

FORGING **AHEAD**

Annual Report 2012

Perisai Petroleum Teknologi Bhd (632811-X)

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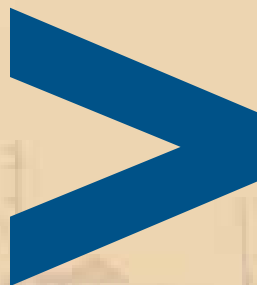
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Financial Year 31 December 2012 has been a year where we delivered the results of our hard work over the past 3 years. It has been a year where tangible results from our transformation programme have clearly shown results.

The path continues to gain clarity and we continue to **FORGEAHEAD** and ride on the momentum of the transformation programme that we had put in place since 2010.



Notice of Tenth Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting (“10th AGM”) of **PERISAI PETROLEUM TEKNOLOGI BHD.** (“Perisai” or the “Company”) will be held at Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 25 June 2013 at 10.00 a.m. to transact the following businesses: -

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **Please refer to note A**
2. To approve the payment of Directors’ fees for the financial year ended 31 December 2012. **(Ordinary Resolution 1)**
3. To re-elect the following Directors retiring in accordance with the Company’s Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Dato’ Dr. Mohamed Ariffin Bin Hj. Aton (Article 93) **(Ordinary Resolution 2)**
 - (b) Adarash Kumar A/L Chranji Lal Amarnath (Article 93) **(Ordinary Resolution 3)**
 - (c) YTM Tunku Dato’ Seri Diraja Soraya Sultan Abdul Halim (Article 98) **(Ordinary Resolution 4)**
4. To re-appoint Dato’ Anwarrudin Ahamad Osman who retires pursuant to Section 129 of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 5)**
5. To re-appoint Messrs Baker Tilly AC as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

6. **PROPOSED RENEWAL OF AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Ordinary Resolution 7)**

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10%) per cent of the issued share capital of the Company thereat **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company **AND THAT** the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so issued.”

7. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

(Special Resolution)

“**THAT** the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 attached to this Annual Report (“Proposed Amendments”) be and are hereby approved and adopted **AND THAT** the Directors and Secretaries of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments.”

8. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

BY ORDER OF THE BOARD

LIM SECK WAH (MAICSA NO. 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU
(MAICSA NO. 0781031)

Company Secretaries

Kuala Lumpur
3 June 2013

Notice of Tenth Annual General Meeting



cont'd

Note A:

This Agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require formal approval of the shareholders and hence, is not put forward for voting.

Note B: Explanatory notes on Special Business:-

1. Ordinary Resolution 7 (Agenda 6)

The proposed Ordinary Resolution no. 7 is to seek renewal of the mandate from shareholders. The resolution if duly passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion proposals involves the issue of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

As at the date of this Notice, 85,137,500 new ordinary shares of RM0.10 each in the Company were issued at an issue price of RM1.03 per ordinary share on 30 January 2013 by way of private placement. These shares were listed on Bursa Malaysia Securities Berhad on 30 January 2013 pursuant to the mandate granted to the Directors at the 9th AGM. This mandate will lapse at the conclusion of the 10th AGM scheduled to be held on 25 June 2013. The total proceeds raised from the private placement exercise was RM87,691,625. The details of utilisation of the proceeds from the private placement exercise are disclosed on page 52 of this Annual Report.

2. Special Resolution (Agenda 7)

The proposed Special Resolution on amendments to the Articles of Association of the Company is to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Note C: Appointment of Proxy:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 19 June 2013. Only a depositor whose name appears on the Record of Depositors as at 19 June 2013 shall be entitled to attend the said Meeting or appoint proxies to attend, speak and vote on his/her stead.
2. A member of the Company entitled to attend, speak and vote at the Meeting of the Company is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf.
3. A proxy or attorney or corporate representative need not be a member of the Company and if not a member he/she need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar.
4. A member shall be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting.
5. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
6. Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
8. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
9. The instrument of proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time of meeting or any adjournment thereof.

The proposed amendments to the Articles of Association of the Company are as follows:

Reference	Existing Article	Proposed New Article
Article 2	Interpretation	Interpretation “Exempt Authorised Nominee” An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.
Article 67(a)	A Member shall be entitled to be present and to vote on any question either personally or by proxy for another Member at any General Meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the Company shall have been paid. The proxy need not be a Member of the Company and if not a Member he need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar. No Member shall be entitled to vote or be recognised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.	A Member shall be entitled to be present and to vote on any question either personally or by proxy for another Member at any General Meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the Company shall have been paid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. The proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. No Member shall be entitled to vote or be recognised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.
Article 67(c)	Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act , it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

Corporate Information



BOARD OF DIRECTORS

Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Non-Independent Non-Executive Chairman

Zainol Izzet Bin Mohamed Ishak
Managing Director

Adarash Kumar A/L Chranji Lal Amarnath
Executive Director

Dato' Yogesvaran A/L T. Arianayagam
Independent Non-Executive Director

Chan Feoi Chun
Independent Non-Executive Director

YTM Tunku Dato' Seri Diraja Soraya Sultan Abdul Halim
Independent Non-Executive Director

Dato' Anwarrudin Ahamad Osman
Independent Non-Executive Director

AUDIT COMMITTEE

Chan Feoi Chun (Chairman)
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Dato' Yogesvaran A/L T. Arianayagam

REMUNERATION COMMITTEE

Dato' Yogesvaran A/L T. Arianayagam (Chairman)
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Chan Feoi Chun
Zainol Izzet Bin Mohamed Ishak

NOMINATION COMMITTEE

Dato' Yogesvaran A/L T. Arianayagam (Chairman)
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Chan Feoi Chun

EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

Dato' Dr. Mohamed Ariffin Bin Hj. Aton (Chairman)
Dato' Yogesvaran A/L T. Arianayagam
Chan Feoi Chun
Zainol Izzet Bin Mohamed Ishak
Adarash Kumar A/L Chranji Lal Amarnath

SENIOR INDEPENDENT DIRECTOR IN CHARGE OF SHAREHOLDER COMMUNICATION

Dato' Yogesvaran A/L T. Arianayagam
E-Mail : ayoges@perisai.biz

COMPANY SECRETARIES

Lim Seck Wah (MAICSA 0799845)
M. Chandrasegaran A/L S. Murugasu (MAICSA 0781031)

REGISTERED OFFICE

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-26924271
Fax : 03-27325388

PRINCIPAL PLACE OF BUSINESS

Suite 3A-17, Level 17, Block 3A
Plaza Sentral, Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : 03-22781133
Fax : 03-22781155
Website : www.perisai.biz
E-Mail : admin@perisai.biz

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-26924271
Fax : 03-27325388

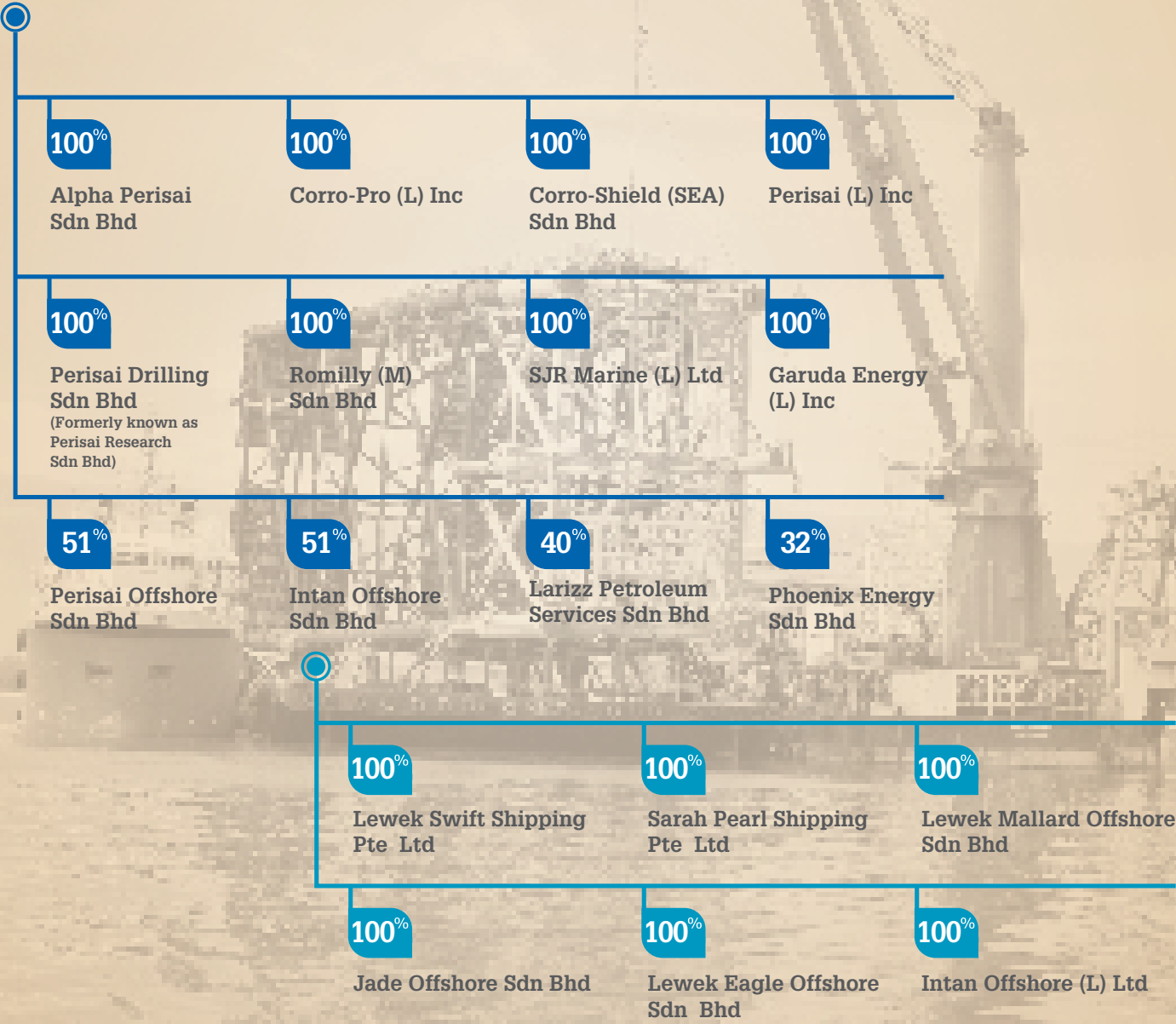
AUDITORS

Baker Tilly AC (AF 001826)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-22971000
Fax : 03-22829980

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 0047

Corporate Structure





BOARD OF DIRECTORS



From left to right

Dato' Yogesvaran A/L T. Arianayagam

Chan Feoi Chun

Dato' Anwarrudin Ahamad Osman

Dato' Dr. Mohamed Ariffin Bin Hj. Aton

Zainol Izzet Bin Mohamed Ishak

YTM Tunku Dato' Seri Diraja Soraya Sultan Abdul Halim

Captain Adarash Kumar A/L Chranji Lal Amarnath

Profile of Directors



Dato' Dr. Mohamed Ariffin Bin Hj. Aton

Chairman

Age : 68

Nationality : Malaysian

Qualifications

- BEng (Hons) Chemical Engineering, University of Surrey, United Kingdom
- PhD in Chemical Engineering, University of Leeds

Membership of Associations

- Fellow of the Institute of Engineers Malaysia
- Chartered Member of Institute of Chemistry Malaysia
- Fellow of the Malaysian Scientific Association
- Chairman of the National Measurement Council of the Ministry of Science, Technology and Innovation

Position on the Board

- Non-Independent Non-Executive Chairman

Date Appointed to the Board

- 1 June 2004
- Re-designated to Non-Independent Non-Executive Chairman on 10 May 2013

Membership of Board Committees

- Chairman of the ESOS Committee
- Member of the Nomination Committee
- Member of the Audit Committee
- Member of the Remuneration Committee

Working Experience and Occupation

Dato' Ariffin started his professional career in 1970 as a Process Engineer with Esso Refinery based in Port Dickson and later joined the academia as a Lecturer with Universiti Kebangsaan Malaysia ("UKM"). After numerous appointments, Dato' Ariffin left UKM in 1989 to be part of Petronas Research & Scientific Services Sdn. Bhd. ("PRSS") as the Deputy Director, Downstream. Upon the corporatisation of PRSS in 1994, he was appointed as PRSS's Managing Director/Chief Executive Officer. He was the President and Chief Executive Officer of SIRIM Berhad from 1996 until his retirement on 1 September 2007.

Directorship of other Public Companies

- Kumpulan Perangsang Selangor Berhad
- HeiTech Padu Berhad
- Khazanah National Berhad Group



Zainol Izzet Bin Mohamed Ishak

Managing Director

Age : 52

Nationality : Malaysian

Qualifications

- BA in Actuarial Studies, Macquarie University, Sydney, Australia
- Master in Business Administration, The Cranfield Institute of Technology, United Kingdom

Position on the Board

- Managing Director

Date Appointed to the Board

- 13 April 2010

Membership of Board Committees

- Member of the Remuneration Committee
- Member of the ESOS Committee

Working Experience and Occupation

En. Izzet began his career in 1982 as a Consultant with Hymans Robertson & Co., Consulting Actuaries, London. Upon returning to Malaysia in 1985, En. Izzet joined Messrs Kassim Chan & Co. as Management Consultant. He left the field of consultancy in 1988 to join Seccolor (M) Industries as its General Manager, a position he held until 1992.

En. Izzet joined Sapura Group of Companies in 1992 as General Manager of Corporate Planning, responsible for the strategic planning and business development of the Group. In 1994, he became Chief Executive Officer of Sapura Digital Sdn Bhd, one of the pioneer operators of digital cellular phone (ADAM) in the country. Following the sale of Sapura Digital Sdn Bhd by Sapura Group, he was appointed Senior Vice-President of the Energy Division within the Sapura Group before being appointed as Chief Executive Officer of SapuraCrest Petroleum Berhad on 7 July 2003, a position he held until 31 January 2010.

Directorship of other Public Companies

- Hibiscus Petroleum Berhad

Profile of Directors



cont'd



Captain Adarash Kumar A/L Chranji Lal Amarnath

Executive Director

Age : 53

Nationality : Malaysian

Qualifications

- Qualified Master Mariner
- Certificate of Competency Master of Foreign Going Ship (Class 1) issued by Malaysian International Shipping Corporation

Position on the Board

- Executive Director

Date Appointed to the Board

- 13 April 2010

Membership of Board Committees

- Member of the ESOS Committee

Working Experience and Occupation

Captain Adarash Kumar has more than 25 years of experience in the marine industry. Prior to joining the Group, he was the Assistant General Manager for Bumi Armada Navigation Sdn Bhd, an offshore support services provider based in Malaysia, and was responsible for its operations. He had also held various positions onboard vessels while working for Malaysian International Shipping Corporation.

Directorship of other Public Companies

- Ezra Holdings Limited (Singapore)



Dato' Yogesvaran A/L T. Arianayagam

Independent Non-Executive Director

Age : 61

Nationality : Malaysian

Qualifications

- Chartered Institute of Management Accountants, UK (CIMA)

Membership of Associations

- Fellow of the Chartered Institute of Management Accountants, UK (CIMA)
- Chartered Accountant with Malaysian Institute of Accountants
- Associate Member of the British Institute of Management
- Member of Chartered Global Management Accountants (USA)

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 30 October 2003
- Re-designated to Independent Non-Executive Director on 29 March 2011

Membership of Board Committees

- Chairman of the Remuneration Committee
- Chairman of the Nomination Committee
- Member of the Audit Committee
- Member of the ESOS Committee

Working Experience and Occupation

Dato' Yogesvaran commenced his accounting career as a management accountant with British Steel Corporation in Birmingham, England and went on to be a Senior Executive (Corporate Affairs) with Aseambankers, Chief Executive Officer of Sampoorna Holdings Bhd., and Managing Director of Murnivest Sdn. Bhd. He has undertaken corporate advisory engagements with various multi-national companies.

At present, he is the Chief Executive Officer of Sentosa4D Magix Pte. Ltd. in Singapore and the Managing Director of Asian Pac Management Sdn. Bhd., a company providing corporate and financial advisory services to selected clients in the Asia Pacific region.

Dato' Yogesvaran has vast experience in corporate advisory work and corporate restructuring exercises.

Directorship of other Public Companies

- Multi Purpose Insurans Berhad
- MWE Holdings Berhad

Profile of Directors



cont'd



Chan Feoi Chun

Independent Non-Executive Director

Age : 60

Nationality : Malaysian

Qualifications

- Fellow of the Chartered Institute of Management Accountants, UK (CIMA)
- Chartered Accountant of the Malaysian Institute of Accountants, Malaysia (MIA)
- Graduate of the Institute of Chartered Secretaries and Administrators, UK (ICSA)
- Master of Business Studies (Banking & Finance), University College Dublin, Ireland

Membership of Associations

- Board member of CIMA Southeast Asian Regional Board
- Member of Malaysian Institute of Accountants
- Honorary Secretary of the Malaysian Holiday Timeshare Developers' Federation
- Member of Chartered Global Management Accountants (USA)

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 6 June 2005

Membership of Board Committees

- Chairman of the Audit Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Member of the ESOS Committee

Working Experience and Occupation

Mr. Chan is currently the Chief Executive Officer of Swiss Garden International Vacation Club Bhd. He held various senior positions in PJD Holdings Berhad Group of Companies. Prior to joining the PJD Group in 1994, he held senior management positions in financial services group, MBF Holdings. He has international working experience in Britain and Thailand and has more than 34 years of experience in areas of financial management and business re-engineering.

Directorship of other Public Companies

- IRIS Corporation Berhad
- Versatile Creative Berhad



YTM Tunku Dato' Seri Diraja Soraya Sultan Abdul Halim

Independent Non-Executive Director

Age : 53

Nationality : Malaysian

Qualifications

- BA in Fine Arts – Brighton Polytechnic College Art & Design, United Kingdom

Membership of Associations

- Yang DiPertua of Pandu Puteri Malaysia, Cawangan Kedah

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 1 July 2012

Membership of Board Committees

- None

Working Experience and Occupation

YTM Tunku Soraya is one of the founding members of Yayasan Sultanah Bahiyah, a Kedah based charitable foundation set up in 1996 to aid individuals and organisations that are in need in the state of Kedah. As a member of Yayasan Sultanah Bahiyah's Board of Trustees, YTM Tunku Soraya is the Chairperson of Yayasan Sultanah Bahiyah's principal effort, the "Titian Bistari Project", a project which focuses on children's education.

Directorship of other Public Companies

- None

Profile of Directors



cont'd



Dato' Anwarrudin Ahamad Osman

Independent Non-Executive Director

Age : 70

Nationality : Malaysian

Qualifications

- Bachelor of Arts, University of Malaya

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 1 July 2012

Membership of Board Committees

- None

Working Experience and Occupation

Dato' Anwarrudin joined the Malaysian Civil Service in 1966 and served in the Ministry of Defence. In May 1975, he joined Petronas and served in various capacities until his retirement in 1998 as Managing Director/Chief Executive Officer of Petronas Dagangan Berhad.

