current quarter was mainly due to lower foreign exchange gain as compared to the preceding quarter.

3. Future Prospects

The outlook for the demand for the oil and gas assets in the short to medium term remains challenging. The Group will remain cautious on its capital and cost management. Operational efficiency of the operating asset is expected to be maintained.

On 22 June 2017, Perisai Offshore Sdn Bhd and Petronas Carigali Sdn Bhd have agreed to extend the duration of the contract for the provision of jack up drilling rig, PP101 based on an agreed formula which is primarily dependent on the prevailing market rate for the daily charter. This contract is expected to be expiring in May 2019.

As disclosed in the Perisai’s Proposed Restructuring and Regularisation plan, the Group will be focusing on both the drilling and production segments as its core business. In line with this, the Group is pursuing various opportunities for its assets in both segments i.e. PP101 Jack up rig and FPSO Perisai Kamelia.

On 8 August 2018, the Company has obtained an extension of the Restraining Order from the High Court of Malaya at Kuala Lumpur for a further period of nine (9) months effective from 8 August 2018 restraining all proceedings and actions brought against the Company.

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As disclosed in Note 6 (A) below, the Company had on 11 January 2019 received a suspension and de-listing notice from Bursa Securities wherein Bursa Securities vide their letter dated 11 January 2019 has rejected the Proposed Regularisation Plan.

On 8 February 2019, the Company has submitted an appeal to Bursa Securities on its decision to reject the Company's Proposed Regularisation Plan.

The Company will announce the outcome of the appeal in due course.

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 31 December 2018.

5. Income Tax Expense

	Individual Period			Cumulative Period		
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000	Changes %	Current Year To Date 31.12.2018 RM'000	Preceding Year Corresponding Period 31.12.2017 RM'000	Changes %
Based on result for the year - Current year provision	(183)	(100)	(83)	(361)	(261)	(38)
	(183)	(100)	(83)	(361)	(261)	(38)

The effective tax rate for the current quarter and financial period ended 31 December 2018 was lower than the statutory tax rate arising mainly from certain subsidiaries being subject to lower tax rates under the Labuan Business Activity Tax Act, 1990.

6. Corporate Proposal

Save as disclosed below, there were no corporate proposals announced but not completed as at the reporting date.

A) On 18 May 2018, Perisai Petroleum Teknologi Bhd. ("PPTB" or "the Company") made a requisite announcement pursuant to Paragraph 4.2(a) of PN17 the proposed regularisation plan comprising the following proposals:

- (i) Proposed share capital reduction and consolidation involving the following:
 - a. proposed reduction of the Company's share capital from RM770,888,300 to RM40,000,000 by cancelling the share capital of the Company that has been lost or is unrepresented by available assets to the extent of RM730,657,505 pursuant to Section 115(a) and 116 of the Companies Act 2016 ("2016 Act");
 - b. proposed cancellation of 400,000 treasury shares of RM230,795 in the treasury share account of the Company pursuant to Section 127 of the 2016 Act; and
 - c. proposed consolidation of PPTB shares on the basis of 2 shares into 1 new ordinary share ("New PPTB Share(s)");
- ("Proposed Share Capital Reduction and Consolidation").

- (ii) Proposed fund raising exercise comprising the following:
- a. proposed renounceable rights issue of up to 223,390,635 New PPTB Shares (“Rights Shares”) at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every 2.9355 existing PPTB shares held by entitled shareholders of PPTB on an entitlement date to be determined later to raise up to approximately RM22.34 million (“Proposed Rights Issue”); and
 - b. proposed private placement of up to 85,880,000 New PPTB Shares (“Placement Shares”) at an issue price of RM0.10 in the event of undersubscription of the Proposed Rights Issue (“Proposed Private Placement”).
- (“Proposed Fund Raising Exercise”).
- (iii) Proposed restructuring of PPTB’s liabilities and the debt obligations of PPTB’s Subsidiaries (as defined herein) (“Proposed Debt Settlement”) via the following:
- a. proposed scheme of arrangement pursuant to Section 366 of the 2016 Act for the settlement of PPTB’s unsecured financial institution lenders, and its subsidiaries’ lenders and the Noteholders to which PPTB has extended a corporate guarantee, but excluding amounts due by PPTB to its subsidiaries or associate companies (“the Inter-Co Creditors”) (“the Scheme Creditors”) via the following:
 - aa. proposed issuance of up to RM64,410,000 in New PPTB Shares at an issue price of RM0.10 per PPTB Share to the Scheme Creditors (“Proposed Share Issuance”);
 - bb. proposed settlements to the Scheme Creditors, which are principal debts owed by Perisai Capital (L) Inc (“Perisai Capital”), Garuda Energy (L) Inc (“Garuda Energy”) and Intan Offshore (L) Ltd (“Intan Offshore”), under the Proposed Bilateral Settlements; and
 - cc. if there is any balance remaining after the settlement in (aa) and (bb) above, the proposed issuance of up to RM68,777,692 in nominal value of Redeemable Convertible Unsecured Loan Stock in PPTB (“RCULS”) at an issue price of RM0.10 per RCULS;
- (collectively, “the Proposed PPTB Scheme of Arrangement”)
- b. Proposed settlement of the financial institution lenders, the Noteholders and unsecured creditors of certain identified subsidiaries (“Proposed Settlement of Subsidiaries’ Creditors”) via bilateral debt settlement agreements between:
 - aa. PPTB and Perisai Capital, Garuda Energy and Intan Offshore (collectively, “Inter-Co Creditors”) (“Proposed Bilateral Settlements for PPTB Inter-Cos”) involving the proposed issuance of RCULS of up to RM64,410,000 in nominal value of RCULS at an issue price of RM0.10 per RCULS and proposed issuance of irredeemable convertible unsecured loan stocks in PPTB (“ICULS”) of RM600,861,888 in nominal value of ICULS at an issue price of RM0.10 per ICULS; and
 - bb. subsidiaries and joint venture of PPTB, namely, Garuda Energy, Intan Offshore, Perisai Pacific 101 (L) Inc (“Perisai Pacific”) and Emas Victoria (L) Bhd (“EVLB”) (collectively, “Operating Subsidiaries”) and their respective financial institution lenders (“Operating Subsidiaries’ Lenders”) involving the settlement of the amounts due to the Operating Subsidiaries’ Lenders via inter alia the set-off of charged assets, set-off against the balances in the debt service reserve account and revenue account, restructuring of debts into term loans (under the terms set out below), and the distribution of RCULS and ICULS received under the Proposed Bilateral Settlements (“Proposed Bilateral Settlement for Operating Subsidiaries’ Lenders”).

(collectively, “Proposed Bilateral Settlements”);

- (iv) Proposed issuance of up to RM133,187,692 in nominal value of RCULS at an issue price of RM0.10 per RCULS for the settlement of creditors under the following (“Proposed RCULS Issue”):
 - a. RM64,410,000 in nominal value of RCULS pursuant to the proposed settlement to inter-co creditors under the Proposed Bilateral Settlements for PPTB Inter-cos; and
 - b. Up to RM68,777,692 in nominal value of RCULS pursuant to the proposed settlement to PPTB Scheme Creditors under the Proposed PPTB Scheme of Arrangement;
- (v) Proposed issuance of up to RM600,861,888 in nominal value of ICULS at an issue price of RM0.10 per ICULS pursuant to the Proposed Bilateral Settlements for PPTB Inter-Cos (“Proposed ICULS Issue”); and
- (vi) Proposed liquidation of Garuda Energy, Intan Offshore and Perisai Capital upon completion of their respective Proposed Bilateral Settlements (“Proposed Liquidation of Subsidiaries”).

(items (i) to (vi) shall collectively be referred to as the “Proposed Regularisation Plan”).

to regularise its financial condition.