Dato' Anwarrudin held various senior positions during his 23 years career in Petronas. He was the General Manager of Corporate Planning Division in 1984, General Manager of Human Resources Management Division in 1985 before heading the International Marketing Division of Petronas responsible for sales of crude and products and processing of crude.

He was a member of the Asean Council on Petroleum (ASCOPE) technical committee for several years and spoke at ASCOPE oil marketing management seminars and local seminars on prospects and challenges in the marketing and distribution industry. He represented Malaysia in the OPEC/NON-OPEC dialogues from 1989-1991 and sat on the Petronas Management Committee from 1992 to 1998.

Directorship of other Public Companies

- Fraser & Neave Holdings Bhd
- KKB Engineering Berhad

Note:

All Board Members have no family relationship with any Director and/or any major shareholder. All Board members do not have any conflict of interest with the Company and have never been convicted for any offences other than traffic offences within the past 10 years.

“

FYE 2012 has been a year where Perisai Petroleum Teknologi Bhd delivered record setting financial performance on most fronts while at the same time continues to rationalise existing business lines and create new business divisions to drive growth going forward.

”





MANAGEMENT TEAM

A graphic element consisting of five blue silhouettes of people standing in a line. From left to right, there is a man in a suit, a woman in a dress, a man in a suit, a man in a suit, and a woman in a dress.



From left to right
Teo Hock Choon
Beram Khan Bin Tambi Khan
Zainol Izzet Bin Mohamed Ishak
Yeo Peck Chin
Lai Swee Sim
Finton Tuan
Abdulah Bin Yunus

Profile of Management Team



Zainol Izzet Bin Mohamed Ishak

Managing Director



Qualification & Experience

Izzet is our Managing Director. Izzet began his career in 1982 as a consultant with Hymans Robertson & Co before moving on to Messrs. Kassim Chan & Co in 1985 and subsequently to Seccolor (M) Industries in 1988. Izzet joined the Sapura Group in 1992 and spent 18 years there in various senior leadership roles. His last

held position in the Sapura Group in 2010 was as the Chief Executive Officer of SapuraCrest Petroleum Berhad. Izzet is a graduate of Macquarie University holding a BA in Actuarial Studies. He also holds a MBA from the Cranfield Institute of Technology, United Kingdom.

Yeo Peck Chin

Chief Financial Officer



Qualification & Experience

Yeo is our Chief Financial Officer. Yeo started his career in 1992 with an established local audit firm, Messrs Azman, Wong, Salleh & Co. In 1994, Yeo moved to Hong Leong Property Management Co Sdn. Bhd., a property management arm of Hong Leong Properties Berhad, as an Assistant Accountant rising to the

position of Finance Manager. 3 years later, Yeo assumed the post of Assistant General Manager – Finance in Corroless (M) Sdn. Bhd. and since 2004 has been with Perisai. Yeo is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA).



Beram Khan Bin Tambi Khan

Head, Business Development

Qualification & Experience

Beram is our Head of Business Development. Beram started his career in 1989 with Sarawak Shell Berhad/Sabah Shell Petroleum Company first as the Wellsite Petroleum Engineer & Assistant Drilling Supervisor and later assuming the role of Senior Production Technologist & Assistant Field Coordinator. After a six-year tenure, Beram moved to the Crest Petroleum Berhad Group (later the SapuraCrest Petroleum Berhad Group) where he held various positions during his job postings domestically and internationally such as Senior Production Technologist of Uzmal

Oil (Joint Venture Company), Manager of Drilling & Production of PT Petronusa Bumibakti (Joint Venture Company), Senior Manager of Project Services and Senior Manager of Special Projects (2003-2005). In 2005, Beram left the SapuraCrest Petroleum Berhad Group of Companies to join UMW Standard Drilling Sdn. Bhd. /UMW JDC Drilling Sdn. Bhd. as Director/Senior General Manager. Beram's last held position in UMW was as Senior General Manager, Group Corporate Development Division before moving on to Perisai in 2012. Beram holds a BSc in Petroleum Engineering from University Technology of Malaysia.



Teo Hock Choon

Head, Support Services

Qualification & Experience

Teo is our Head of Support Services. Teo started his career in 1972 with Sea Supply (S) Pte. Ltd. as an Accountant rising to the post of Division Controller. In 1980, Teo moved to MidContinent Supply Eastern Hemisphere Co. as its Finance & Administration Manager. Between 1988 and 1989, Teo consulted for Presstek Industries Pte. Ltd. before moving on as Finance & Administration Manager of InterChem Pte. Ltd. from 1989 to 1991. Thereafter, Teo took on the role of Financial Controller of Offshore Pipelines International Limited/J Ray McDermott S.A for a duration of 4

years from 1991. From 1995 to 2011, Teo was part of Crest Petroleum Berhad and later SapuraCrest Petroleum Berhad undertaking various roles from that of Head of Singapore Operations, Head of Department-Project Costing and General Manager-Commercial Division. His last held position in the SapuraCrest Group was as Director-Business Services & Control and Advisor-Group Supply Chain Management before moving on to Perisai in 2012. Teo holds a MBA (Option in Financial Management & Accounting) from the University of Leicester, UK and a Diploma in Management Accounting & Finance from the Singapore National Productivity Board.

Profile of Management Team



cont'd

Lai Swee Sim

Head, Corporate Planning



Qualification & Experience

Lai is our Head of Corporate Planning. Lai started his career in 1990 with Arthur Andersen & Co. undertaking financial audits. In 1995, Lai moved to Sateras Resources Berhad as an Accountant before joining Sapura Energy Sdn. Bhd. in 1998 as Finance

Manager. Lai spent 13 years with the Sapura Group where his last held position was as Head of Business Planning in SapuraCrest Petroleum Berhad. Lai was a consultant with SRD Services Sdn. Bhd. before moving on to Perisai in 2012. Lai is a Chartered Accountant and Certified Public Accountant.

Finton Tuan

Head, Legal & Corporate Secretarial



Qualification & Experience

Finton is our Head of Legal & Corporate Secretarial. Finton started his career in 1995 as an Advocate & Solicitor with one of the largest law firms in Malaysia. In 1997, Finton moved to the Usaha Tegas Group as Senior Legal Counsel, a position which he held for 4 years. In 2001, Finton joined the Sapura Group in the Energy Division where he assumed the role of Head of Legal &

Corporate Secretarial. Spending 10 years with the Sapura Group, Finton's last held position was as Head of Legal for the Sapura Group and Board Secretary to SapuraCrest Petroleum Berhad before joining Perisai in 2011. Finton holds a law degree from the University of London and is a qualified Advocate & Solicitor of the High Court of Malaya and also a qualified Company Secretary.



Abdulah Bin Yunus

Head, Human Resources & Administration

Qualification & Experience

Abdulah is our Head of Human Resources & Administration. Abdulah started his career in 1978 as a Manager in a confectionary business before moving on to Caltex in 1984 where he spent 5 years marketing lubricants, diesel and other petroleum products. In 1990, Abdulah started his employment with the Sapura Group where he spent the next 22 years

undertaking a variety of roles and responsibilities spanning sales and marketing, business planning, product development and human resources. His last held position in the Sapura Group before joining Perisai in 2012 was as General Manager, Business HR Management in SapuraCrest Petroleum Berhad. Abdulah is a graduate of Southern Illinois University holding a BSc in Marketing and a MBA from Morehead State University, Kentucky, USA earned in 1984.



Chairman's Statement



Dear
Valued
Shareholders



Financial Year 31 December 2012 (“FYE 2012”) has been a year where we delivered the results of our hard work over the past 3 years. It has been a year where tangible results from our transformation programme have clearly shown results. It has been a year where Perisai Petroleum Teknologi Bhd (“Perisai”) delivered record setting financial performance on most fronts while at the same time continues to rationalise existing business lines and create new business divisions to drive growth going forward. The path continues to gain clarity and we continue to forge ahead and ride on the momentum of the transformation programme that we had put in place since 2010. With this and on behalf of the Board of Directors, I am pleased and honoured to present to you Perisai's Annual Report for 2012.

Chairman's Statement



cont'd



OVERVIEW

The past year has been a year when we have put our major acquisition made over 2011 and 2012 to full utilisation. The purchase of Garuda Energy (L) Inc ("Garuda") which owns the Mobile Offshore Production Unit ("MOPU"), the Rubicone, has seen this segment of our production business line contributing significantly to the financial performance of the Perisai Group. 49.3% of Group's profit after tax ("PAT") emanated from the Rubicone's charter.

FYE 2012 also brought about the inauguration of our new business line, the offshore drilling segment. This new business segment was ushered in by the construction of a newbuild jack-up drilling rig, the Perisai Pacific 101, at a cost of USD208 million. In February 2013, we added an additional jack-up drilling rig on similar specifications and costing the same as the Perisai Pacific 101. These 2 rigs will form a significant asset base to facilitate our entry into the drilling segment.

In November 2012, we announced the proposed acquisition of 51% of Emas Victoria (L) Bhd ("Emas Victoria") and Victoria Production Services Sdn Bhd ("Victoria Production"). These companies own and operate the Floating Production Storage and Offloading vessel (FPSO), the Perisai Kamelia (previously named Lewek Arunothai) which won the contract to supply and operate the FPSO from Hess

Exploration and Production Malaysia B.V. ("Hess") via our associate, Larizz Petroleum Services Sdn Bhd ("Larizz") as announced on 14 November 2012. This proposed acquisition, when completed, would inaugurate our entry into the FPSO business segment which is part of our production business line, now represented by the Rubicone.

The acquisition of the FPSO and the construction of the drilling rigs represents the tangible results of the transformation of Perisai undertaken over the course of the last 3 years. These assets now form the foundation of the drilling and production business lines within Perisai which would be our 2 key segments of business going forward. This transformation extends not just to the creation of key business divisions within Perisai but had also facilitated the transformation of Perisai's business model from a bareboat chartering structure to an operational model. It is on the back of this transformation, now in full motion and gaining traction, that Perisai is forging ahead.

FINANCIAL PERFORMANCE REVIEW

Full year revenue for FYE 2012 amounted to RM128.37 million while PBT amounted to RM53.27 million. PAT registered a sum of RM118.83 million aided by both a tax credit of RM25.60 million and RM40 million of profits from discontinued operation.

In conjunction with the planned convergence of Financial Reporting Standards ("FRSs") with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, Malaysian Financial Reporting Standards ("MFRSs") Framework for application in the annual periods beginning on or after 1 January 2012. The MFRSs Framework is mandatory for adoption by all entities for annual periods beginning on or after 1 January 2012. The MFRS requires comparative information to be restated as if the requirements of MFRSs are effective for annual periods beginning on or after 1 January 2012. As such, the audited financial statements for FYE 2012 have restated the financial results of Financial Year ended 31 December 2011 (FYE 2011). This can be seen in the comparison of the results in both the Statements of Comprehensive Income and the Consolidated Statement of Financial Statement of the audited accounts.

Revenue improved by RM106.33 million year-on-year from FYE 2011's restated revenue of RM22.04 million. This marked improvement represents a year-on-year revenue improvement of 482% against the restated revenue results.

PBT increased to RM53.27 million for FYE 2012. This amounted to a year-on-year swing of RM57.69 million when measured against FYE 2011's restated loss before tax of RM4.42 million.

PAT for FYE 2012 increased to RM118.83 million which amounted to a year-on-year gain of RM86.72 million when measured against FYE 2011's restated PAT of RM32.11 million. This reflects a 270% yearly improvement when compared with the restated result.

Perisai's full year 2012 financial performance is historically the highest achieved by the Group. This is attributed to the year's solid and consistent financial performance resulting in a record breaking year.



Chairman's Statement



cont'd

Perisai's sterling performance comes from the continuing strong contributions across all of its divisions, namely its offshore support vessels division, the Intan Offshore Group and its MOPU, the Rubicone.

DIVIDENDS

Although the transformation continues to show much result, much effort is still required to put the Group in a stronger financial footing in order to allow us to secure a strategic and competitive spot in the industry. To achieve this, we would need to continue to grow which would require preserving our profits and cash position. With this objective, the Board does not recommend any dividend to be declared for FYE 2012 as preserving the financial strength of the Group is key towards achieving the Group's future targets and objectives.

“Although the transformation continues to bear fruit, much effort is needed to put the Perisai Group in a stronger financial footing and to secure a strategic spot in the oil & gas industry”

CORPORATE DEVELOPMENTS

Jack-Up Drilling Rigs

Perisai's continuing transformation underwent a significant enhancement when we announced, on 8 May 2012, the construction of a newbuild state-of-the-art jack-up drilling rig. To be constructed by the experienced shipbuilder, PPL Shipyard, the jack-up rig, now named Perisai Pacific 101 is a technologically advanced Pacific Class®400 jack-up drilling rig designed and equipped to drill high pressure and high temperature wells as deep as 30,000 feet,



in water depths of up to 400 feet and has full service accommodation for 150 personnel as well as a hook load capacity of 1.5 million pounds. With a price of USD208 million, the Perisai Pacific 101 is expected to be delivered by July 2014.

The Perisai Pacific 101 represents our inauguration into the offshore drilling segment specifically in Malaysia and broadly in the Asia Pacific region. It would broaden our asset offering to our clients and together with our other marine assets, expand our participation in the offshore oil and gas value chain by integrating key strategic assets within our stable which are capable of servicing the upstream exploration, development and production phases of offshore oil and gas field development.

We are seeing consistently strong growth in the drilling industry particularly that of the jack-up segment with strengthening charter rates. In keeping with the growth momentum of the industry, we had, on 28 February 2013, invested in a second jack-up drilling rig of similar specification as the Perisai Pacific 101. Also to be built by PPL Shipyard, the second rig, priced the same as the first, is expected to be delivered by April 2015.



The drilling division is expected to drive the growth of Perisai in the coming years with the delivery of the new rigs in 2014 and 2015. With the construction of these two rigs we are proud to be able to contribute towards deploying Malaysian owned assets in the development of oil and gas fields in Malaysia, which is currently dominated by foreign owned rigs.

Floating Production Storage Offloading (FPSO) Vessel

On 30 November 2012, we announced our entry into the FPSO segment of production solutions by the proposed acquisition of a 51% stake in Emas Victoria and Victoria Production.

Emas Victoria is the owner of the Perisai Kamelia, the FPSO that will be deployed to work for Hess in the Kamelia field situated in the North Malay basin, which is 300km off the east coast of Peninsular Malaysia.

Awarded on 14 November 2012 to Perisai's 40% owned associate, Larizz, on behalf of Larizz's principal, EOC Limited, the Perisai Kamelia would support Hess's Early Production System in the Kamelia field for a 3-year duration with annual extension options of up to 3 years. With a value of USD272.1 million for the firm duration of 3 years and an additional value of USD271.1 million should the extensions be fully utilised, the Perisai Kamelia is expected to be on site and in operation by the second half of 2013.

Perisai proposes to acquire a 51% stake in Emas Victoria from EOC Limited for a consideration of USD89.25 million and RM51 for the 51% stake in Victoria Production, which is the company tasked as the operator of the Perisai Kamelia once it is on site.

Chairman's Statement



cont'd

The proposed purchase of the Perisai Kamelia is a major acquisition and a significant part of the transformation initiative of Perisai as this asset would broaden and enhance the production business segment of Perisai. Together with the Rubicone, this business division has now expanded its product offering for production solutions to oil and gas field development.

Employees' Share Option Scheme

There is no doubt that key to the success of any organisation is its talent. We had recognised that a crucial aspect to the success of the transformation which we started in 2010 is the leadership required to deliver the results. As such, key talent filling key roles had come onboard Perisai over the course of 2012. These key talents possess the necessary skill sets and are equipped with a wealth of experience garnered from the oil and gas industry. They would undoubtedly play a pivotal role in realising the goals and aspirations of the Group over the coming years. As part of Perisai's strategy to attract and retain the best talents, we had implemented an Employees' Share Option Scheme ("ESOS") in 2012 which would run for a

period of 10 years. An inaugural grant of options was made to eligible directors and employees in July 2012. We are fully confident that the ESOS would continue to attract and retain key talent and drive continued excellence in performance and equitably distribute the rewards of hard work translating into value for all stakeholders involved.

Private Placement

In January 2013, the share capital of Perisai grew in size by the addition of 85,137,500 shares. These shares were issued following a private placement exercise which raised a total of RM87.70 million. The issue was priced at RM1.03 a share and was fully subscribed, reflecting the investing public's confidence in the future prospects of the Perisai Group.

The proceeds of the placement exercise would be utilised as payments for the recent new jack-up drilling rigs being built and also some operational expenses required during the construction stage leading up to commencement of operations of the jack-up drilling rig.

Best Managed Small Cap Company

Over the course of 2012, we are also very proud to have been voted as the Best Managed Small Cap Company by the financial publication, Finance Asia. We view this as a reflection of the investing public's confidence in Perisai and a testament of the turnaround seen by the transformation programme undertaken by us.



OPERATIONAL HIGHLIGHTS

MOPU

The Rubicone continues to perform well in servicing Petronas Carigali's Bekok-C platform which is situated 200km off the coast of Terengganu. The charter of the Rubicone contributed significantly to the financial results of FYE 2012 making up 49% of PAT. The primary charter duration for the Rubicone would come to an end in the later part of the year but there is an extension option attached to the primary duration. To address the need to have the Rubicone continually put to work, management is actively sourcing new opportunities for the MOPU, be it an extension to its current charter or a new charter altogether.

Offshore Construction Division

The Enterprise 3 remained on charter with TL Offshore Sdn Bhd for the whole of FYE 2012. It contributed well to the Company's financial performance as its charter made up 33.6% of the Group's PAT. During 2012, the Enterprise 3 had performed well without any untoward incidents.

As the Enterprise 3 was completed in 2008, the mandatory special survey and dry docking for the vessel came due upon her attaining 5 years of age. The special survey was undertaken in March 2013 with the necessary upkeep works and maintenance carried out.

As part of the proposed acquisition of the Perisai Kamelia, we had also proposed to sell 49% of SJR Marine (L) Ltd ("SJR Marine") to EOC Limited for the sum of USD37 million. SJR Marine is the owner of the Enterprise 3 and a wholly owned subsidiary of Perisai. The balance 51% of the shares of SJR Marine is the subject of an option granted to EOC Limited which grants EOC Limited the option to acquire the remaining 51% of the shares of SJR Marine within 3 years from the conclusion of the sale and purchase of the first 49%. If at the end of the 3 year option duration EOC Limited had not exercised their option, Perisai would have the right to sell the remaining 51% to EOC Limited. The sale and purchase price of the balance 51% stake is at the same price per share as the initial 49% sale. The rationale for the grant of the options is to facilitate Perisai's gradual exit from the offshore construction business segment as it is a business line which demands significant capital expenditure by a continual investment programme in offshore construction and pipelay vessels. Currently with only the Enterprise 3 as the asset supporting the business line, economies of scale cannot be effectively achieved. Moreover, the focus of the Perisai Group as part of its transformation programme is to build and strengthen its drilling and production business lines.

Offshore Support Vessel Division

The offshore support vessel division which owns 8 offshore support vessels ("OSV") continues to perform well. Operated by the Intan Offshore Group, the 51% owned subsidiary of Perisai had renewed the charters of all 8 OSVs during the course of 2012. With a primary duration of up to the end of August 2015, the daily charter rate of the entire fleet of 8 OSVs amounts to USD36,630 a day. In addition to the primary charter duration, the charters also have options for 2 additional extensions of 1 year each.

“This transformation had facilitated the shift of Perisai's business model from a bareboat chartering structure to an operational model. It is on the back of this transformation, now in full motion and gaining traction, that Perisai is forging ahead.”

Chairman's Statement



cont'd



HEALTH SAFETY AND ENVIRONMENT

Perisai is committed to adhere to good Health, Safety and Environmental ("HSE") practices, and we are continuously reviewing our processes and procedures to improve our HSE policy. The Enterprise 3's HSE track record has been commendable in 2012. Similarly, the HSE track record of the Rubicone and the 8 OSVs under the Intan Group has been maintained well within industry standards.

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Perisai Group had undertaken some initiatives to meet its social responsibility in keeping with its obligations as a good and caring corporate citizen. Partnering with an organisation with a goal to bring cheer to seriously ill children, the Perisai Group together with its directors and staff has participated in "myTINA Charity" programmes in October and December of 2012 in conjunction with Hari Raya Aidil Adha, Deepavali and Christmas to bring entertainment, gifts and companionship to the children warded at the Pediatric Institute of the Kuala Lumpur Hospital. The Group continually seeks out

appropriate CSR initiatives to lend support to as part of its social responsibility.

CORPORATE GOVERNANCE

The years 2012 and 2013 had also seen the Group enhance its focus on good corporate governance by adopting the recommendations and best practices of the Malaysian Code on Corporate Governance 2012 ("MCCG"). One key aspect of the adoption of the MCCG culminated in the Group formulating a Code of Conduct which encapsulates the core principles within Perisai. The Code of Conduct is expected to guide, motivate and inspire conduct which is ethical and principled in the everyday dealings of Perisai's business. Also contained within the Code of Conduct is a policy on whistle blowing which is formulated and implemented to provide a safe channel of reporting of incidents which are against the regulations and policies of the Company.

Through the year, more effective risk identification, assessment, reporting and mitigation processes were also implemented by the Group and adopted by the Board.

The Company treats corporate governance as an essential obligation to be undertaken as part of its duty as a good corporate citizen. This is but one of the key pillars towards delivering value to shareholders. The other key pillar is effective communications. To this end, the Company has set up and enhanced its corporate website where all relevant and important information and news are readily available in a clear and understandable manner to not just our shareholders but also to the investing community at large. The Company has also dedicated access to a senior independent director to whom all investor query or concern may be channeled to.

OUTLOOK

We are positive on the outlook for the continuing demand of the assets and services of the Perisai Group as we expect the demand to be fueled by Petronas's committed capital expenditure spending of RM300 billion over 2011 to 2015. The significant spending budget is expected to result in more aggressive contract rollouts which will ignite activity in the domestic oil and gas industry.

With a planned capex budget of RM300 billion over a period of 5 years, Petronas is expected to increase its spending to RM71 billion each year over the remaining 3 years to achieve the targeted 5 year spending commitment.

(Source: Business Times, Tuesday, April 16, 2013)



NEW MEMBERS OF THE BOARD

In July 2012, we were honoured and happy to welcome 2 new members to the Board. YTM Tunku Dato' Seri Diraja Soraya Sultan Abdul Halim and YBhg Dato' Anwarrudin Ahamad Osman brings with them a wealth of skills and experience that would enhance the composition and effectiveness of the Board. On behalf of the other members of the Board, senior management and staff of the Perisai Group, I extend a warm welcome to YTM Tunku Dato' Soraya and YBhg Dato' Anwarrudin.

ACKNOWLEDGMENT AND APPRECIATION

On behalf of Perisai's Board of Directors, I wish to record my deep gratitude and appreciation to all our shareholders, Petronas and our other clients for their continuing and unwavering support and confidence. Our sincerest appreciation also goes out to our business partners, bankers and advisors for their continued unwavering support and cooperation. We also extend our deep appreciation to our employees who remain our most valuable asset, for their dedication and commitment. I thank my fellow Board members and our senior management team for their leadership and prudent insights which steered the Group to a record breaking year in FY2012. We are excited by the direction that the transformation has taken us and eagerly look to the further progress to the Group's continuing transformation. Forging ahead, I trust that all our stakeholders will continue to place their confidence in Perisai as we continue to strive to deliver better results going forward.

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

Chairman

Corporate Calendar



27 APRIL 2012



25 MAY 2012

1 JANUARY 2012

Completion of the acquisition of 100% equity interest in Garuda Energy (L) Inc

23 MAY 2012

Release of the Unaudited Financial Results for the 1st Quarter ended 31 March 2012

24 APRIL 2012

Issuance of Audited Financial Statements of Perisai Group for the financial year ended 31 December 2011

25 MAY 2012

Strike Steel Ceremony for Perisai Pacific 101 Jack-Up Drilling Rig

27 APRIL 2012

Signing of Perisai Pacific 101 Jack-Up Drilling Rig Building Agreement

4 TO 8 JUNE 2012

World Gas Conference, Kuala Lumpur Convention Centre

5 JUNE 2012

Issuance of Annual Report 2011



4 TO 8 JUNE 2012



27 JUNE 2012

27 JUNE 2012

9th Annual General Meeting and Extraordinary General Meeting, Hotel Istana Kuala Lumpur

1 JULY 2012

Appointments of YTM Tunku Dato' Seri Diraja Soraya Sultan Abdul Halim and Dato' Anwarrudin Ahamad Osman on the Board of Perisai Petroleum Teknologi Bhd

1 JULY 2012

Launch of Employees' Share Option Scheme ("ESOS") for employees and directors of Perisai Group

4 JULY 2012

First Perisai ESOS Grant

9 AUGUST 2012

Perisai Buka Puasa for Directors and Staff at Halia Restaurant, Sime Darby Convention Centre

15 AUGUST 2012

Release of the Unaudited Financial Results for the 2nd Quarter ended 30 June 2012

Corporate Calendar



cont'd



18 TO 20 SEPTEMBER 2012

15 AUGUST 2012

"In-House Board of Directors Training" –
"Malaysian Code on Corporate Governance 2012"
conducted by HMC Corporate Services Sdn Bhd

18 TO 20 SEPTEMBER 2012

Malaysian Oil & Gas Services Exhibition and
Conference – (MOGSEC 2012) at Kuala Lumpur
Convention Centre

20 OCTOBER 2012

CSR Programme - myTINA Charity Raya Aidil Adha
2012 : Ward KK3, Institut Pediatrik, Hospital Kuala
Lumpur

OCTOBER 2012

Finance Asia – Best Managed Small Cap Company

29 OCTOBER 2012

Sector reclassification of Perisai on Bursa Malaysia
from Industrial Products to Trading/Services

2 NOVEMBER 2012

MOGSC Annual Dinner at Grand Hyatt Hotel, Kuala
Lumpur



25 DECEMBER 2012

21 NOVEMBER 2012

Release of the Unaudited Financial Results for the 3rd Quarter ended 30 September 2012

30 NOVEMBER 2012

Sale and purchase of Perisai Kamelia and Enterprise 3 Derrick Lay Barge

25 DECEMBER 2012

CSR Programme - myTINA Charity Diwali & Christmas 2012 : Ward KK3, Institut Pediatrik, Hospital Kuala Lumpur

17 JANUARY 2013

Naming Ceremony of Perisai Pacific 101 Jack-Up Drilling Rig

30 JANUARY 2013

Completion of the Private Placement exercise with the issuance and allotment of 85,137,500 shares at RM1.03 a share, raising the sum of RM87,691,625.

31 JANUARY 2013

Perisai's Annual Dinner at Mandarin Oriental Hotel, Kuala Lumpur

Statement of Corporate Governance



The Board of Directors of Perisai (“Board”) are committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Company. The ensuing paragraphs set out the manner in which the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2012 (“Code”) and the extent of its compliance with the recommendations of the Code for the year ended 31 December 2012.

THE BOARD OF DIRECTORS

Board of Directors’ Charter and Terms of Reference

The Board of Directors’ Charter and Terms of Reference (“Charter”) which broadly sets out the Board’s governance process and the Board-Management relationship, has been adopted and implemented by the Board. The Board is guided by the Charter which guides and provides reference for Directors in performing and undertaking their role, responsibilities, duties and functions as members of the Board.

The Board will review its Charter regularly to keep it relevant and effective to the Board’s objectives and all relevant standards of corporate governance.

The Charter is published on the Company’s website at www.perisai.biz.

Composition and Balance of the Board

On 10 May 2013, YBhg Dato’ Dr. Mohamed Ariffin Bin Hj. Aton (who was previously the Independent Non-Executive Chairman) was re-designated as Non-Independent Non-Executive Chairman of the Company in line with the recommendation of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

Following the aforesaid changes, the current Board consists of two (2) Executive Directors and five (5) Non-Executive Directors, four (4) of whom are independent. Such a balance is in compliance with paragraph 15.02 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) in respect of board composition.

The Board’s composition is a mix of knowledge, skills and expertise relevant to the Company’s operations which provides strong and effective leadership and control of the Group. The profiles of the respective Directors are set out on pages 10 to 16 of this Annual Report.

The Non-Executive Directors are not involved in the day-to-day management of the Company and are not party to any business dealings or any other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement.

The Board has identified and appointed YBhg Dato’ Yogesvaran A/L T. Arianayagam as the Senior Independent Non-Executive Director, to whom shareholders may direct any query or concern in respect of the Group. Any query can be directed to his email : ayoges@perisai.biz.

The Board recognises and is supportive of gender diversity in the boardroom as recommended by the Code. The Board will continue pursuing diversity not just on a gender basis but on a broader plane of capabilities and experience.



Clear roles and responsibilities

The Board retains full and effective control of the Group. This includes responsibilities for determining the Group's overall strategic direction as well as development and control of the Group.

The Board reviews and approves the short-term budgets and long-term strategies of the Group. In addition, all acquisitions, major capital expenditure and disposal of investments will be approved by the Board. The Board has established the authority limits for management to manage the business of the Group. The Directors, collectively, have a wide range of relevant experience to enable them to discharge their responsibilities effectively.

The Board is chaired by a Non-Independent Non-Executive Chairman and the management of the Group lies with the Managing Director. There is a division of responsibility between the Chairman and Managing Director to ensure a balance of power and authority.

The roles of the Chairman and Managing Director are separated and clearly defined. As part of good corporate governance, the Chairman is responsible for ensuring board effectiveness and conduct. Every Board resolution is put to a vote which would reflect the collective decision of the Board and not the views of an individual or an interested group.

The Managing Director oversees the day-to-day running of the business including organisational effectiveness, implementation of Board's policies and strategies and clarifies matters relating to the Company's business with the Board. The Managing Director's in-depth and intimate knowledge of the Company's affairs contributes significantly towards the direction of the Group in achieving its goals and objectives.

The Non-Executive Directors provide considerable depth of knowledge collectively gained from experiences in a variety of public and private enterprises and public service. The Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined, in the interest not only of the Group, but also of minority shareholders, employees and the business communities in which the Group conducts its business.

Board Meetings and Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. During the financial year ended 2012, nine (9) Board meetings were held where the Board deliberated and considered a variety of matters, including the Company's financial results, business plans, potential acquisitions and the overall direction of the Company.

Board meetings are scheduled generally a year ahead in order to enable full attendance at Board meetings. A minimum of four (4) Board meetings are held during the year. Additional meetings may be convened on an ad-hoc basis when urgent and important decisions are required to be made between scheduled meetings. There is a formal agenda for all scheduled meetings and Board papers are prepared and submitted in advance to ensure adequate information is available to assist deliberation by Board members.

All the Directors participate in the discussions at Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during Board meetings. The Directors also observe the requirement that they do not participate in the deliberations of matters in which they are interested and abstain from voting in such matters.

The Board's decisions are recorded in the minutes of meetings and the draft minutes of meetings are made available to all Board members before the next meeting.

Statement of Corporate Governance



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The attendance record of each Director during the financial year ended 2012 is as follows:

Name of Director	Number of meetings
Dato' Dr. Mohamed Ariffin Bin Hj. Aton (Non-Independent Non-Executive Chairman)	9/9
Zainol Izzet Bin Mohamed Ishak (Managing Director)	9/9
Adarash Kumar A/L Chranji Lal Amarnath (Executive Director)	9/9
Chan Feoi Chun (Independent Non-Executive Director)	9/9
Dato' Yogesvaran A/L T. Arianayagam (Independent Non-Executive Director)	9/9
YTM Tunku Dato' Seri Diraja Soraya Sultan Abdul Halim (Independent Non-Executive Director) (Appointed on 1 July 2012)	2/3
Dato' Anwarrudin Ahamad Osman (Independent Non-Executive Director) (Appointed on 1 July 2012)	3/3

The minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements of Bursa Securities has been complied with.

Access to information and advice

All Directors have the same right of access to all information within the Group and the duty to make further enquiries which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. Minutes of proceedings and resolutions passed at each Board and Board Committee meetings are kept in the statutory register at the registered office of the Company and are accessible to all Directors.

The Directors also have access to the advice and services of the Company Secretaries who are available to provide them with the appropriate advice and services and also to ensure that the relevant procedures are followed. The Directors are regularly updated on the latest developments in the legislation as well as statutory and regulatory requirements relating to the duties and responsibilities of Directors.

Qualified and competent Company Secretary

The Board is supported by the Company Secretaries in discharging its duties and functions. The Directors have unrestricted access to the advice and services of the Company Secretaries to enable the Directors to discharge their duties effectively. The Company Secretaries ensure that the Board is regularly updated on relevant regulatory requirements, codes or new statutes issued from time to time. The Company Secretaries also ensure that all deliberations in Board and Committee meetings are properly minuted.

Board Committees

The Board delegates specific responsibilities to the Board Committees namely Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee. All Committees have their terms of reference that are approved by the Board. These Committees have the authority to examine particular issues and submit reports of their deliberations and major findings to the Board. The terms of reference, composition and activities of the respective Committees are stated in their respective reports.

The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Audit Committee

The Audit Committee was established on 15 June 2004 and the current members are as follows:-

Name of member	Designation
Chan Feoi Chun	Chairman
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Member
Dato' Yogesvaran A/L T. Arianayagam	Member

The Board is assisted by an Audit Committee, whose role and functions are as set out in the Audit Committee Report on pages 49 to 51 of this Annual Report.

Nomination Committee

The Nomination Committee was established on 15 June 2004 and the current members are as follows:-

Name of member	Designation
Dato' Yogesvaran A/L T. Arianayagam	Chairman
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Member
Chan Feoi Chun	Member

The Nomination Committee's Terms of Reference are as follows:-

- (a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third of the Directors for the time being shall retire from office. A retiring Director shall be eligible for re-election. Every Director, including the Managing Director, shall be subject to retirement at least once in every 3 years.
- (b) Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.
- (c) Develop, maintain and review the criteria to be used in the recruitment process and the annual assessment of Directors.
- (d) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- (e) Ensure that the appointment of any Executive Director or Managing Director of Perisai shall be for a fixed term not exceeding three years at any one time with power to re-appoint, remove or dismiss thereafter.

- (f) Subject to the provisions of paragraph (h) below, ensure that the tenure of any independent director should not exceed a cumulative term of nine years.
- (g) Subject to the provisions of paragraph (h) below, ensure that upon the completion of the nine years, an independent director may only continue to serve on the Board subject to the director's re-designation as non-independent director.
- (h) May however recommend to the Board that it retains as an independent director, a person who has served in that capacity for more than nine years on condition that it is able to provide strong justification to support the recommendation to enable the Board to justify and seek shareholders' approval.
- (i) Recommend to the Board, candidates for all directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder and to recommend to the Board candidates to fill the Audit, Nomination, Remuneration or other Board Committees. A description/specification for the new Directors should be drafted before identifying possible candidates. Candidates should be evaluated against this specification.
- (j) Review and recommend to the Board, candidates for the position of chief executive officer.
- (k) Ensure that woman candidates are sought as part of the recruitment exercise.
- (l) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.
- (m) Assess annually the continued independence of independent directors.
- (n) Review succession plans for members of the Board.

The Nomination Committee met twice during the financial year ended 31 December 2012.

Statement of Corporate Governance



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Remuneration Committee

The Remuneration Committee was established on 15 June 2004 and the current members are as follows:-

<u>Name of member</u>	<u>Designation</u>
Dato' Yogesvaran A/L T. Arianayagam	Chairman
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Member
Chan Feoi Chun	Member
Zainol Izzet Bin Mohamed Ishak	Member

The Remuneration Committee's Terms of Reference are as follows:-

- Set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of the Managing Director and Executive Directors having regard to the overall Group policy guidelines/framework.
- Advise the Board on the performance of the Managing Director, Executive Directors and Chief Executive Officer and an assessment of his/her entitlement to performance related pay. The Remuneration Committee should also advise the Managing Director on the remuneration and terms and conditions (and where appropriate, severance payments) of senior staff (defined as the small group of staff who report directly to the Managing Director).
- Review the history of and proposals for the remuneration package of the Company's committees.

The Remuneration Committee met once during the financial year ended 31 December 2012.

The Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established through Board resolution of 27 June 2012 and had its first meeting in July 2012. The current members are as follows:-

<u>Name of member</u>	<u>Designation</u>
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Chairman
Dato' Yogesvaran A/L T. Arianayagam	Member
Chan Feoi Chun	Member
Zainol Izzet Bin Mohamed Ishak	Member
Captain Adarash Kumar A/L Chranji Lal Amarnath	Member

The ESOS Committee's Terms of Reference are as follows:-

- (a) Setting the criteria and determining the eligibility of any Employee or any Director to participate in the ESOS Scheme.
- (b) Determine the number of shares to be comprised in an offer to be made to any Employee or any Director.
- (c) Impose any condition or conditions on any ESOS option granted, preventing its exercise unless such condition has been complied with.
- (d) Where it deems appropriate at any time and from time to time, make one or more offers to any Employee or any Director to participate in the ESOS Scheme.
- (e) Determine the manner in which any Employee or any Director being made an offer to participate in the ESOS Scheme may accept such an offer.
- (f) Determine the form of the option certificate.
- (g) Within 30 calendar days from the date the Employee or the Director accepts the offer, issue an option certificate to the said Employee or Director ("Grantee").

- (h) Determine whether the option may be exercised in part and if so, the terms, criteria, procedures and details of such partial exercise.
- (i) Suspend, reinstate, vary or cancel the rights of a Grantee where it deems appropriate.
- (j) Determine the rate of discount to and the subscription price of the option.
- (k) Determine and regulate all procedures in regard to issuance and exercise of the option.
- (l) Hear any dispute raised by any Employee on any matters in relation to the ESOS Scheme and after due consideration, issue its decision.