The Proposed Regularisation Plan is subject to the following approvals being obtained from the following parties:-

- (i) the order of the Court pursuant to Sections 115(a) and 116 of the 2016 Act for the Proposed Capital Reduction;
- (ii) Bursa Malaysia Securities Berhad, for:
 - (a) the Proposed Regularisation Plan;
 - (b) listing and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue;
 - (c) listing and quotation of the Settlement Shares pursuant to the Proposed Share Issuance;
 - (d) listing of and quotation for the RCULS and ICULS to be issued pursuant to the Proposed RCULS Issue and the Proposed ICULS Issue; and
 - (e) listing of and quotation for the new PPTB Shares to be issued pursuant to the conversion of the RCULS and ICULS;
- (iii) the Securities Commission Malaysia, for the Proposed RCULS Issue and the Proposed ICULS Issue;
- (iv) Bank Negara Malaysia, for the issuance of RCULS and ICULS to non-resident shareholders pursuant to the Proposed RCULS Issue and Proposed ICULS Issue;
- (v) shareholders of PPTB for the Proposed Regularisation Plan at the forthcoming Extraordinary General Meeting of the Company to be convened;
- (vi) the approval of the Proposed Debt Settlement by the requisite majority of PPTB Scheme Creditors at the Scheme Creditor meetings to be convened pursuant to an order of the Court and if duly approved by the Scheme Creditors, the approval of the Court;
- (vii) the approval of the Operating Subsidiaries and the Operating Subsidiaries’ Lenders under the Proposed Bilateral Settlements; and
- (viii) any other relevant authorities / parties, if required.

On 1 August 2018, the company announced that the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities for approval on 1 August 2018.

The Proposed Regularisation Plan is expected to be completed by the 4th Quarter of 2019.

On 11 January 2019, the Company has received a suspension and de-listing notice from Bursa Securities wherein Bursa Securities vide their letter dated 11 January 2019 rejected the proposed regularisation plan.

In the circumstances and pursuant to Paragraph 8.04(5) of the Main Market Listing Requirements:

a) the trading in the securities of the Company will be suspended with effect from 22 January 2019; and

b) the securities of the Company will be de-listed on 13 February 2019 unless an appeal against the rejection of the regularisation plan and de-listing is submitted to Bursa Securities on or before 10 February 2019 (“the Appeal Timeframe”). Any appeal submitted after the Appeal Timeframe will not be considered by Bursa Securities.

In the event the Company submits an appeal to Bursa Securities within the Appeal Timeframe, the removal of the securities of the Company from the Official List of Bursa Securities on 13 February 2019 shall be deferred pending the decision on the Company’s appeal.

On 8 February 2019, the Company has submitted an appeal to Bursa Securities on its decision to reject the Company’s Proposed Regularisation Plan.

The Company will announce the outcome of the appeal in due course.

B) On 23 December 2016, the Company had entered into a Settlement Agreement with EMAS Offshore Limited (“EOL”) (“Proposed Settlement Agreement”) to achieve a full and final settlement of the disputes, differences, claims, and counterclaims against each other arising from or in connection with the Share Sale Agreement Dated 23 December 2013 (“SSA”) and Put Option.

On 21 April 2017, Perisai and EOL have mutually agreed to extend first of their 4 Long Stop extension periods to 23 May 2017.

On 24 May 2017, Perisai and EOL have mutually agreed to extend the Long Stop Period to 23 June 2017.

On 17 August 2017, it was announced that Perisai had on 14 August 2017 requested for a confirmation from EOL on the status of the Conditions Precedents to be fulfilled by EOL. EOL had on 15 August 2017 confirmed that EOL has not received any representation from OCBC which would allow EOL to conclude whether or not the Conditions Precedents would be satisfied. EOL further confirmed that the Long Stop Period be extended only up to 23 July 2017. As the Long Stop Period has since lapsed, the Proposed Settlement Agreement became ineffective.

Pursuant to the terms of the Proposed Settlement Agreement and the lapse of the Proposed Settlement Agreement, the put option granted by EOL to Perisai pursuant to the SSA is revived accordingly. This gives Perisai the right to sell its 51% equity interest in SJR Marine to EOL. Perisai had earlier served the Put Option notice to EOL on 8 December 2016. Following the lapse of the Proposed Settlement Agreement, Perisai is pursuing to complete the Put Option, which shall take place 30 days from 17 August 2017 in accordance with the terms of the Put Option notice served on EOL earlier.

Based on the above, the Proposed Settlement Agreement detailed in the announcement on 23 December 2016 has been aborted.