Appointment to the Board and annual assessment of Directors

The Nomination Committee is entrusted with the role of proposing and recommending new candidates to the Board as well as committees of the Board. In determining the suitability of candidates, various factors are considered including diversity of skills, expertise, experience, competencies and time commitment of the candidates in discharging their roles and responsibilities through attendance at their respective meetings.

The Board decides on the appointment of directors and members to the committees of the Board after considering the recommendations of the Nomination Committee.

The Nomination Committee has a formal assessment process to annually assess the effectiveness of the Board as a whole and the contribution of each individual director. In line with the recommendation of the Code, the Nomination Committee has also performed an annual review of the independence of Independent Directors.

In assessing the independence of Independent Directors, the Nomination Committee will consider whether the Director has met the independence guidelines as set out in paragraph 1.01 of the Listing Requirements which includes a series of objective tests. The Nomination Committee will also take into account whether the Independent Director has or has had any relationship with the Company other than as a Director as well as the Independent Director's ability to exercise independent judgement at all times and to act in the best interests of the Company.

During the financial year, none of the Independent Directors had any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company.

In line with the recommendation of the Code, the tenure of an independent director shall not exceed a cumulative term of nine (9) years. An independent director may continue to serve the Board subject to the re-designation of the independent director as a non-independent director. In the event the board intends to retain the independent director as an independent director after serving a cumulative term of nine (9) years, shareholders' approval must be sought.

Re-appointment and Re-election of Directors

Pursuant to Section 129 of the Companies Act, 1965, directors who are seventy (70) years or more shall retire at every annual general meeting ("AGM") and may offer themselves for re-appointment to hold office until the next annual general meeting ("AGM").

In accordance with the Company's Articles of Association, one-third ($\frac{1}{3}$) of the Board of Directors for the time being, or, if the number is not a multiple of three, the number nearest to one-third ($\frac{1}{3}$) shall retire from office provided always that each Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

The performance of the Directors who are subject to re-appointment and re-election at the AGM are assessed by the Nomination Committee whose recommendations are submitted to the Board for the Board's decision on such proposed re-appointment and re-election of the Directors concerned, to be tabled for shareholders' approval at the AGM.

Directors' Training

All Directors have attended and completed the Mandatory Accreditation Program ("MAP") conducted by Bursa Malaysia Training Sdn Bhd in compliance with the Listing Requirements.

Statement of Corporate Governance



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During the financial year 2012, the training programmes, seminars and briefings attended by the Directors were as follows:-

Training Programmes / Seminars / Briefings Attended

1. The Malaysian Code on Corporate Governance 2012
2. Director's Continuing Education Programme 2012 on Consumer Trends, Responsible Investments, Malaysian Financial Reporting Standards, Corporate Governance Code 2012, Data Protection Act and Economic Outlook.
3. Enterprise Risk and ERM Implementation, SGX Requirements and Best Practices
4. International Anti-Corruption Regimes

Directors are also encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to further enhance their skills and knowledge as well as update themselves on new developments in the business environment.

REMUNERATION

Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

The Remuneration Committee is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of the Executive Directors. The Executive Directors abstain from the deliberations and voting decisions in respect of their remuneration. All Non-Executive Directors are paid directors' remuneration for Board and Committee meetings. In addition, they are paid a meeting allowance for attendance at each Board and Committee meetings. The directors' fees are approved by the Company at the AGM in accordance with the Articles of Association.

The aggregate Directors' remuneration for the financial year ended 31 December 2012 was set out below:-

	Fees RM	Salaries RM	Bonus RM	Share options granted under ESOS RM	Others RM	Total RM
Executive Directors	-	1,085,144	1,568,000	1,048,667	130,218	3,832,029
Non-Executive Directors	303,500	-	-	660,000	24,250	987,750

The numbers of Directors whose remuneration fall into the following bands are as follows:-

Remuneration Band	Executive Directors	Non-Executive Directors
RM50,000 and below	-	2
RM250,001 – RM300,000	-	2
RM350,001 – RM400,000	-	1
RM1,000,001 – RM1,050,000	1	-
RM2,800,001 – RM2,850,000	1	-

SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

Shareholders

The Board recognises the importance of transparency and accountability to its shareholders. Effective communication channel between the Board, shareholders and the general public is of utmost importance to the Company to provide sufficient information to shareholders in allowing them to effectively evaluate the performance of the Company.

Apart from complying with the continuing disclosure requirements as stipulated in the Listing Requirements, the Board also observes the recommendation of the Code with regard to strengthening engagement and communication with the shareholders.

The Annual Report serves as an important mode as it provides comprehensive information relating to the Group.

The Annual General Meeting serves as a principal forum for dialogue with shareholders of the Company. Members of the Board, the Group's Senior Management, as well as the Company's auditors will be present to answer questions about the Company's affairs. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. Extraordinary General Meeting is held as and when required.

Investor Relations

The Board recognises that effective and timely communication is essential in maintaining good relations with the investors. The Company holds regular briefings for institutional investors to explain the Group's strategies and major developments, all within the legal and regulatory framework in respect of the release of information.

The Company has also established a comprehensive website at www.perisai.biz which provides a channel of communication and information dissemination. Under a section on Investor Relations, shareholders or potential investors can access and download such information as corporate details, share price, press releases, annual reports, circular to shareholders, financial results and various announcements made from time to time by the Company to Bursa Securities. Investor queries/information request can also be directed to corporate@perisai.biz.

ACCOUNTABILITY AND AUDIT

Statement of Directors' Responsibility for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia. These financial statements must give a true and fair view of the financial position, results and cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable approved accounting standards in Malaysia have been complied with; and
- Considered the going concern basis used is appropriate and valid.

The Directors have responsibility towards ensuring that the Company keeps accounting records which discloses with reasonable accuracy, the financial position of the Group and Company and which enable them to ensure the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Financial Reporting

The Board aims to provide and present a balanced, clear and understandable assessment of the Group's position and prospects in all of their reports and announcements to the shareholders, investors, regulatory bodies and the general public.

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company. The Directors consider the presentation of the financial statements and ensure that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Audit Committee oversees the Group's financial reporting process and the quality of its financial reporting. The Group's financial statements are presented on pages 51 to 149 of this Annual Report.

Statement of Corporate Governance



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Internal Control

The Directors acknowledge that it is their responsibility for maintaining a sound system of internal controls covering operational, compliance as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risk to which it is exposed. The system, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

The Board has approved the setting up of an Executive Risk Management Committee ("ERMC") on 10 April 2013. The ERMC is led by the Managing Director and comprise the heads of department of the finance, legal and operational functions. The purpose of the ERMC is to identify, assess, monitor and manage financial, legal, operational and strategic risk for all company assets, projects and new opportunities and implement measures to eliminate and/or manage such risks and thereafter monitor the same. Such identified risks shall be contained in a Risk Register and the management of such risk together with its monitoring and reporting shall be undertaken by the ERMC periodically.

The ERMC shall meet at least twice in a year and formally report to the Board the identified risks and its mitigation plans through a Principal Risk Register Report.

The Company strives to maintain and review its internal control procedures to protect its assets and shareholders' investment.

Relationship with the Auditors

Messrs Baker Tilly AC was appointed in the previous Annual General Meeting as the external auditors for the Group. The Group maintained a close, transparent and professional relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia as well as the auditors' professional requirements. Messrs Baker Tilly AC would report to shareholders of the Company on its opinion which is included as part of the Group's financial reports with respect to their audit on each year's statutory financial statements. The external auditors also highlight to the Audit Committee and Board of Directors on matters that require their attention.

The roles of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 49 to 51 of this Annual Report.

CODES AND POLICIES

Code of Conduct

The Company is committed to honest ethical business conduct of the highest standards by all Employees (as defined herein) which are fundamental towards building trust with all its stakeholders and the communities in which it operates.

In furtherance to this commitment, the Company has developed a code of conduct (the "Code") which is also made available on the Company's website at www.perisai.biz. The Code sets out the core values and principles which the Company considers to be of utmost importance.

The Code applies to all entities controlled by the Company and all directors, officers and employees (collectively, "Employees"). The Company also seeks to ensure that the Code applies to contractors, representatives and agents of the Company with respect to their activities that are related to the Company's business. All Employees are required to read and understand the Code.

Whistle Blowing Policy

The Whistle Blowing Policy which formed part of the Company's Code of Conduct, has been adopted by the Board. The Whistle Blowing Policy is applicable to all Directors, officers and employees of Perisai Group ("the Employees") as well as to members of the public, where relevant. The policy provides an avenue for all the Employees and members of the public to report any improper conduct occurring in the course of dealing with Perisai and its businesses and operations. Under the policy, confidentiality of the matter raised is maintained and the identity of the whistle blower is protected.

The Whistle Blowing Policy is posted on the Company's website at www.perisai.biz. Any Employee or member of the public can report any improper conduct by writing to whistle@perisai.biz.

Sustainability Policy

The Board had formalised and adopted a Sustainability Policy which form part of the Company's Code of Conduct. The Sustainability Policy sets out the manner in which Perisai carries on its business which is undertaken in a socially responsible and holistic manner. Key aspects of the policy focus on social awareness and betterment, environmental preservation and sound and effective corporate governance. The policy is adopted with a view to enhancing investor perception and public trust.

Statement on Risk Management and Internal Control



The Directors acknowledge their responsibilities over the internal control system in the Group, which includes financial control, operational control, compliance monitoring as well as risk management in order to safeguard shareholders' investment and the Company's assets. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements and Practice Note 9 issued by Bursa Malaysia Securities Berhad, the Board is pleased to set out the Group's Statement on Risk Management and Internal Control for the financial year ended 31 December 2012.

BOARD RESPONSIBILITY

The Board of Directors is fully committed to ensure the existence of an effective system of internal controls and risk management system within the Group and that the effectiveness, adequacy and integrity of those systems are reviewed on an on-going basis. However, the Board recognises that such systems are designed to manage the risks identified to acceptable levels rather than to eliminate them. Therefore, the systems implemented can provide only reasonable but not absolute assurance against the occurrence of any material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of corporate and business objectives. The system of internal controls covers operational, financial, compliance with applicable laws and risk management.

Whilst the Board has overall responsibility for the Group's system of internal controls, it has delegated the implementation of these internal control systems to the Management who report on identified risks and actions taken to mitigate and/or minimise the risks. These internal control systems are subject to the Board's review to appraise the effectiveness of these systems within the Group.

For the purpose of this Statement on Risk Management and Internal Control, the associates of the Group have not been taken into account. The Group's interests in these associates are served through representation on the board of the associates as well as through the review of management financial statements.

The Audit Committee with the support of the Internal Auditors, assist the Board in reviewing the adequacy and integrity of the system of internal control in the Group. The Internal Auditor conducts an annual review of the system of internal control of the Group including the extent of compliance with the Group's

operating policies and procedures. The findings of the review are reported directly to the Audit Committee.

The membership and terms of reference and activities of the Audit Committee are set out on pages 49 to 51 of this Annual Report.

INTERNAL CONTROL FRAMEWORK

The Group's internal control environment comprises, amongst others, various procedures and frameworks which are as follows:-

Clear and Structured Organisational Reporting Lines

The Group has a well-defined organisation structure that is aligned to business requirements and also to ensure checks and balances through the segregation of duties. Clear reporting lines and authority limits govern the approval process, regulated by the Delegated Authority Limits ("DAL") as set by the Board.

At Board level, all strategic, business and investment plans are approved and monitored by the Board. The Board is supported by four (4) Board Committees that provide focus and counsel in the areas of:-

- Audit and Risk Management
- Nomination and Remuneration of Directors
- Employees' Share Options
- Directing and monitoring the implementation of strategies and policies and the performance of the Group

Comprehensive Board papers, which include financial and non-financial matters such as quarterly results, business strategies, explanation of Group's performances, key operational issues, corporate activities of the Group, etc are escalated and tabled to the Board for deliberation and approval.

Statement on Risk Management and Internal Control



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Strategic Business Plan

The Group has a Strategic Business Plan that maps out the strategic objectives and business direction of the Group. This plan is prepared on an annual basis as part of the annual budget which is deliberated and approved by the Board.

Delegated Authority Limits ("DAL")

The Board's authority in the approval of certain matters are delegated through a clear and formally defined DAL which is the primary instrument that governs and manages the operational and business decision process of the Group. Whilst the objective of the DAL is to empower, the key principle adhered to in its formulation is to ensure that a system of internal controls of checks and balances are incorporated therein. The DAL is reviewed as and when necessary and updated to ensure relevance to the Group's operations.

Independent Assurance Mechanism

Annual assessments are carried out through internal audits to assess the adequacy and integrity of internal controls and also to monitor compliance with the policies and procedures of the Group. The Group has outsourced the function of internal audit to a professional service provider as it is more effective and cost beneficial to do so. The outsourcing of this function further enhances the professionalism and objectivity of this function as there is complete independence from the activities on which the audits are conducted over. An annual internal audit plan covering the audit scope is presented to the Audit Committee for approval.

Internal audit reports are presented to the Audit Committee upon its conclusion. Audit findings together with recommendations thereon are presented to Management and follow up audits are performed to ensure management action plans are carried out effectively.

RISK MANAGEMENT FRAMEWORK

Risk management is a process that is carried out within the Group on an on-going basis and has been in place for the entire year under review. All major investments have to observe a process of approval that includes an evaluation of the identified risks thereon. The monitoring and management of identified risks is undertaken by Management, and in certain instances audited by the Internal Auditor and periodically reported to the Audit Committee.

The Audit Committee working together with the Management continues to take measures to further strengthen the Group's risk management system.

To further strengthen the risk management framework, the Board had approved the setting up of an Executive Risk Management Committee ("ERMC") on 10 April 2013. The ERMC is led by the Managing Director and comprise the heads of department of the finance, legal and operational functions. The purpose of the ERMC is to identify, assess, monitor and manage financial, legal, operational and strategic risk for all company assets, projects and new opportunities and implement measures to eliminate and/or manage such risks and thereafter monitor the same. Such identified risks are reported through a Risk Register and the management of such risk together with its monitoring and reporting shall be undertaken by the ERMC periodically.

The ERMC shall meet at least twice in a year and formally report to the Board the identified risks and its mitigation plans through a Principal Risk Register Report.

CONCLUSION

Based on the processes set out above, the Board, and in particular the Managing Director together with the Chief Financial Officer, are of the view that the Group's system of internal controls and risk management in place for the year under review are generally adequate and effective to safeguard the assets of the Group and interest of shareholders. Moving forward, the Group will continue to improve and enhance the existing systems of internal control and risk management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2012 and reported that nothing has come to their attention that would cause them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's systems of internal control and risk management.

Audit Committee Report



SUMMARY OF THE TERMS OF REFERENCE

1. Membership

- Appointed by the Board of Directors and shall be composed of not fewer than 3 members of whom must be non-executive directors, with majority of them being independent directors.
- The members shall elect a chairman from among their members who is an independent director. If a members resign, dies or for any other reason ceases to be a member, the Board of Directors shall, within 3 months, appoint new members as may be required to make up the minimum number of 3 members.
- No alternate Director shall be appointed as a member of the Audit Committee.
- At least one member of the Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) shall have at least three (3) years' working experience and:-
 - i) passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- (c) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

- The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.

2. Composition

The Audit committee was established by the Board on 15 June 2004. The Committee presently comprises of three (3) members of the Board which consists of Non-Executive Directors:-

Chairman	Chan Feoi Chun	Independent Non-Executive Director
Members	Dato' Dr. Mohamed Ariffin Bin Hj. Aton Dato' Yogesvaran A/L T. Arianayagam	Non-Independent Non-Executive Director Independent Non-Executive Director

3. Role of Audit Committee

The Audit Committee assists, supports and implements the Board's responsibility to oversee the Group's operations in the following manner:-

- (a) investigate any matters within its terms of reference;
- (b) have adequate resources which it needs to perform its duties;
- (c) have full access to any information which it requires in the course of performing its duties;
- (d) have full access to any employee or member of the management;
- (e) have direct communication channels with the external and internal auditors (if any) and convene meetings with external auditors and internal auditors or both, excluding the attendance of the other directors and employees of the Company;

Audit Committee Report



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- (f) have access to independent professional or other advice in the performance of its duties at the cost of the Company; and
- (g) be able to invite outside professionals with relevant experience and expertise to attend its meetings, if necessary.

4. Key Functions, Roles and Responsibilities

The key functions and responsibilities of the Audit Committee are as follows:-

- (a) to consider the nomination of external auditors, the audit fees and any question of resignation or dismissal;
- (b) to oversee all matters pertaining to audit including the review of the audit plan and report;
- (c) to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (d) to discuss problems and reservations arising from the interim and final results, and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- (e) to review the quarterly interim results, half-yearly results, annual financial statements and audit report, focusing on:-
 - any changes in accounting and operating policies and practices;
 - significant adjustment(s) arising from the audit;
 - adequacy of disclosure of all information in the financial statements essential to a true and fair representation of the financial affairs of the Company and its subsidiary companies; and
 - compliance with applicable approved accounting standards, financial reporting standards and business practices.
- (f) to review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (g) to discuss with the external auditors their evaluation of the quality and effectiveness of the internal control and management information systems;
- (h) to establish policies and procedures to assess the suitability and independence of external auditors.
- (i) to review the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its work;
- (j) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (k) to review and approve the annual audit plan proposed by the internal auditors;
- (l) to review the co-operation or assistance given by the Company's officers to both external and internal auditors;
- (m) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- (n) to review all related party transactions and potential conflict of interests situations;
- (o) to identify a Head of Internal Audit (including from the firm on which the internal audit functions is outsourced to) who will be responsible for providing assurance to the Board that the internal controls are operating effectively and who shall report directly to the Audit Committee;
- (p) to verify the allocation of options under the employees' share option scheme; and
- (q) to consider other matters, act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to management of the Group, as defined.

5. Summary of Activities undertaken by the Audit Committee

The Audit Committee met eight (8) times during the financial year ended 31 December 2012. Attendance by each member of the Audit Committee during the financial year ended 31 December 2012 is as follows:-

Members	Meetings Attended
Chan Feoi Chun	8/8
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	8/8
Dato' Yogesvaran A/L T. Arianayagam	8/8

The Audit Committee Members were served with the meeting agendas and relevant board papers which were distributed earlier before the meeting. The Company Secretary is the Secretary of the Audit Committee.

During the financial year, the activities of the Audit Committee were as follows:-

- (a) Reviewed and approved the Annual Audit Plan for the financial year 2012 to ensure adequate scope and coverage over the activities of the Group.
- (b) Reviewed the quarterly and year-end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:-
 - changes in or implementation of major accounting policies and practices;
 - the going concern assumption;
 - significant adjustments arising from audit;
 - major judgmental areas;
 - significant and unusual events; and
 - compliance with accounting standards, financial reporting standards and other legal requirements.
- (c) Reviewed the Internal Audit Reports with recommendations from the Internal Auditors, Management's response and follow up actions taken by the Management.

- (d) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Internal Control for inclusion in the Annual Report.
- (e) Reviewed the related party transactions and conflict of interest situation that may arise with the Company or the Group including any transactions, procedures or course of conduct that raised questions of management integrity which occurred during the financial year were done in the ordinary course of business.
- (f) Reviewed the adequacy of insurance coverage, payment procedures and cash flow planning.

6. Internal Audit Function

The internal audit function is independent of the activities or operations of other operating units. The principal role is to undertake independent, regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such a system continue to operate satisfactorily and effectively. It is the responsibility of the internal auditor to provide the Audit Committee with independent and objective reports on the state of internal control on the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The internal audit function was undertaken by an independent professional consulting firm and the costs incurred for the internal audit function for the financial year ended 31 December 2012 was RM13,000.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control.

7. Statement Verifying Allocation of Options Pursuant to the Employees' Share Option Scheme ("ESOS")

The Audit Committee has reviewed and verified that the allocation of options pursuant to the Company's Employees' Share Option Scheme ("ESOS") for the financial year ended 31 December 2012 was made in accordance with the criteria set out in the By-Laws of the ESOS and the guidelines governing the ESOS.

Additional Compliance Information



1. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

The proceeds raised from the private placement exercise were approved for the following activities and status on the funds utilised as at 30 April 2013 are as follows :-

Purpose	Approved Utilisation (RM million)	Amount Utilised as at 30 April 2013 (RM million)	Balance (RM million)
Repayment of bank borrowings and/or capital investment for jack-up drilling rigs	72.69	(70.93)	1.76
* Working capital :			
- working capital relating to the jack-up rig including, amongst others, project management, consultation expenses and other related services during the construction stage	6.70	(0.13)	6.57
- Pre-operational expenses of the rig, including, amongst others, salaries and wages and staff training	4.02	-	4.02
- Management and administrative expenses of the Group	2.68	(0.49)	2.19
Estimated listing expenses	1.60	(1.60)	-
Total	87.69	(73.15)	14.54

* The actual amount raised was RM87.69 million as compared to the initial announcement of RM83.69 million and the surplus of RM3 million was proportionately added to the working capital.

2. SHARE BUYBACKS

There were no shares bought-back nor sale or cancellation of treasury shares by the Company during the financial year 2012.

At the end of the financial year ended 31 December 2012, a total of 400,000 ordinary shares at RM0.10 each were retained as treasury shares.

3. OPTIONS, WARRANTS OR CONVERTIBLE BONDS

The Company had on 4 July 2012 granted 25,818,000 options under the Employees' Share Option Scheme ("ESOS") to the Directors and eligible employees of the Company. No options were exercised by the Directors and employees during the financial year 2012. The ESOS is to be in force for a period of 10 years from the date of implementation.

Details of options granted to Directors are disclosed on page 58 of this Annual Report.

The total amount of Perisai shares available and to be issued under the ESOS is 85,137,540 Perisai shares. From this total, the maximum allocation of ESOS options to Directors and Senior Management as of 4th July 2012 is 39,000,000 ("Maximum Allocation") which is 45.8% of the total available of 85,137,540 Perisai shares to be issued under the ESOS. The total amount of ESOS options granted to the Directors and Senior Management as of 4th July 2012 amounted to 23,400,000 options representing 60% of their respective Maximum Allocation.

The Company did not issue any warrants or convertible securities during the financial year.

4. DEPOSITORY RECEIPTS PROGRAMME

The Company did not sponsor any depository receipts programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year under review.

6. NON-AUDIT FEES

The Group's non-audit fees payable to the external auditors for the financial year ended 31 December 2012 amounted to RM4,000.

7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not announce or disclose any profit estimate, forecast or projection in any public documents during the financial year ended 31 December 2012.

8. VARIANCE IN RESULTS

There is no significant variance between the profit after tax for the financial year ended 31 December 2012 and the unaudited results previously announced.

9. PROFIT GUARANTEE

The Company did not provide any profit guarantee for the financial year ended 31 December 2012.

10. MATERIAL CONTRACTS

During the year under review, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' or major shareholders' interests (not being contracts entered into in the ordinary course of business).

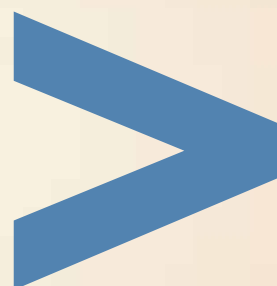
11. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE AND TRADING NATURE

The information on RRPT for the financial year ended 31 December 2012 is presented on pages 137 to 138 of the audited financial statements in this Annual Report.

12. CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES AND PRACTICES

The Company recognises the importance of being a responsible corporate citizen. In addition to improving workplace environment and commitment to staff training, the Company encourages its employees to participate or embark on charitable events in undertaking its corporate social responsibility. In this regard, during the months of October and December of 2012, the Directors, Management and employees of the Company visited the children at the Pediatric Ward of Kuala Lumpur Hospital in conjunction with the "MyTINA Charity Raya Aidil Adha 2012" function.

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Directors' Report



DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management, administrative and financial support services to the subsidiaries. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year:		
From continuing operations	78,865,169	(27,179,303)
From discontinued operation	39,961,263	-
	118,826,432	(27,179,303)
Profit attributable to:		
Owners of the Company	92,174,289	(27,179,303)
Non-controlling interests	26,652,143	-
	118,826,432	(27,179,303)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as shown in the financial statements.

Directors' Report



cont'd

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up share capital from RM75,388,300 to RM85,177,540 by way of issuance of 97,892,400 new ordinary shares of RM0.10 each at an issue price of RM0.65 per ordinary share amounting to RM63,630,060 as a purchase consideration for the acquisition of the entire equity interest in Garuda Energy (L) Inc. on 10 January 2012.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

As at 31 December 2012, the Company held as treasury shares a total of 400,000 ordinary shares of its 851,775,400 issued ordinary shares. Such treasury shares are held at a carrying amount of RM230,795 and further relevant details are disclosed in Note 20 (c) to the financial statements.

DIRECTORS

The directors in office since the date of the last report are:

YTM TUNKU DATO' SERI DIRAJA SORAYA SULTAN ABDUL HALIM	(Appointed on 1 July 2012)
DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON	
DATO' YOGESVARAN A/L T. ARIANAYAGAM	
DATO' ANWARRUDIN AHAMAD OSMAN	(Appointed on 1 July 2012)
ADARASH KUMAR A/L CHRANJI LAL AMARNATH	
CHAN FEI CHUN	
ZAINOL IZZET BIN MOHAMED ISHAK	

Directors' Report



cont'd

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

(a) Shareholdings in the Company

	Number of ordinary shares of RM0.10 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct interest				
Dato' Yogesvaran A/L T. Arianayagam	3,856,207	-	-	3,856,207
Zainol Izzet Bin Mohamed Ishak	-	66,000,000	-	66,000,000

(b) Shareholdings in the subsidiary - Perisai Offshore Sdn. Bhd.

	Number of ordinary shares of RM1 each			
	At 1.1.2012	Subscribed	Sold	At 31.12.2012
Direct interest				
Zainol Izzet Bin Mohamed Ishak	-	49,000	-	49,000

Dato' Yogesvaran A/L T. Arianayagam and Zainol Izzet Bin Mohamed Ishak, by virtue of their interests in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest during the current financial year.

Name	Exercise price (RM)	Grant date	Expiry date	-----Number of ESOS ----->		Balance as at 31.12.2012
				Granted	Exercised	
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	0.785	4.7.2012	1.7.2022	1,200,000	-	1,200,000
Dato' Yogesvaran A/L T. Arianayagam	0.785	4.7.2012	1.7.2022	900,000	-	900,000
Chan Feoi Chun	0.785	4.7.2012	1.7.2022	900,000	-	900,000
Zainol Izzet Bin Mohamed Ishak	0.785	4.7.2012	1.7.2022	4,200,000	-	4,200,000
Adarash Kumar A/L Chranji Lal Amarnath	0.785	4.7.2012	1.7.2022	3,600,000	-	3,600,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable by the directors as disclosed in Note 9 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Employees' Share Option Scheme.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 27 June 2012, shareholders of the Company approved the Employees' Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible senior executives and employees respectively.

The committee administering the Employees' Share Option Scheme comprises five directors, Dato' Dr. Mohamed Ariffin Bin Hj. Aton, Dato' Yogesvaran A/L T. Arianayagam, Chan Feoi Chun, Zainol Izzet Bin Mohamed Ishak and Adarash Kumar A/L Chranji Lal Amarnath.

Details of options granted to directors are disclosed in the section on directors' interests in this report.

The salient features and other terms of the ESOS and movements of share option during the financial year are disclosed in Note 28 to the financial statements.

The Company had on 4 July 2012 granted 25,818,000 share options under the ESOS to eligible directors and employees of the Group. No options were exercised by the directors and employees during the financial year. The ESOS is to be in force for a period of 10 years from the date of implementation, expiring on 1 July 2022.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2012 are as follows:

Expiry date	Exercise price (RM)	Number of options
1 July 2022	0.785	25,818,000

Details of options granted to directors are disclosed in the section on directors' interests in this report.

Directors' Report



cont'd

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant events subsequent to the financial year end are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with their resolution dated 10 April 2013.

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

ZAINOL IZZET BIN MOHAMED ISHAK

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965



We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 64 to 148 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 149 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with their resolution dated 10 April 2013.

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

ZAINOL IZZET BIN MOHAMED ISHAK

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Yeo Peck Chin, being the person primarily responsible for the financial management of Perisai Petroleum Teknologi Bhd., do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 64 to 148 and the supplementary information as set out on page 149 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory on 10 April 2013.

Before me

YEO PECK CHIN

ARSHAD ABDULLAH (NO. W550)

Commissioner for Oaths
Kuala Lumpur, Malaysia

Independent Auditor's Report

TO THE MEMBERS OF PERISAI PETROLEUM TEKNOLOGI BHD. (INCORPORATED IN MALAYSIA)



Report on the Financial Statements

We have audited the financial statements of Perisai Petroleum Teknologi Bhd., which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 148.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the audit reports of all the subsidiaries of which we have not acted as auditors, except for the unaudited financial statements of a subsidiary and we have considered its unaudited financial statements thereon, which are indicated in Note 15 to the financial statements.

Report on Other Legal and Regulatory Requirements (cont'd)

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 149 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

Other Matters

As stated in Note 2 to the financial statements, Perisai Petroleum Teknologi Bhd. adopted the Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and the financial performance and cash flows for the financial year then ended.

The financial statements of the Group and of the Company for the financial year ended 31 December 2011 which were prepared in accordance with the Financial Reporting Standards in Malaysia were audited by another firm of chartered accountants whose report dated 24 April 2012 expressed an unmodified audit opinion.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

BAKER TILLY AC
AF 001826
Chartered Accountants

Kuala Lumpur
10 April 2013

LEE KONG WENG
2967/07/13(J)
Chartered Accountant

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012



	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Continuing Operations					
Revenue	4	128,370,130	22,040,566	17,351,039	17,903,106
Direct operating costs	5	(37,896,450)	(4,403,132)	-	-
Gross profit		90,473,680	17,637,434	17,351,039	17,903,106
Other income		19,421,490	10,094,700	8,759,267	633,028
Administrative expenses		(21,858,395)	(12,515,854)	(17,245,843)	(8,925,785)
Other operating expenses		(25,602,458)	(18,539,763)	(33,445,905)	(1,950,528)
		(47,460,853)	(31,055,617)	(50,691,748)	(10,876,313)
Profit/(Loss) from operations		62,434,317	(3,323,483)	(24,581,442)	7,659,821
Finance costs	6	(9,094,885)	(1,097,402)	(1,603,547)	(690,703)
Share of results of associates		(67,855)	(3,747)	-	-
Profit/(Loss) before tax	7	53,271,577	(4,424,632)	(26,184,989)	6,969,118
Tax credit/(expense)	10	25,593,592	(3,137,657)	(994,314)	-
Profit/(Loss) for the financial year from continuing operations		78,865,169	(7,562,289)	(27,179,303)	6,969,118
Discontinued Operation					
Profit for the financial year from discontinued operation	11	39,961,263	39,672,753	-	-
Profit/(Loss) for the financial year		118,826,432	32,110,464	(27,179,303)	6,969,118
Other comprehensive income:					
Foreign currency translation differences, representing other comprehensive income for the financial year		(9,147,524)	16,664,999	-	-
Total comprehensive income for the financial year		109,678,908	48,775,463	(27,179,303)	6,969,118

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) attributable to:					
Owners of the Company		92,174,289	28,496,913	(27,179,303)	6,969,118
Non-controlling interests		26,652,143	3,613,551	-	-
		118,826,432	32,110,464	(27,179,303)	6,969,118
Total comprehensive income attributable to:					
Owners of the Company		85,587,189	36,176,152	(27,179,303)	6,969,118
Non-controlling interests		24,091,719	12,599,311	-	-
		109,678,908	48,775,463	(27,179,303)	6,969,118
Earnings/(Loss) per share attributable to owners of the Company (sen per share)					
	12				
- Basic:					
- from continuing operations		6.15	(1.56)		
- from discontinued operation		4.71	5.53		
- from continuing operations and discontinued operation		10.86	3.97		
- Diluted:					
- from continuing operations		6.12	(1.56)		
- from discontinued operation		4.69	5.53		
- from continuing operations and discontinued operation		10.81	3.97		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2012



	Note	2012 RM	2011 RM	As at 1.1.2011 RM
ASSETS				
Non-current assets				
Plant and equipment	13	550,340,120	519,651,296	269,488,222
Goodwill on business combination	14	-	121,665,838	74,385,838
Investment in associates	16	315,356	17,361,591	17,365,338
Deferred tax assets	17	-	-	5,665,480
		550,655,476	658,678,725	366,904,878
Current assets				
Trade and other receivables	18	43,254,337	31,898,672	10,859,557
Prepayments	19	130,024,185	60,278,327	1,310,890
Tax recoverable		377,540	297,190	263,924
Cash and bank balances		24,939,825	40,880,091	26,220,542
		198,595,887	133,354,280	38,654,913
Assets of disposal group classified as held for sale	11	379,995,713	-	28,133,600
		578,591,600	133,354,280	66,788,513
TOTAL ASSETS		1,129,247,076	792,033,005	433,693,391

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	20	85,177,540	75,388,300	66,240,000
Share premium	20	198,268,309	144,427,489	94,298,669
Treasury shares	20	(230,795)	(230,795)	(230,795)
Retained earnings		214,186,554	122,012,265	93,515,352
Other reserves	21	8,266,609	(12,391,914)	(20,071,153)
Reserve of disposal group classified as held for sale	11	(23,244,483)	-	-
Equity attributable to owners of the Company		482,423,734	329,205,345	233,752,073
Non-controlling interests		82,230,209	58,089,490	-
Total equity		564,653,943	387,294,835	233,752,073
Non-current liabilities				
Loans and borrowings	23	264,533,792	138,539,911	137,676,169
Hire purchase payables	24	175,103	266,659	352,016
Deferred tax liabilities	17	-	25,187,411	-
		264,708,895	163,993,981	138,028,185
Current liabilities				
Trade and other payables	22	73,119,209	114,988,596	8,061,712
Hire purchase payables	24	91,555	85,358	79,162
Tax payable		19,510	20,474	103,368
Loans and borrowings	23	77,813,686	125,649,761	53,668,891
		151,043,960	240,744,189	61,913,133
Liabilities of disposal group classified as held for sale	11	148,840,278	-	-
		299,884,238	240,744,189	61,913,133
Total liabilities		564,593,133	404,738,170	199,941,318
TOTAL EQUITY AND LIABILITIES		1,129,247,076	792,033,005	433,693,391

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2012



	Note	2012 RM	2011 RM	As at 1.1.2011 RM
ASSETS				
Non-current assets				
Plant and equipment	13	513,061	592,139	673,674
Investments in subsidiaries	15	265,471,783	236,793,901	144,276,781
Investment in associates	16	300,000	17,416,000	17,416,000
Deferred tax assets	17	-	994,314	994,314
		266,284,844	255,796,354	163,360,769
Current assets				
Trade and other receivables	18	161,330,487	42,323,386	44,902,348
Prepayments	19	357,168	60,278,327	77,174
Tax recoverable		110,219	30,419	30,419
Cash and bank balances		3,139,467	15,032,892	5,561,195
		164,937,341	117,665,024	50,571,136
Non-current asset classified as held for sale	11	184,154,393	-	-
Total current assets		349,091,734	117,665,024	50,571,136
TOTAL ASSETS		615,376,578	373,461,378	213,931,905

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	20	85,177,540	75,388,300	66,240,000
Share premium	20	198,268,309	144,427,489	94,298,669
Treasury shares	20	(230,795)	(230,795)	(230,795)
Accumulated losses		(29,672,144)	(2,492,841)	(9,461,959)
Other reserves	21	4,001,140	-	-
Total equity		257,544,050	217,092,153	150,845,915
Non-current liabilities				
Hire purchase payables	24	175,103	266,659	352,016
Current liability				
Trade and other payables	22	346,514,208	152,382,517	45,655,589
Hire purchase payables	24	91,555	85,358	79,162
Tax payable		-	-	67,581
Loans and borrowings	23	11,051,662	3,634,691	16,931,642
		357,657,425	156,102,566	62,733,974
Total liabilities		357,832,528	156,369,225	63,085,990
TOTAL EQUITY AND LIABILITIES		615,376,578	373,461,378	213,931,905

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012



	Attributable to owners of the Company		Non-distributable		Reserve of disposal group		Distributable retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves	classified as held for sale	RM				
2011										
At 1 January 2011	66,240,000	94,298,669	(230,795)	(20,071,153)	-	-	93,515,352	233,752,073	-	233,752,073
Comprehensive income										
Profit for the financial year	-	-	-	-	-	-	28,496,913	28,496,913	3,613,551	32,110,464
Other comprehensive income										
Foreign currency translation differences	-	-	-	7,679,239	-	-	-	7,679,239	8,985,760	16,664,999
Total comprehensive income for the financial year	-	-	-	7,679,239	-	-	28,496,913	36,176,152	12,599,311	48,775,463
Transactions with owners										
Coverison of Redeemable Convertible Bond ("RCB")	2,080,000	11,960,000	-	-	-	-	-	14,040,000	-	14,040,000
Acquisition of subsidiary	7,068,300	38,168,820	-	-	-	-	-	45,237,120	45,490,179	90,727,299
Total transactions with owners	9,148,300	50,128,820	-	-	-	-	-	59,277,120	45,490,179	104,767,299
At 31 December 2011	75,388,300	144,427,489	(230,795)	(12,391,914)	-	-	122,012,265	329,205,345	58,089,490	387,294,835