On 27 September 2017, EOL had written to Perisai stating that due to the lapse of the Settlement Agreement, Perisai is required to comply with the Shareholders’ Agreement dated 26 December 2013, which was terminated by EOL’s notice dated 8 December 2016 (“Termination Notice”), and Perisai is obliged to complete the sale of the 51% shares in SJR Marine to EOL at the stated price of USD1.00.

EOL claims that it had effected payment of USD1.00 to Perisai and is awaiting for Perisai's completion documents to be delivered to them.

Perisai had already disputed the Termination Notice by its letter to EOL dated 8 December 2016 and maintains that the alleged termination is invalid and ineffective.

The Company will make such further announcement on the development on the above matter as and when necessary.

Although strictly in accordance with the accounting standards SJR Marine remains to be recognised as a joint venture of PPTB, PPTB maintains that in exercising the Put Option, SJR Marine's shares have been properly delivered to PPTB's legal counsel.

On 15 January 2018, Perisai Production Holdings Sdn Bhd ("PPHSB"), a wholly-owned subsidiary of Perisai has written to the Company Secretary of EMAS Victoria (L) Bhd ("EVLB") to serve a notice that a termination event (details of which are as set out in the ensuing paragraph) has occurred enabling PPHSB to terminate the Shareholders' Agreement dated 21 August 2013 between PPHSB, EMAS Offshore Limited ("EOL") and EVLB ("EVLB SHA").

EOL had released two (2) public announcements dated 31 August 2017, which stated as follows:

- EOL entered into a binding term sheet with certain potential investors as part of the financial restructuring of EOL and its subsidiaries ("the Group")
- In connection with the restructuring, EOL voluntarily applied to the High Court under Section 211B(1) of the Companies Act (Cap. 50)
- EOL intends to undertake the restructuring to substantially deleverage the Group's balance sheet and strengthen its working capital position to enable its business to continue as a going concern

EOL's ongoing efforts to restructure its debts coupled with its application in OS997/2017 under Section 211B(1) of the Companies Act (Cap. 50) showed that EOL had resolved to enter into a scheme of arrangement or compromise for the benefit of its creditors or any class of them. This amounted to an event of default under clause 14.1(c) of the EVLB SHA.

In light of the default, pursuant to PPHSB's rights under Clause 14 of the EVLB SHA, PPHSB required EOL to sell 37,333,604 ordinary shares held by EOL in EVLB to PPHSB on the 30th day from the date of the termination notice at 10.00 a.m. on 14 February 2018 (Malaysia time) at the price of USD1.00, which completion shall take place at the registered office of EVLB.

On 29 January 2018, PPHSB had received two (2) notices from EOL both dated 29 January 2018.

By the first notice, EOL denied having committed any event of default under Clause 14.1(c) of the EVLB SHA, as alleged or at all and on this premise, EOL asserted that it remains as a shareholder of EVLB. The termination by PPHSB of the EVLB SHA is therefore disputed by EOL.

By the second notice, EOL required the Company Secretary of EVLB to appoint a Valuer to procure the Valuation Price for the Default Shares as the Option Price of USD1.00 is also disputed by EOL.

The Company Secretary of EVLB had on the same day acknowledged receipt of the notices and confirmed that a Valuer will be appointed accordingly for such purpose.

On 4 July 2018, Perisai served a Notice of Assignment to EOL in relation to the Assigned Rights (as defined herein below):-

- i) By a Deed of Assignment dated 2 February 2018 made by Perisai in favour of PPHSB, Perisai has assigned to PPHSB the proceeds of the Put Option (equivalent to the sum of USD43,031,406.55) and the rights and entitlement to claim for such proceeds which are now owing and due from EOL to Perisai pursuant to Perisai's exercise of the right to sell of Perisai's remaining equity interest in SJR, representing 51% of the equity interest in SJR Marine, vide Perisai's Put Option Notice dated 8 December 2016 ("Put Option")("Assigned Rights").

- ii) that EOL is irrevocably authorised and instructed to pay to PPHSB all sums which are due to be paid by EOL to Perisai pursuant to the exercise of the Put Option.