Note	Attributable to owners of the Company							Total equity RM	
	Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM	Reserve of disposal group classified as held for sale RM	Distributable retained earnings RM	Total RM		
								Non-controlling interests RM	
2012									
At 1 January 2012	75,388,300	144,427,489	(230,795)	(12,391,914)	-	122,012,265	329,205,345	58,089,490	387,294,835
Comprehensive income									
Profit for the financial year	-	-	-	-	-	92,174,289	92,174,289	26,652,143	118,826,432
Other comprehensive income									
Foreign currency translation differences	-	-	-	(6,587,100)	-	-	(6,587,100)	(2,560,424)	(9,147,524)
Total comprehensive income for the financial year	-	-	-	(6,587,100)	-	92,174,289	85,587,189	24,091,719	109,678,908
Transactions with owners									
Acquisition of subsidiary	9,789,240	53,840,820	-	-	-	-	63,630,060	-	63,630,060
Share options granted under ESOS	-	-	-	4,001,140	-	-	4,001,140	-	4,001,140
Subscription of shares by non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	49,000	49,000
Reserve of disposal group classified as held for sales	-	-	-	23,244,483	(23,244,483)	-	-	-	-
Total transactions with owners	9,789,240	53,840,820	-	27,245,623	(23,244,483)	-	67,631,200	49,000	67,680,200
At 31 December 2012	85,177,540	198,268,309	(230,795)	8,266,609	(23,244,483)	214,186,554	482,423,734	82,230,209	564,653,943

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012



Note	←-----Non-distributable-----→				Accumulated losses RM	Total equity RM
	Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM		
2011						
At 1 January 2011	66,240,000	94,298,669	(230,795)	-	(9,461,959)	150,845,915
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	6,969,118	6,969,118
Transactions with owners						
Coverision of RCB	26	2,080,000	11,960,000	-	-	14,040,000
Acquisition of subsidiary	20	7,068,300	38,168,820	-	-	45,237,120
Total transactions with owners		9,148,300	50,128,820	-	-	59,277,120
At 31 December 2011		75,388,300	144,427,489	(230,795)	(2,492,841)	217,092,153
2012						
At 1 January 2012		75,388,300	144,427,489	(230,795)	(2,492,841)	217,092,153
Loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(27,179,303)	(27,179,303)
Transactions with owners						
Acquisition of subsidiary	20	9,789,240	53,840,820	-	-	63,630,060
Share options granted under ESOS	21	-	-	-	4,001,140	4,001,140
Total transactions with owners		9,789,240	53,840,820	-	4,001,140	67,631,200
At 31 December 2012		85,177,540	198,268,309	(230,795)	(29,672,144)	257,544,050

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012



	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax from:					
- continuing operations		53,271,577	(4,424,632)	(26,184,989)	6,969,118
- discontinued operation		39,980,935	39,692,498	-	-
Adjustments for:					
Impairment loss on:					
- investments in subsidiaries		-	-	7,294,784	-
- investments in associates		17,238,380	-	17,376,000	-
- amounts due from subsidiaries		-	-	8,470,944	-
- amounts due from associates		118,725	-	118,725	-
- trade and other receivables		-	420,003	-	-
- assets classified as held for sale		-	18,738,260	-	-
- plant and equipment		7,887,052	-	-	-
Waiver of debts		(2,235,462)	-	-	-
Reversal of impairment loss on trade receivables		-	(1,816,580)	-	-
Depreciation of plant and equipment		55,536,937	18,798,376	158,354	144,338
Bad debts written off		42,585	-	42,585	-
Bargain purchase gain on acquisition of subsidiaries	15(b)	(18,423,970)	(8,309,095)	-	-
Gain on disposal of plant and equipment		(91)	-	(91)	-
Interest expense:					
- continuing operations		9,094,885	666,906	1,603,547	260,207
- discontinued operation		4,481,730	4,020,931	-	-
Interest income		(26,299)	(32,795)	(3,987)	-
Investment in subsidiary written off		-	-	1	-
Plant and equipment written off		-	6,760	-	6,760
RCB discount amortised		-	430,496	-	430,496
Net unrealised gain on foreign exchange		(561,609)	(591,508)	(8,346,527)	(337,628)
Share of results of associates		67,855	3,747	-	-
Share options granted under ESOS	21	4,001,140	-	4,001,140	-
Operating profit before working capital changes		170,474,370	67,603,367	4,530,486	7,473,291
Change in receivables and prepayments		52,026,824	(50,653,241)	60,851,437	(58,514,577)
Change in payables		(43,259,236)	42,968,889	(19,973,798)	47,979,582
Cash from/(used in) operations		179,241,958	59,919,015	45,408,125	(3,061,704)
Interest paid		(13,576,615)	(4,687,837)	(1,603,547)	(260,207)
Interest received		26,299	32,795	3,987	-
Tax refunded		-	240,000	-	-
Tax paid		(121,561)	(102,639)	(79,800)	(67,581)
Net cash from/(used in) operating activities		165,570,081	55,401,334	43,728,765	(3,389,492)

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012



cont'd

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from investing activities					
Net cash (outflow)/inflow from					
the acquisition of subsidiaries	15	(144,474,133)	674,220	(156,446,000)	-
Additions in investment in subsidiaries		-	(47,280,000)	-	(47,280,000)
Subscription of shares in subsidiary	15(a)	-	-	(51,000)	-
Subscription of shares in an associate	16	(260,000)	-	(260,000)	-
Subscription of shares by non-controlling shareholders of subsidiary		49,000	-	-	-
Proceeds from disposal of plant and equipment		1,185	-	1,185	-
Advances to subsidiaries		-	-	(122,747,472)	-
Prepayment of plant and equipment	19	(127,218,213)	-	-	-
Purchase of plant and equipment	13	(80,370)	(69,563)	(80,370)	(69,563)
Net cash used in investing activities		(271,982,531)	(46,675,343)	(279,583,657)	(47,349,563)
Cash flows from financing activities					
Redemption of Redeemable Convertible Bonds		-	(3,110,783)	-	(3,110,783)
Payments of hire purchase		(85,359)	(79,161)	(85,359)	(79,161)
Advances from subsidiaries		-	-	216,629,855	61,476,046
Drawdown of term loans		148,141,500	47,010,000	-	-
Repayments of term loans		(54,576,511)	(35,955,341)	-	(1,315,000)
Net cash from financing activities		93,479,630	7,864,715	216,544,496	56,971,102
Net (decrease)/increase in cash and cash equivalents		(12,932,820)	16,590,706	(19,310,396)	6,232,047
Exchange reserve arising due to retranslation of financial statements in foreign currency		6,121,427	(5,170,807)	-	-
Cash and cash equivalents at beginning of the financial year		(6,811,393)	11,419,899	(19,310,396)	6,232,047
		37,245,400	25,825,501	11,398,201	5,166,154
Cash and cash equivalents at end of the financial year	27	30,434,007	37,245,400	(7,912,195)	11,398,201

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

31 DECEMBER 2012



1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and principal place of business of the Company is located at Suite 3A-17, Level 17, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the provision of management, administrative and financial support services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 10 April 2013.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

Notes to the Financial Statements

31 DECEMBER 2012



cont'd

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New, Revised and Amendments/Improvements to Accounting Standards and IC Int

(i) Explanation of transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 December 2012.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31 December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group's and the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSs.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
<u>Revised MFRSs</u>		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
<u>New IC Int</u>		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
<u>Amendments to IC Int</u>		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

Notes to the Financial Statements

31 DECEMBER 2012



cont'd

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation- Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

- (ii) **New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)**

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiaries, joint ventures, associates and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associates, as the equity method was applicable for both investments in joint ventures and associates. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associate or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

Notes to the Financial Statements

31 DECEMBER 2012



cont'd

2. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which includes United States Dollar ("USD") and Ringgit Malaysia ("RM"). The financial statements of the Group and of the Company are presented in RM, which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Tax expense (Note 10) - significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.
- (ii) Useful life of vessels and equipment (Note 13) - the cost of vessel for the bareboat is depreciated on a straight line basis over the assets' estimated economic useful life. Management estimates the useful life of these assets to be within 15 to 25 years. These are common life expectancies applied in the bareboat charter services industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised.
- (iii) Deferred tax assets (Note 17) - deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.
- (iv) Impairment of goodwill (Note 14) - Goodwill is tested for impairment annually and at other times when such indicator exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. When the value in use calculation is undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.
- (v) Impairment loss on receivables (Note 18) - the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (cont'd)

- (vi) Impairment on investments (Notes 15 and 16) – The directors review the investments for impairment when there is an indication of impairment. This involves measuring the recoverable amount which includes fair value less costs to sell and valuation techniques. Valuation techniques includes amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.
- (vii) Share options reserve (Note 21) – The measurement of the fair value for the Employees' Share Option Scheme ("ESOS") is determined using valuation technique based on assumptions about future volatility of and dividend on the underlying shares.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using acquisition method from the acquisition date, which is the date on which control is transferred to Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 onwards, the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

Notes to the Financial Statements

31 DECEMBER 2012



cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

Acquisition on or after 1 January 2011

For acquisition on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- (i) The fair value of the consideration transferred; plus
- (ii) The recognised amount of any non-controlling interests in the acquiree; plus
- (iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

Acquisitions prior 1 January 2006

For acquisitions prior 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any differences between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

The Group applied FRS/MFRS 127, Consolidated and Separate Financial Statements (revised) since 1 January 2011 in accordance with the transitional provisions provided by the standard. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Prior to 1 January 2011, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Since 1 January 2011, the Group has applied FRS/MFRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard.

Notes to the Financial Statements

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cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(v) Non-controlling interests (cont'd)

Prior to 1 January 2011, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not in control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from carrying amount of the investment and is instead included as income in the determination of the Group's shares of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investment) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Should the associate subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equals to the share of losses previously not recognised.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Investments in associates are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are translated into the Group entities' functional currency at the rates of exchange ruling at the time of the transaction date. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on settlement of monetary items and on retranslation of monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- (i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- (ii) Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign operation, the cumulative amount of translation differences at the date of disposal of the foreign operation is taken to the consolidated statement of comprehensive income.

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Vessel charter income

Charter hire income from vessels is recognised on a time proportionate basis over the term of the charter hire contract.

(ii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iii) Management fees

Management fees are recognised when services are rendered.

(iv) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligation in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Employee benefits (cont'd)

(ii) Employees' share option scheme

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits as liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage redundancy, the measurement of termination benefits is based on the number of employee expected to accept the offer. Benefits falling due more than twelve months after financial position date are discounted to present value.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(g) Leases

(i) Finance lease or hire purchase – the Group as lessee

Assets acquired by way of finance leases or hire purchase where the Group assumes substantially all the benefits and risks of ownership are classified as plant and equipment.

Notes to the Financial Statements

31 DECEMBER 2012



cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases (cont'd)

(i) Finance lease or hire purchase – the Group as lessee (cont'd)

Finance lease or hire purchase is capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for plant and equipment.

(ii) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(h) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Tax expense (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(i) Discontinued operations

A component of the Group is classified as "discontinued operations" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(j) Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset of, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The principal annual rates for the current and comparative financial years are as follows:

Motor vehicles	20%
Office equipment, furniture and fittings	10%
Renovation, air conditioners and site equipment	10%
Tools and equipment	20%
Computers and software	33.33%
Marine vessels	15 – 25 years
Equipment on board vessels	3 - 10 years

Notes to the Financial Statements

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cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Plant and equipment (cont'd)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy of recognition of impairment losses is in accordance with Note 3(l).

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(k) Goodwill on business combination

Goodwill arises on the acquisition of subsidiaries.

The goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is not amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Goodwill is allocated to cash generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(l) Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to.

An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of non-financial assets (cont'd)

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

(m) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

(n) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and have categorised financial assets in loans and receivables.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loan and receivables comprise cash and cash equivalents, (except for bank overdraft) and trade and other receivables including deposits.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial assets (cont'd)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

(o) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(s) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables including amounts owing to subsidiaries, accruals, and loans and borrowings, including hire purchase payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Vessel charter income	119,810,083	13,506,235	-	-
Management fee	8,560,047	8,534,331	2,181,039	2,173,106
Dividend income	-	-	15,170,000	15,730,000
	128,370,130	22,040,566	17,351,039	17,903,106

5. DIRECT OPERATING COSTS

	Group	
	2012 RM	2011 RM
Cost of services rendered	37,896,450	4,403,132

6. FINANCE COSTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
- Amortisation of RCB discount	-	430,496	-	430,496
- Bank overdraft	832,991	223,782	832,991	223,782
- Hire purchase	20,398	26,594	20,398	26,594
- Revolving credit	750,158	9,831	750,158	9,831
- Term loans	7,491,338	406,699	-	-
	9,094,885	1,097,402	1,603,547	690,703

Notes to the Financial Statements

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7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax from continuing operations and discontinued operation is arrived at after charging/(crediting):

	Continuing operations		Discontinued operations	
	2012 RM	2011 RM	2012 RM	2011 RM
Group				
Auditors' remuneration:				
- statutory audit:				
- current	125,182	83,169	15,848	19,945
- under provision in prior financial year	19,000	-	-	-
- other services	5,000	-	-	-
Bargain purchase gain on acquisition of subsidiaries	(18,423,970)	(8,309,095)	-	-
Bad debts written off	42,585	-	-	59,978
Depreciation of plant and equipment	40,563,138	3,947,434	14,973,799	14,850,942
Gain on disposal of plant and equipment	(91)	-	-	-
Impairment loss on:				
- investments in associates	17,238,380	-	-	-
- trade and other receivables	-	60,019	-	359,984
- assets classified as held for sale (Note 11 (b))	-	18,738,260	-	-
- plant and equipment	7,887,052	-	-	-
- amounts due from associate (Note 18)	118,725	-	-	-
Interest income	(15,507)	-	(10,792)	(32,795)
Interest expense	9,094,885	666,906	4,481,730	4,020,931
Net (gain)/loss on foreign exchange:				
- realised	(47,978)	1,433,822	1,764	24,067
- unrealised	(567,103)	(617,424)	5,494	25,916
Plant and equipment written off	-	6,760	-	-
RCB discount amortised	-	430,496	-	-
Rental of office	773,760	794,160	-	-
Rental of office equipment	7,810	4,345	-	-
Reversal of impairment loss on trade receivables	-	(3,380)	-	(1,813,200)
Sub-rental income	(287,837)	(295,400)	-	-
Share of results of associates	67,855	3,747	-	-
Realised exchange loss on RCB	-	1,498,686	-	-
Waiver of debts	-	-	(2,235,462)	-

7. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax from continuing operations and discontinued operation is arrived at after charging/(crediting):(cont'd)

	Continuing operations	
	2012 RM	2011 RM
Company		
Auditors' remuneration:		
- statutory audit:		
- current	47,000	52,800
- under provision in prior year	19,000	-
- other services	5,000	-
Bad debts written off	42,585	-
Depreciation of plant and equipment	158,354	144,338
Employees benefits expense (including key management personnel) (Note 8)	11,959,776	3,366,873
Gain on disposal of plant and equipment	(91)	-
Investment in subsidiary written off	1	-
Impairment loss on:		
- investments in subsidiaries (Note 15)	7,294,784	-
- investments in associates	17,376,000	-
- amounts due from subsidiaries	8,470,944	-
- amounts due from associate	118,725	-
Interest income	(3,987)	-
Interest expense	1,603,547	260,207
Net foreign exchange (gain)/loss:		
- realised	(120,825)	1,846,595
- unrealised	(8,346,527)	(337,628)
Plant and equipment written off	-	6,760
Realised exchange loss on RCB	-	1,498,686
RCB discount amortised	-	430,496
Rental of office	773,760	773,760
Rental of office equipment	7,810	4,345
Sub-rental income	(287,837)	(295,400)

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8. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	7,451,783	4,913,777	7,406,232	3,025,577
Defined contribution plan and social security contribution	394,011	224,777	390,856	224,777
Share options granted under ESOS	4,001,140	-	4,001,140	-
Other benefits	161,548	116,519	161,548	116,519
	12,008,482	5,255,073	11,959,776	3,366,873

Included in employees benefits expense are directors' remuneration of the Group and of the Company amounting to RM4,841,087 (2011: RM2,020,680) and RM4,819,779 (2011: RM2,020,680) respectively.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors' remuneration:				
- Fee and emoluments	2,672,000	1,664,000	2,653,144	1,664,000
- Other emoluments	132,670	132,480	130,218	132,480
- Share options granted under ESOS	1,048,667	-	1,048,667	-
	3,853,337	1,796,480	3,832,029	1,796,480
Non-executive directors' remuneration:				
- Fee and emoluments	303,500	201,000	303,500	201,000
- Other emoluments	24,250	23,200	24,250	23,200
- Share options granted under ESOS	660,000	-	660,000	-
	987,750	224,200	987,750	224,200
Total directors' remuneration	4,841,087	2,020,680	4,819,779	2,020,680

9. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company and Subsidiaries whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of directors Company		Number of directors Subsidiaries	
	2012	2011	2012	2011
Executive directors:				
RM1 - RM100,000	-	-	1	-
RM350,001 - RM550,000	-	1	-	-
RM850,001 - RM1,300,000	-	1	-	-
RM1,000,001 - RM1,050,000	1	-	-	-
RM2,800,001 - RM2,850,000	1	-	-	-
Non-executive directors:				
RM1 - RM50,000	2	3	-	-
RM250,001 - RM300,000	2	-	-	-
RM350,001 - RM400,000	1	-	-	-

10. TAX (CREDIT)/EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Continuing operations				
Current tax:				
Malaysian - current financial year	20,909	-	-	-
- under/(over) provision in prior financial year	78,569	(240,000)	-	-
	99,478	(240,000)	-	-
Deferred tax:				
Origination and reversal of temporary differences	(25,569,386)	3,377,657	994,314	-
Over provision in prior financial year	(123,684)	-	-	-
	(25,693,070)	3,377,657	994,314	-
Tax (credit)/expense attributable to continuing operations	(25,593,592)	3,137,657	994,314	-
Tax expense attributable to discontinued operation (Note 11)	19,672	19,745	-	-
Total tax (credit)/expense recognised in profit or loss	(25,573,920)	3,157,402	994,314	-

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10. TAX (CREDIT)/EXPENSE (CONT'D)

The reconciliation from the tax amount at statutory income tax rate to the Group's and of the Company's tax (credit)/expense is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before tax from:				
- continuing operations	53,271,577	(4,424,632)	(26,184,989)	6,969,118
- discontinued operation	39,980,935	39,692,498	-	-
Accounting profit/(loss) before tax	93,252,512	35,267,866	(26,184,989)	6,969,118
Tax at the Malaysian statutory income tax rate of 25%	23,313,200	8,816,967	(6,546,200)	1,742,280
Effect of share of results of associates	17,000	936	-	-
Tax effect of non-deductible expenses	6,741,037	356,370	9,908,432	893,741
Tax effect of non-taxable income	(8,792,400)	(2,215,765)	(5,929,100)	(3,862,282)
Effect of different tax rate in foreign jurisdiction	(131,900)	-	-	-
Different tax rates in offshore companies	(17,312,128)	(4,841,440)	-	-
Reversal of deferred tax liabilities no longer required	(58,756,300)	-	-	-
Reversal of deferred tax assets previously recognised	26,825,800	-	994,314	-
Deferred tax asset not recognised during the financial year	2,566,886	1,280,334	2,566,868	1,226,261
Under/(Over) provision in prior financial years:				
- current tax	78,569	(240,000)	-	-
- deferred tax	(123,684)	-	-	-
Total tax (credit)/expense recognised in profit or loss	(25,573,920)	3,157,402	994,314	-

During the financial year, the Group has utilised its brought forward unutilised tax losses to set off against its chargeable income resulting in a tax saving of RM1,578,000 (2011: RM1,589,000; 1.1.2011: RMnil).

During the financial year, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM57,088,200 (2011: RM37,431,800; 1.1.2011: RM33,115,100) and RM98,038,700 (2011: RM26,500; 1.1.2011: RM55,900) carried forward available for set-off against future taxable profits.

The Company has unutilised tax losses and unabsorbed capital allowance of approximately RM20,153,900 (2011: RM5,957,500; 1.1.2011: RM2,195,500) and RM75,000 (2011: RM26,500; 1.1.2011: RM55,900) carried forward available for set-off against future taxable profits.

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

- (a) As disclosed in Note 33(e) and 34(c), the Company has entered into a conditional share sale agreement on 30 November 2012 and a second supplementary agreement on 28 March 2013, to dispose 49% of equity interest in its wholly-owned subsidiary, SJR Marine (L) Ltd. ("SJR Marine"), which is classified within the marine vessels segment, to EOC Limited ("EOC"). The decision to sell the segment is to enable the Company to part finance the proposed acquisition as disclosed in Note 33(e) without additional debt financing or issuance of further shares of the Company. Following the disposal, SJR Marine will be 51%-owned jointly controlled entity of the Company. The expected completion date is in the third quarter of year 2013.

As at 31 December 2012, the assets and liabilities related to SJR Marine were presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale". The results of SJR Marine were presented separately on the consolidated statement of comprehensive income as "Profit for the financial year from discontinued operation".

Statement of financial position disclosures

The major classes of assets and liabilities of SJR Marine classified as held for sale as at 31 December 2012 are as follows:

	Note	Group 2012 RM
Assets:		
Plant and equipment	13	235,914,364
Goodwill	14	121,665,838
Trade and other receivables		5,869,667
Cash and bank balances	27	16,545,844
Assets of disposal group classified as held for sale		379,995,713
Liabilities:		
Trade and other payables		636,614
Term loans (secured)		148,184,154
Tax payable		19,510
Liabilities of disposal group classified as held for sale		148,840,278
Net assets of disposal group classified as held for sale		231,155,435
Reverse of disposal group classified as held for sale:		
Foreign currency translation reserve		(23,244,483)

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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Statement of financial position disclosures (cont'd)

The secured term loans bear effective interest rates ranging from 2.47% to 2.77% per annum and are secured by:-

- (a) statutory mortgage over the vessel (Derrick Pipelay Barge);
- (b) assignment of contract proceeds from the Charter Contract;
- (c) debenture covering fixed and floating charge over all present and future assets of the subsidiary;
- (d) assignment of Insurance Policies; and
- (e) corporate guarantee of the holding company.

Non-current asset classified as held for sale on the Company's statement of financial position as at 31 December 2012 is as follows:

	Company
	2012 RM
Investment in subsidiary	
At 1 January	-
Transfer from investment in subsidiaries (Note 15)	184,154,393
At 31 December	184,154,393

Statement of profit or loss disclosure

The results attributable to the discontinued operation for the financial year ended 31 December are as follows:

	Group	
	2012 RM	2011 RM
Revenue	69,473,880	68,908,440
Direct operating costs	(23,357,877)	(23,471,182)
Gross profit	46,116,003	45,437,258
Other income	2,855,748	1,846,175
Administrative expenses	(1,904,460)	(19,947)
Other operating costs	(2,604,626)	(3,550,057)
Profit from operations	44,462,665	43,713,429
Finance costs	(4,481,730)	(4,020,931)
Profit before tax	39,980,935	39,692,498
Tax expense (Note 10)	(19,672)	(19,745)
Profit for the financial year	39,961,263	39,672,753

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Statement of profit and loss disclosure (cont'd)

The profit from discontinued operation of RM39,961,263 (2011: RM39,672,753) is attributable entirely to the owners of the Company.

Statement of cash flows disclosure

The cash flows attributable to SJR Marine are as follows:

	2012 RM	2011 RM
Operating activities	44,512,277	10,157,473
Financing activities	(51,800,700)	(6,604,244)
Net cash (outflows)/inflows	(7,288,423)	3,553,229

- (b) In the previous financial year, an impairment loss on non-current asset classified as held for sale and subsequent gross carrying amount of the assets were made based on the market value using desktop estimation carried out by a ship broker based in Singapore. As the assets no longer meet the criteria of MFRS 5 as non-current assets classified as held for sale, it has been reclassified to plant and equipment as disclosed in Note 13.

	Group 2012 RM
Plant and equipment	
At 1 January	28,133,600
Impairment losses (Note 7)	(18,738,260)
Exchange differences	6,660
Transfer to plant and equipment (Note 13)	(9,402,000)
At 31 December	-

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12. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the financial year from continuing or discontinued operations attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing profit for the financial year from continuing or discontinued operations attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Basic earnings per share and diluted earnings per share are calculated based on the following information:

	Group	
	2012 RM	2011 RM
Profit/(Loss) attributable to owners of Company:		
- from continuing operations	52,213,026	(11,175,840)
- from discontinued operation	39,961,263	39,672,753
	92,174,289	28,496,913

	Group	
	2012 Number of shares ("000")	2011
Weighted average number of ordinary shares for basic earnings per share computation	848,968	717,098
Effect of dilution:		
- share options	3,562	-
Weighted average number of ordinary shares for diluted earnings per share computation	852,530	717,098

Since the end of the financial year, the Company issued 85,137,500 ordinary shares of RM0.10 each at RM1.03 per ordinary share for cash via private placement as disclosed in Note 34(a). There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

13. PLANT AND EQUIPMENT

Group	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	Marine vessels and equipment RM	Total RM
Costs							
At 1.1.2012	537,290	226,778	138,131	633,735	308,876	648,128,030	649,972,840
Acquisition of subsidiary (Note 15)	-	-	-	-	-	344,740,000	344,740,000
Additions	-	5,630	-	-	74,740	-	80,370
Disposal	-	-	-	-	(8,214)	-	(8,214)
Transfer to assets of disposal group classified as held for sale (Note 11)	-	-	-	-	-	(297,018,822)	(297,018,822)
Exchange differences	-	-	-	-	-	(7,869,705)	(7,869,705)
At 31.12.2012	537,290	232,408	138,131	633,735	375,402	687,979,503	689,896,469
Accumulated depreciation and impairment							
At 1.1.2012	161,187	159,091	34,514	582,958	286,407	129,097,387	130,321,544
Charge for the financial year	107,458	12,484	13,577	5,405	25,025	55,372,988	55,536,937
Disposal	-	-	-	-	(7,120)	-	(7,120)
Impairment loss	-	-	-	-	-	7,887,052	7,887,052
Transfer to assets classified as held for sale (Note 11)	-	-	-	-	-	(61,104,458)	(61,104,458)
Exchange differences	-	-	-	-	-	6,922,394	6,922,394
At 31.12.2012	268,645	171,575	48,091	588,363	304,312	138,175,363	139,556,349
Net carrying amount							
At 31.12.2012	268,645	60,833	90,040	45,372	71,090	549,804,140	550,340,120

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13. PLANT AND EQUIPMENT (CONT'D)

Group	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	Marine vessels and equipment RM	Total RM
Costs							
At 1.1.2011	537,290	229,148	90,038	633,735	293,666	300,557,104	302,340,981
Additions	-	5,560	48,793	-	15,210	-	69,563
Written off	-	(7,930)	(700)	-	-	-	(8,630)
Transfer from asset classified as held for sale (Note 11)	-	-	-	-	-	9,402,000	9,402,000
Acquisition of subsidiary (Note 15)	-	-	-	-	-	242,125,000	242,125,000
Exchange differences	-	-	-	-	-	22,558,260	22,558,260
At 31.12.2011	537,290	226,778	138,131	633,735	308,876	574,642,364	576,487,174
Accumulated depreciation							
At 1.1.2011	53,729	148,677	21,437	577,553	274,698	31,776,665	32,852,759
Charge for the financial year	107,458	12,097	13,264	5,405	11,709	18,648,443	18,798,376
Written off	-	(1,683)	(187)	-	-	-	(1,870)
Exchange differences	-	-	-	-	-	5,186,613	5,186,613
At 31.12.2011	161,187	159,091	34,514	582,958	286,407	55,611,721	56,835,878
Net carrying amount							
At 31.12.2011	376,103	67,687	103,617	50,777	22,469	519,030,643	519,651,296
At 1.1.2011	483,561	80,471	68,601	56,182	18,968	268,780,439	269,488,222

13. PLANT AND EQUIPMENT (CONT'D)

	Motor vehicles RM	Renovation RM	Office equipment, furniture and fittings RM	Computers and software RM	Total RM
Company Costs					
At 1.1.2012	537,290	135,783	118,538	113,915	905,526
Additions	-	-	5,630	74,740	80,370
Disposal	-	-	-	(8,214)	(8,214)
At 31.12.2012	537,290	135,783	124,168	180,441	977,682
Accumulated depreciation					
At 1.1.2012	161,187	32,458	28,297	91,445	313,387
Charge for the financial year	107,458	13,577	12,294	25,025	158,354
Disposal	-	-	-	(7,120)	(7,120)
At 31.12.2012	268,645	46,035	40,591	109,350	464,621
Net carrying amount					
At 31.12.2012	268,645	89,748	83,577	71,091	513,061
Costs					
At 1.1.2011	537,290	87,690	120,908	98,705	844,593
Additions	-	48,793	5,560	15,210	69,563
Written off	-	(700)	(7,930)	-	(8,630)
At 31.12.2011	537,290	135,783	118,538	113,915	905,526
Accumulated depreciation					
At 1.1.2011	53,729	19,381	18,073	79,736	170,919
Charge for the financial year	107,458	13,264	11,907	11,709	144,338
Written off	-	(187)	(1,683)	-	(1,870)
At 31.12.2011	161,187	32,458	28,297	91,445	313,387
Net carrying amount					
At 31.12.2011	376,103	103,325	90,241	22,470	592,139
At 1.1.2011	483,561	68,309	102,835	18,969	673,674

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13. PLANT AND EQUIPMENT (CONT'D)

- (a) Motor vehicles under hire purchase arrangements are as follows:

	Group/Company		
	2012 RM	2011 RM	As at 1.1.2011 RM
Net carrying amount	268,645	376,103	483,561

- (b) Plant and equipment pledged as securities for bank guarantee and credit facilities granted to certain subsidiaries as mentioned in Note 23 are as follows:

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
Marine vessels			
Net carrying amount	549,804,140	519,030,643	268,780,439

14. GOODWILL ON BUSINESS COMBINATION

	Group	
	2012 RM	2011 RM
At 1 January	121,665,838	74,385,838
Additions (Note 22(b))	-	47,280,000
Transfer to assets of disposal group classified as held for sale (Note 11)	(121,665,838)	-
At 31 December	-	121,665,838

14. GOODWILL ON BUSINESS COMBINATION (CONT'D)

Goodwill on business combination has been allocated for impairment testing purpose to the individual entity which is also the cash generating unit ("CGU") identified.

In the previous financial year, the recoverable amount of CGU was determined based on value in use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering 5 years period and assumed no growth rate.

The key assumptions used for value in use calculations are as follows:

Period of projected cash flows	5 years based in the estimated remaining useful life of assets and operation of subsidiaries acquired.
Discount rate	11%

Management determined budgeted gross margin and results based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

With regard to the assessment of value in use, the management believed that no possible change in any of the above key assumptions would cause the carrying values of CGU to be materially different from their recoverable amount.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 RM	2011 RM
Unquoted shares, at cost		
At 1 January	236,793,901	144,276,781
Additions	220,127,060	92,517,120
Transfer to non-current asset classified held for sale (Note 11)	(184,154,393)	-
Written off	(1)	-
At 31 December	272,766,567	236,793,901
Less: Accumulated impairment losses		
At 1 January	-	-
Additions (Note 7)	7,294,784	-
At 31 December	7,294,784	-
	265,471,783	236,793,901

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

	Name of company	Country of incorporation	Principal activities	Effective equity interest	
				2012	2011
	Romilly (M) Sdn. Bhd.	Malaysia	Dormant.	100%	100%
#	Perisai (L) Inc.	Malaysia	Chartering of offshore assets which are primarily for oil and gas offshore production and drilling units.	100%	100%
	Alpha Perisai Sdn. Bhd.	Malaysia	Dormant.	100%	100%
#	Corro Pro (L) Inc.	Malaysia	Dormant.	100%	100%
β@	Kingsburg International Trading Limited	Hong Kong	Dormant.	-	100%
	Perisai Drilling Sdn. Bhd. (formerly known as Perisai Research Sdn. Bhd.)	Malaysia	Dormant.	100%	100%
	Perisai Offshore Sdn. Bhd.	Malaysia	Dormant.	51%	-
	Corro-Shield (SEA) Sdn. Bhd.	Malaysia	Trading and application of specialist composites materials for oil and gas industry and hiring and chartering of vessels.	100%	100%
∞#	SJR Marine (L) Ltd.	Malaysia	Provision of vessels, barges and equipment on vessels charter services	100%	100%
#	Garuda Energy (L) Inc.	Malaysia	Chartering of offshore assets which are primarily for oil and gas offshore production.	100%	-
	Intan Offshore Sdn. Bhd.	Malaysia	Provision of vessels and equipment on vessels chartering services.	51%	51%

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Principal activities	Effective equity interest	
			2012	2011
Subsidiaries of Intan Offshore Sdn. Bhd.				
Lewek Eagle Offshore Sdn. Bhd.	Malaysia	Dormant.	51%	51%
Jade Offshore Sdn. Bhd.	Malaysia	Dormant.	51%	51%
* Lewek Swift Shipping Pte. Ltd.	Singapore	Dormant.	51%	51%
# Intan Offshore (L) Ltd.	Malaysia	Provision of vessels and equipment on vessels chartering services.	51%	51%
Lewek Mallard Offshore Sdn. Bhd.	Malaysia	Provision of ship chartering services.	51%	51%
@ Sarah Pearl Shipping Pte. Ltd.	Singapore	Provision of ship chartering services.	51%	51%

Subsidiaries audited by firm of chartered accountant affiliated with Baker Tilly AC.

@ Subsidiaries audited by firms of auditors other than Baker Tilly AC.

* Not required to be audited under the local laws and regulations and consolidated using unaudited management financial statements

β Deregistered by Companies Registry of Hong Kong with effect from 27 July 2012.

∞ Subsidiary classified as non-current asset held for sale.

(a) Incorporation of subsidiary

On 20 July 2012, the Company incorporated Perisai Offshore Sdn. Bhd. with a 51% equity interest in the subsidiary.

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries

2012

On 1 January 2012, the Company completed the acquisition of all the shares in Garuda Energy (L) Inc. for USD70,000,000 (equivalent to RM220,076,060) satisfied in cash of RM156,446,000 and issuance of ordinary shares of RM63,630,060. The subsidiary contributed revenue of USD25,912,800 (equivalent to RM78,958,893) and profit of USD19,237,460 (equivalent to RM58,618,468) for the financial year ended 31 December 2012. In determining and recognising the fair value of assets acquired and liabilities assumed, the Group has performed a purchase price allocation exercise for the acquisition during the financial year.

The following summarises the major classes of consideration transferred and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	Group
	2012
	RM
Fair value of consideration transferred	
Cash and cash equivalents	156,446,000
Issuance of ordinary shares (Note 20)	63,630,060
	220,076,060

Identified assets acquired and liabilities assumed

	Carrying amount	Fair value
	RM	RM
Plant	146,151,586	344,740,000
Trade and other receivables	11,380,052	11,380,052
Cash and bank balances	11,971,867	11,971,867
Trade and other payables	(3,207,911)	(3,207,911)
Amount due to director	(1,004,253)	(1,004,253)
Term loan	(125,360,000)	(125,360,000)
Tax payable	(19,725)	(19,725)
Total identified net assets	39,911,616	238,500,030

The fair value of the plant, vessel is based on the valuation conducted by GL Noble Denton Inc., a technical consultant.

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

2012 (cont'd)

Net cash outflow arising from the acquisition of subsidiary

	Group
	2012
	RM
Purchase consideration settled in cash and cash equivalent	(156,446,000)
Cash and cash equivalents acquired	11,971,867
	(144,474,133)

Bargain purchase gain on acquisition of subsidiary

	Group
	2012
	RM
Total consideration transferred	220,076,060
Fair value of identifiable net assets	(238,500,030)
	(18,423,970)

Transaction costs related to the acquisition of RM1,527,660 had been recognised in profit or loss as administrative expenses of the Group and of the Company in the previous financial year.

2011

On 18 August 2011, the Company completed the acquisition of 51% equity interest in Intan Offshore Sdn. Bhd. and its subsidiaries ("Intan group") for a purchase consideration of RM45,237,120 satisfied by way of issuance of 70,683,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.64 per share as disclosed in Note 20.

Intan group contributed revenue of RM13,506,235 and profit from continuing operations of RM5,165,064 for the financial year ended 31 December 2011. If the acquisition had occurred on 1 January 2011, management estimated that the consolidated revenue would have been RM48,642,118 and loss for the financial year from continuing operations would have been RM6,002,048.

Transaction costs related to the acquisition of RM646,852 had been recognised in profit or loss as administrative expenses of the Group and of the Company.

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

2011 (cont'd)

In the previous financial year, the management used its best estimates and assumptions as part of the purchase price allocation process to value the assets acquired and liabilities assumed at the acquisition date. The purchase price allocation for acquisitions may be provisional within the measurement period of up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available. The fair value of the assets acquired and liabilities assumed had been accounted for at their carrying amount at the acquisition date.

During the financial year, the Group completed its purchase price allocation exercise within the stipulated time period resulting in an adjustment to the provisional bargain purchase gain previously recognised amounting to RM2,109,800 in the financial statements of the Group.

The following summarises the consideration transferred and the revised and assumed recognised amount of assets acquired and liabilities assumed respectively at the acquisition date:

	Group
	2012
	RM
Fair value of consideration transferred	
Issuance of ordinary shares (Note 20)	45,237,120

Identified assets acquired and liabilities assumed

	Fair value Previously Stated Under FRSs RM	Fair value Restated Under MFRSs RM
Plant (Note 13)	225,569,520	242,125,000
Trade and other receivables	27,398,492	27,398,492
Cash and bank balances	674,220	674,220
Trade payables and other payables	(63,957,995)	(63,957,995)
Borrowings	(73,771,904)	(73,771,904)
Deferred tax liabilities (Note 17)	(23,075,234)	(27,475,234)
Total identified net assets	92,837,099	104,992,579

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

2011 (cont'd)

Identified assets acquired and liabilities assumed (cont'd)

The fair value of the plant, vessel is based on the valuation conducted by Bramar Falconer Pte. Ltd., a surveyor and technical consultant.