7. Borrowings And Debt Securities

The Group's borrowings and debt securities as at 31 December 2018 are as follows:

	As at 2nd quarter ended 31.12.2018					
	Long-term		Short-term		Total borrowings	
	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000
<u>Secured</u>						
Term loan	-	-	USD196,217	811,553	USD196,217	811,553
Amount owing under revolving credit	-	-	RM12,714	12,714	RM12,714	12,714
Revolving credit	-	-	USD10,000	41,360	USD10,000	41,360
Overdraft	-	-	RM5,513	5,513	RM5,513	5,513
<u>Unsecured</u>						
MTN	-	-	SGD125,000	379,438	SGD125,000	379,438
Total	-	-		1,250,578		1,250,578

	As at 2nd quarter ended 31.12.2017					
	Long-term		Short-term		Total borrowings	
	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000
<u>Secured</u>						
Term loan	-	-	USD200,758	812,569	USD200,758	812,569
Amount owing under revolving credit	-	-	RM11,369	11,369	RM11,369	11,369
Revolving credit	-	-	USD10,000	40,475	USD10,000	40,475
Overdraft	-	-	RM5,016	5,016	RM5,016	5,016
Hire purchase	-	-	RM32	32	RM32	32
<u>Unsecured</u>						
MTN	-	-	SGD125,000	378,662	SGD125,000	378,662
Total	-	-		1,248,123		1,248,123

8. Changes In Material Litigation

(i) LETTER OF DEMAND

On 21 November 2017 Alpha Perisai Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company had been served with a Letter of Demand dated 20 November 2017 from Shaikh David & Co., acting on behalf of Teknik Janakuasa Sdn Bhd ("**the Landlord or the Plaintiff**") demanding for the rental arrears and rental for unexpired term amounting to RM2,754,753.84 due and owing to the Landlord pursuant to the tenancy agreement dated 27 May 2013 ("**Tenancy Agreement**") entered into between APSB and the Landlord in respect of the premises known as Level 13A, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur ("**Demised Premises**"). APSB is required to pay the total sum of RM2,754,753.84 together with interest within 7 days from the date of the Letter of Demand.

Details of the rental arrears and rental for unexpired term are as follows:-

Rental arrears from June 2016 to June 2017 at RM76,520.94 per month	RM 994,772.22
Rental for unexpired term from July 2017 to May 2019 (expiry of tenancy term) at RM76,520.94 per month	RM1,759,981.62
Total	RM2,754,753.84

The rental arrears related to a tenancy of the Demised Premises for a period of 3 years commencing 15 April 2013. The tenancy was further renewed pursuant to a renewal letter dated 19 February 2016 (“**Renewal**”). The Renewal commenced on 16 April 2016 and will expire on 15 May 2019. The rental rate and parking fees per month is RM76,520.94 pursuant to the Tenancy Agreement. Prior to the expiry of the Tenancy Agreement, APSB had unilaterally vacated the Demised Premises and the Demised Premises was purportedly surrendered to the Landlord after a joint inspection on 6 July 2017. As at June 2017, 13 months of rental was outstanding excluding interest prescribed under the Tenancy Agreement.

The said Letter of Demand alleged that APSB’s failure to pay the rental arrears and purported termination of the tenancy period under the Tenancy Agreement amounts to a breach of the Tenancy Agreement. In addition to the rental arrears prior to vacant possession of the Demised Premises, APSB remains liable for the unexpired terms for the Demised Premises as well as the reinstatement cost for the Demised Premises.

The security deposit paid under the terms of the Tenancy Agreement will be set-off and utilised for costs incurred to reinstate the Demised Premises as required under the terms of the Tenancy Agreement.

APSB is exposed to the above rental arrears and reinstatement cost as stated above.

The Letter of Demand will not have any financial or operational impact on the Group and the Company will seek legal advice on the above matter.

APSB has been subsequently served with a Writ and Statement of Claim dated 13 December 2017 from Messrs Shaikh David & Co acting on behalf of the Landlord.

The Company will defend the claim, especially in respect of the rental for the unexpired term until 15 May 2019 as the Plaintiff has the duty to mitigate its losses by securing a new tenant for the Demised Premises. On 13 March 2018, the Court had fixed the trial for hearing on 6 August 2018 to 8 August 2018 and the next Case Management date was fixed on 23 July 2018.

On 13 March 2018, the Court dismissed the Plaintiff’s Application for Summary Judgement with a cost of RM3,000.00 to be paid to APSB.

On 22 March 2018, Messrs Shaikh David & Co, on behalf of the Plaintiff, filed a Notice of Appeal to the High Court against the decision on 13 March 2018 made by the Session Court on the dismissal of the Plaintiff’s Application for Summary Judgement. The Court has fixed a Case Management date on 3 May 2018.

The matter was fixed for further Case Management on 30 May 2018 pending grounds of judgement from the Session Court Judge.

On 30 May 2018, APSB was served with the grounds of judgement by the Landlord and the High Court had fixed the hearing date for the Plaintiff’s appeal on 12 July 2018.

On 24 July 2018, APSB received from Messrs Shaikh David & Co., the Advocates and Solicitors acting on behalf of the Plaintiff, a Notice of Application by the Plaintiff for the suspension of trial proceedings until the termination of the Appeal Judgment (“the Appeal”) in the High Court.

In view of the Appeal in the High Court, the Sessions Court vacated the trial dates to 6th - 10th of August 2018 and a Case Management was fixed on 15 August 2018.

On 15 August 2018, the Sessions Court fixed a Case Management on 4 September 2018 at 10.30a.m. for an update of the application by the Landlord for the stay of trial proceedings until the High Court has given its decision on the Appeal on 4 September 2018. The High Court has granted its decision on 4 September 2018.

The High Court partially allowed the Appeal, whereby:-

(a) the amount outstanding for the months of June 2016 to June 2017 in the total sum of RM994,772.22 (as admitted by the Defendant) was allowed;

(b) the rental for the unexpired term in the total sum of RM1,759,981.62 was not allowed and trial date(s) for the same would need to be set by the Sessions Court.

(c) the costs of RM3,000.00 to be paid by the Defendant to the Plaintiff will be set off against the costs obtained from the Plaintiff in the Sessions Court.

The Sessions Court has fixed the next Case Management on 11 October 2018 at 9.00 a.m. and has fixed a further Case Management on 25 October 2018 at 9.00 a.m. for an update of the decision by the Plaintiff whether to proceed to trial or withdraw the claim against the defendant.

Messrs Shaikh David & Co, on behalf of the Plaintiff, via their letter dated 15 October 2018, had served the following documents to Messrs Chua & Associates, the solicitors for the Defendant of APSB:-

i) a copy of the sealed Order dated 4 September 2018;

ii) a copy of the sealed Judgment dated 4 September 2018; and

iii) a copy of the sealed Allocator dated 4 September 2018

Pursuant to the terms of the Judgment, the Defendant is required to pay to the Plaintiff the judgment sum of RM994,772.22 as the rental outstanding from June 2016 until June 2017, costs of RM3,000.00 and fees allocator of RM120.00. The costs of RM3,000.00 is agreed to be set off by parties pursuant to the correspondences dated 18 September 2018 and 24 September 2018.

The Sessions Court has fixed the trial dates on 4 March 2019 to 7 March 2019 and a Case Management on 18 February 2019 to update the Sessions Court of any changes (if any) on the matter and to ensure all pre-trial directions are complied with.

Messrs Shaikh David & Co, on behalf of the Plaintiff, via their letter dated 5 November 2018 had served a Notice Pursuant to Section 466(1)(a) of the Companies Act, 2016 ("Notice") received by the Company on 12 November 2018 requested the Defendant, a wholly-owned subsidiary of the Company to pay to the Plaintiff the sum of RM994,772.22, being the amount due and owing by the Defendant to the Plaintiff pursuant to a Judgment dated 4 September 2018, within twenty-one (21) days of the receipt of the Notice.

Messrs Shaikh David & Co, on behalf of the Teknik Janakuasa Sdn Bhd ("Petitioner"), via their letter dated 2 January 2019 had served the following documents to APSB ("Respondent"):-

i) a copy of the sealed Winding-Up Petition ("Petition") dated 28 December 2018; and

ii) a copy of the Affidavit Verifying Petition on 2 January 2019.

The hearing date of the Petition has been fixed by the Shah Alam High Court on 1 March 2019.

Further announcement on any material development on the above will be made to Bursa Malaysia Securities Berhad in due course.

9. Dividends Payable

There was no dividend declared for the financial period ended 31 December 2018.

10. Earnings Per Share ("EPS")

Basic earnings/(loss) 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/(Loss) Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) from continuing operations	(24,786)	40,776	(44,667)	(1,393)
Profit/(Loss) attributable to owners of the Company	(24,786)	40,776	(44,667)	(1,393)
Weighted average number of ordinary shares in issue ('000)	1,260,472	1,260,472	1,260,472	1,260,472
Basic earnings/(loss) per share (sen)	(1.97)	3.23	(3.54)	(0.11)

The diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the assumed potential new ordinary shares are anti-dilutive.

11. Auditors' Report On Preceding Annual Financial Statements

The auditor draws attention to the material uncertainty related to going concern which related to the Group and the Company incurred net losses of RM469,252,755 and RM369,853,195 respectively. As at that date, the Group and the Company recorded net current liabilities of RM1,309,316,264 and RM835,334,174 and capital deficiencies of RM258,582,123 and RM417,107,442 respectively. Furthermore, in October 2016, the Company and its wholly-owned subsidiary, Perisai Capital (L) Inc ("PCLI") received a notice from the Trustee of the Medium Term Notes ("MTN") that an event of default for payment of principal and interest of the MTN had occurred as PCLI failed to pay the principal and interest due on 3 October 2016. Consequently, this gave rise to a cross default of the financing facilities with all other lenders of the Group and of the Company, including the joint ventures. The auditors' report on the financial statements for the financial year ended 30 June 2018 was unmodified on this matter.

The Group has submitted its regularisation plan which would address its net current liabilities positions and PN17 status on 1 August 2018. On 11 January 2019, the Company received a suspension and de-listing notice from Bursa Securities wherein Bursa Securities vide their letter dated 11 January 2019 rejected the proposed regularisation plan. On 8 February 2019, the Company has submitted an appeal to Bursa Securities on its decision to reject the Company's Proposed Regularisation Plan. The Group is also pursuing all avenues available to recover the receivables, the right of indemnity of the Company as the corporate guarantor against the borrower/principal debtor is specifically stated under Section 98 of the Contract Acts 1950 and seeking legal advice pertaining to the exercise of the put option and other events relating to the put option.

12. Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2018 RM'000
Profit/(loss) before tax is arriving at after charging/(crediting):		
Interest income	(178)	(334)
Other income	(188)	(352)
Interest expenses	22,321	43,599
Depreciation and amortisation	8,790	18,004
Restructuring cost	862	2,230
Provision for impairment on trade receivables	666	1,644
Provision for impairment on other receivables	164	332
Provision for impairment on amount due from joint ventures	(3)	1,366
Reversal of impairment on trade receivables	(105)	(234)
Bad debt relief	(690)	(690)
Realised foreign exchange (gain)/loss	1,394	3,238
Unrealised foreign exchange (gain)/loss	827	(5,151)

13. Financial Instruments

As at 31 December 2018, the Group did not have any outstanding derivative financial instrument. There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial period. Also, there have been no changes to the Group's risk management objectives, policies and processes since the end of the last financial year.

14. Material Impairment of Assets

There was no material impairment of assets during the current quarter and financial period under review.

15. Trade Receivables

	As at 31.12.2018 RM'000
Trade receivables	
- Billed	138,975
- Unbilled	2,711
	141,686
Less: Allowance for impairment	(121,125)
	20,561

The ageing analysis of the Group's trade receivables as at 31 December 2018 is as follows:

	As at 31.12.2018 RM'000
Neither past due nor impaired	11,084
1 to 30 days past due nor impaired	322
31 to 60 days past due nor impaired	-
61 to 90 days past due nor impaired	-
91 to 120 days past due nor impaired	-
More than 120 days past due nor impaired	9,155
Impaired	121,125
	141,686

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulty and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements. The Company is in communication with the charterers with regards to the payment of the outstanding amounts. In the event such dialogue does not result in a recovery solution acceptable to the company, all available recourse to recovery of the same shall be undertaken, including litigation.

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 27 February 2019.

By Order of the Board
Perisai Petroleum Teknologi Bhd

Tai Yit Chan (MAICSA No: 7009143)
Tan Ai Ning (MAICSA No: 7015852)
Company Secretaries