Net cash outflow arising from the acquisition of subsidiary

	Group
	2012 RM
Purchase consideration settled in cash and cash equivalents	-
Cash and cash equivalents acquired	674,220
	674,220

Bargain purchase gain on acquisition of subsidiary

	Group 2011	
	Previously Stated Under FRSs RM	Restated Under MFRSs RM
Total consideration transferred for 51% equity interest	45,237,120	45,237,120
Non-controlling interest	45,490,179	51,446,364
Fair value of identifiable net assets	90,727,299 (92,837,099)	96,683,484 (104,992,579)
	(2,109,800)	(8,309,095)

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16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unquoted shares, at cost				
At 1 January	17,416,000	17,416,000	17,416,000	17,416,000
Additions	260,000	-	260,000	-
At 31 December	17,676,000	17,416,000	17,676,000	17,416,000
Share of post-acquisition results:				
At 1 January	(54,409)	(50,662)	-	-
Additions	(67,855)	(3,747)	-	-
At 31 December	(122,264)	(54,409)	-	-
Less: Accumulated impairment losses				
At 1 January	-	-	-	-
Additions	17,238,380	-	17,376,000	-
At 31 December	17,238,380	-	17,376,000	-
	315,356	17,361,591	300,000	17,416,000

Details of the subsidiaries are as follows:

	Name of company	Country of incorporation	Principal activities	Effective equity interest		Financial year end
				2012	2011	
@	Phoenix Energy Sdn. Bhd.	Malaysia	Project management works, conducting research and development in the Mobile Offshore Production and Storage Unit Technology.	32%	32%	31 December
*	Larizz Petroleum Services Sdn. Bhd.	Malaysia	Provision of upstream oil and gas services.	40%	40%	31 December

@ Associate audited by firm of auditors other than Baker Tilly AC.

* Audited by Baker Tilly AC.

16. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates is as follows:

	Group	
	2012 RM	2011 RM
Total assets	59,024,133	54,506,407
Total liabilities	(4,295,346)	(196,539)
Revenue	10,485,667	180,000
Loss for the financial year	(231,081)	(13,370)

17. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 January	(25,187,411)	5,665,480	994,314	994,314
Recognised in profit or loss: (Note 10)				
- continuing operations	25,693,070	(3,377,657)	(994,314)	-
Acquisition of subsidiary (Note 15)	-	(27,475,234)	-	-
Exchange differences	(505,659)	-	-	-
At 31 December	-	(25,187,411)	-	994,314

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17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Presented after appropriate offsetting as follows:

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Deferred tax assets	22,678	40,008,026	5,665,480
Deferred tax liabilities	(22,678)	(65,195,437)	-
	-	(25,187,411)	5,665,480
Company			
Deferred tax assets	22,678	1,010,735	994,314
Deferred tax liabilities	(22,678)	(16,421)	-
	-	994,314	994,314

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

Unabsorbed capital allowances	22,678	36,070,627	-
Unutilised tax losses	-	3,937,399	5,665,480
	22,678	40,008,026	5,665,480

Deferred tax liabilities

Fair value adjustment in respect of subsidiary acquired	-	(4,400,000)	-
Differences between the carrying amount of plant and equipment and its tax base	(22,678)	(60,795,437)	-
	(22,678)	(65,195,437)	-

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets and liabilities are attributable to the following: (cont'd)

	2012 RM	2011 RM	As at 1.1.2011 RM
Company			
Deferred tax assets			
Unabsorbed capital allowances	22,678	16,421	-
Unutilised tax losses	-	994,314	994,314
	22,678	1,010,735	994,314
Deferred tax liabilities			
Differences between the carrying amount of plant and equipment and its tax base	(22,678)	(16,421)	-

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Unutilised tax losses	57,088,248	37,431,751	33,115,148
Unabsorbed capital allowances	98,038,715	26,540	55,880
	155,126,963	37,458,291	33,171,028
Company			
Unutilised tax losses	20,153,862	5,957,546	2,195,495
Unabsorbed capital allowances	74,952	26,540	55,880
	20,228,814	5,984,086	2,251,375

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18. TRADE AND OTHER RECEIVABLES

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
Group				
Trade				
Trade receivables		41,117,589	30,044,460	11,850,955
Less: Allowance for impairment loss		-	(3,456,726)	(4,933,995)
	(a)	41,117,589	26,587,734	6,916,960
Non-trade				
Sundry receivables		2,026,313	5,062,956	7,047,848
Amount due from associate	(b)	118,725	118,725	118,725
Less: Allowance for impairment loss		(118,725)	-	(3,318,482)
		2,026,313	5,181,681	3,848,091
Deposits		110,435	129,257	94,506
		2,136,748	5,310,938	3,942,597
		43,254,337	31,898,672	10,859,557
Company				
Non-trade				
Sundry receivables		266,704	712,800	3,747,482
Amount due from associate	(b)	118,725	118,725	118,725
Less: Allowance for impairment loss	(b)	(118,725)	-	(2,827,195)
		266,704	831,525	1,039,012
Amount due from subsidiaries	(b)	169,440,797	41,391,333	43,782,405
Less: Allowance for impairment loss		(8,470,944)	-	-
		160,969,853	41,391,333	43,782,405
Deposits		93,930	100,528	80,931
		161,330,487	42,323,386	44,902,348

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are non-interest bearing and generally on credit terms ranging from 30 to 120 (2011 and 1.1.2011: 30 to 120) days. They are recognised at their original invoices amounts which represent their fair value on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
Neither past due nor impaired	7,743,521	-	-
1 to 30 days past due not impaired	7,762,114	-	6,482,960
31 to 60 days past due not impaired	1,500,272	-	-
61 to 90 days past due not impaired	-	-	-
91 to 120 days past due not impaired	-	-	-
More than 121 days past due not impaired	24,111,682	26,587,734	434,000
Impaired	33,374,068	26,587,734	6,916,960
	-	3,456,726	4,933,995
	41,117,589	30,044,460	11,850,955

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM33,374,068 (2011: RM26,587,734 and 1.1.2011: RM6,916,960) that are past due at the reporting date but not impaired because there have been no significant changes in the credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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18. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Receivables that are impaired

The movements of the allowance accounts used to record the impairment loss are as follows:

	Group	
	2012 RM	2011 RM
At 1 January	3,456,726	4,933,995
Charge for the financial year (Note 7)	-	420,003
Reversal (Note 7)	-	(1,816,580)
Written off	(3,456,726)	-
Exchange differences	-	(80,692)
At 31 December	-	3,456,726

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Non-trade receivables

The amount due from subsidiaries and an associate are non-trade in nature, unsecured, interest free and repayable on demand by cash.

The movements of the allowance accounts used to record the impairment loss on other receivables are as follows:

	Group	
	2012 RM	2011 RM
At 1 January	-	3,318,482
Charge for the financial year (Note 7)	118,725	-
Written off	-	(3,318,482)
At 31 December	118,725	-

19. PREPAYMENTS

- (i) In the previous financial year, included in prepayments of the Group and of the Company was an amount of RM60,129,000 paid to Mr. Nagendran A/L C.Nadarajah as down payment for the acquisition of the entire equity interest in Garuda Energy (L) Inc, a company incorporated in the Federal Territory of Labuan, Malaysia as disclosed in Note 15.
- (ii) During the financial year, included in the prepayments of the Group is advance payments for the construction of a jack-up drilling rig and the related costs amounting to USD42,097,357 (equivalent to RM127,218,213). The balance of payment is disclosed as capital commitment in Note 30.

20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Number of ordinary shares of RM 0.10 each

	Group / Company					
	Number of ordinary shares of RM0.10 each		←-----Amount-----→			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2011	662,400,000	400,000	66,240,000	94,298,669	160,538,669	(230,795)
Issue of shares for redemption of RCB (Note 26)	20,800,000	-	2,080,000	11,960,000	14,040,000	-
Issue of shares for acquisition of subsidiary (Note 15)	70,683,000	-	7,068,300	38,168,820	45,237,120	-
At 31 December 2011	753,883,000	400,000	75,388,300	144,427,489	219,815,789	(230,795)
Issue of shares for acquisition of subsidiary (Note 15)	97,892,400	-	9,789,240	53,840,820	63,630,060	-
At 31 December 2012	851,775,400	400,000	85,177,540	198,268,309	283,445,849	(230,795)

	Number of ordinary shares of RM0.10 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised Share Capital				
At 1 January / 31 December	1,000,000,000	1,000,000,000	100,000,000	100,000,000

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20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 97,892,400 (2011: 91,483,000) ordinary shares at issue price of RM0.65 (2011: RM0.675 and RM0.64) per ordinary share for acquisition of subsidiary (2011: redemption of RCB and acquisition of subsidiary). The share premium of RM0.55 (2011: RM0.575 and RM0.54) arising therefrom have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

There was no repurchase of issued share capital since the last financial year end.

21. OTHER RESERVES

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Share options reserve	4,001,140	-	-
Foreign currency translation reserve	4,265,469	(12,391,914)	(20,071,153)
	8,266,609	(12,391,914)	(20,071,153)
Company			
Share options reserve	4,001,140	-	-

21. OTHER RESERVES (CONT'D)

(a) Share options reserve

Share options reserve represents the equity-settled share options granted to employees (Note 28). This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(b) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the entities within the Group with functional currencies other than RM (foreign operations) as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

22. TRADE AND OTHER PAYABLES

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
Group				
Trade				
Trade payables - third parties	(a)	2,509,679	3,129,040	6,916,961
Non-trade				
Sundry payables	(b)	66,056,714	109,198,567	748,680
Accruals		4,552,816	2,660,989	396,071
		70,609,530	111,859,556	1,144,751
		73,119,209	114,988,596	8,061,712
Company				
Non-trade				
Amounts due to subsidiaries	(c)	317,370,855	103,292,147	44,544,801
Sundry payables	(b)	25,005,085	47,853,178	739,905
Accruals		4,138,268	1,237,192	370,883
		346,514,208	152,382,517	45,655,589
		346,514,208	152,382,517	45,655,589

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22. TRADE AND OTHER PAYABLES (CONT'D)

- (a) Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (2011 and 1.1.2011: 30 to 90 days).
- (b) Included in sundry payables of the Group and of the Company is an amount of USD7,500,000 or equivalent to RM24,405,815 (2011: USD 15,000,000 or equivalent to RM47,280,000; 1.1.2011: RMnil) payable to Mercury Pacific Marine Pte. Ltd. ("Vendor") pursuant to the acquisition of SJR Marine (L) Ltd. ("SJR") from Vendor based on the shares sale agreement which was entered on 30 January 2008, being additional consideration payable by the Company for SJR achievement of profit after tax of USD11,000,000 (equivalent to RM34,474,000) while the Group did not achieve consolidated profit after tax (excluding SJR profit after tax) of at least RM20,000,000 per annum for the three respective financial years ended 31 December 2009, 2010 and 2011.

Included in sundry payables of the Group are:

- (i) an amount of RM39,831,133 (2011: RM39,323,314) due to affiliated companies being preferential dividend payable to shareholders of previously redeemed Conditional Convertible Cumulative Redeemable Preference Shares ("CCCRPS"). The associate investor of a subsidiary is Emas Offshore (M) Sdn. Bhd. ("Emas") and the ultimate holding company of Emas is Ezra Holdings Limited ("Ezra"), a company incorporated in Singapore. Affiliated companies are companies within Ezra.
- (ii) an amount of RM13,318,459 (2011: 13,458,566; 1.1.2011: RMnil) due to an affiliated company in respect of acquisition of plant and equipment.
- (iii) an amount of RM968,364 (2011: RM nil; 1.1.2011: RMnil) due to a former director of a subsidiary.

The above amounts due to affiliated companies and former director are unsecured, interest free and repayable on demand by cash.

- (c) The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand by cash.

The foreign currency exposure profile of trade and other payables are as follows:

Functional currency of Group of companies	2012	2011	As at
	RM	United States Dollar RM	1.1.2011 RM
Trade			
Ringgit Malaysia	2,074	2,032	2,088
Non-trade			
Ringgit Malaysia	18,679	24,820	4,830

23. LOANS AND BORROWINGS

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Current			
Secured bank overdrafts (Note 27)	11,051,662	3,634,691	395,041
Secured term loans (Note 25)	66,762,024	122,015,070	38,052,249
Redeemable Convertible Bond (Note 26)	-	-	15,221,601
	77,813,686	125,649,761	53,668,891
Non-current			
Secured term loans (Note 25)	264,533,792	138,539,911	137,676,169
Total loans and borrowings	342,347,478	264,189,672	191,345,060
Company			
Current			
Secured bank overdrafts (Note 27)	11,051,662	3,634,691	395,041
Secured term loans (Note 25)	-	-	1,315,000
Redeemable Convertible Bond (Note 26)	-	-	15,221,601
	11,051,662	3,634,691	16,931,642
Total loans and borrowings	11,051,662	3,634,691	16,931,642

The secured bank overdrafts of the Group and of the Company bear interest rate at 8.1% (2011: 8.1%; 1.1.2011: 7.8%) per annum and are secured against the plant and equipment as disclosed in Note 13.

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24. HIRE PURCHASE PAYABLES

	Group/Company		
	2012 RM	2011 RM	As at 1.1.2011 RM
Total instalment payable	290,800	396,555	502,311
Less: Future finance charges	(24,142)	(44,538)	(71,133)
Present value of hire purchase payables	266,658	352,017	431,178
Current liabilities			
Payable within 1 year			
Total instalment payable	105,756	105,756	105,756
Less: Future finance charges	(14,201)	(20,398)	(26,594)
	91,555	85,358	79,162
Non-current liabilities			
Payable after 1 year but not later than 5 years			
Total instalment payable	185,044	290,801	396,554
Less: Future finance charges	(9,941)	(24,142)	(44,538)
	175,103	266,659	352,016
Present value of hire purchase payables	266,658	352,017	431,178

The hire purchase bears an effective interest rate at 6.54% (2011: 6.54%; 1.1.2011: 6.54%) per annum.

25. TERM LOANS

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
Current liabilities: (Note 23)			
Secured short-term loans	66,762,024	122,015,070	38,052,249
Non-current liabilities: (Note 23)			
Secured term loans			
More than 1 year but less than 2 years	88,012,728	45,649,064	36,727,577
More than 2 years but less than 5 years	176,521,064	92,890,847	73,425,149
More than 5 years	-	-	27,523,443
	264,533,792	138,539,911	137,676,169
Total term loans	331,295,816	260,554,981	175,728,418

	Company		
	2012 RM	2011 RM	As at 1.1.2011 RM
Current liabilities: (Note 23)			
Secured term loans	-	-	1,315,000

The term loans of the Group and of the Company, which are denominated in United States Dollar, bear interest at rates ranging from 2.98% to 3.21% (2011: 2.38% to 3.50%, 1.1.2011: 1.63% to 3.49%) per annum and are secured and supported as follows:-

- (a) a legal charge over respective subsidiaries' marine vessels;
- (b) assignment of contract proceeds from the Charter Contract of the respective subsidiaries;
- (c) specific and limited debenture over the marine vessels of the respective subsidiaries;
- (d) assignment of Insurance Policies; and
- (e) corporate guarantees by the Company.

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26. REDEEMABLE CONVERTIBLE SECURED BONDS

The amount recognised in the financial position of the Group and of the Company is analysed as follows:

	Group/Company	
	2012 RM	2011 RM
Liability component at the beginning of the financial year (Note 23)	-	15,221,601
Redeemed during the financial year by way of cash	-	(3,110,783)
Redeemed during the financial year by way of issue of shares (Note 20)	-	(14,040,000)
Discount amortised in profit or loss	-	430,496
Realised loss on foreign exchange	-	1,498,686
	-	-

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash on hand and at bank	24,788,725	40,730,917	3,139,467	15,032,892
Cash pledged	151,100	149,174	-	-
Assets of disposal group held for sale (Note 11)	16,545,844	-	-	-
Bank overdrafts (Note 23)	(11,051,662)	(3,634,691)	(11,051,662)	(3,634,691)
	30,434,007	37,245,400	(7,912,195)	11,398,201

A total of USD50,000 (equivalent to RM151,100) (2011: RM149,174) was pledged to a financial institution for banking facilities granted to the Group as disclosed in Note 23.

The foreign currency exposure profile of cash and bank balances is as follows:

Functional currency of Group of companies	2012	2011	As at
	RM	United States Dollar RM	1.1.2011 RM
Ringgit Malaysia	4,348	26,296	-

28. EMPLOYEE BENEFITS

Employees' share option scheme ("ESOS")

Eligible directors and employees of the Group participate in an equity-settled, share-based compensation unissued plan, i.e. ESOS operated by the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

The Company's ESOS is governed by the by-laws approved by its shareholders at an Extraordinary General Meeting held on 27 June 2012. The Company had on 4 July 2012, granted 25,818,000 new shares to the eligible directors and employees of the Group. The existing ESOS was implemented on 1 July 2012 to be in force for a period of 10 years which will expiring on 1 July 2022.

The salient features of the ESOS are as follows:

- (a) The total number of options to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point in time;
- (b) Any natural person who is employed full-time by and on the payroll of the Company and its subsidiaries and non-executive directors who fulfils the conditions of eligibility stipulated in the by-laws shall be eligible to participate in the ESOS. Employees include the executive directors of the Group;
- (c) The subscription price for each new share shall be based on the weighted average of the market price of the Company shares for the five (5) market days immediately preceding the date on which the option is granted less a discount of up to 10% or the par value of the Company share, whichever is the higher;
- (d) The ESOS shall be in force for a duration of ten (10) years from its commencement;
- (e) The ESOS Committee may impose any condition or conditions on any option which they grant preventing its exercise unless such condition has been complied with. If after the ESOS Committee has imposed an Exercise Condition, an event occur which cause the ESOS Committee to consider that it is no longer appropriate, they may at their discretion, vary the Exercise Conditions;

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the option period. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry date of option period shall be automatically terminated; and

- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new shares.

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28. EMPLOYEE BENEFITS (CONT'D)

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2012	
	No.	WAEP (RM)
At 1 January	-	-
Granted during the financial year	25,818,000	-
Outstanding at 31 December	25,818,000	0.785
Exercisable at 31 December	699,000	0.785

The fair value of options granted during the financial year is RM0.44 per share option.

No option was exercised by the employees during the financial year.

The exercise price for options outstanding at the end of the financial year is RM0.785. The weighted average remaining contractual life for these options is 9.5 years.

Fair value of share options granted

The fair value of the share options granted during the financial year is estimated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the option pricing models for the financial year ended 31 December 2012:

	Black-Scholes 2012
Expected volatility (%)	30%
Risk free interest rate (%)	3.47%
Expected life of option	10 years
Weighted average share price (RM)	0.87
Expected dividend yield (%)	nil
Weighted average exercise price (RM)	0.785

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

29. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has two reportable operating segments as follows:-

- (i) Marine vessels - Provision of vessels, barges and equipment on vessels charter services.
- (ii) Mobile Offshore Production Units - Provision of offshore assets which are primarily for oil and gas offshore production.

Other non-reportable segment comprises investment holding and management services.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

Transfer prices between operating segments are carried out on negotiated terms.

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29. SEGMENT INFORMATION (CONT'D)

Segment revenue and results

	Marine Vessels		Mobile Offshore Production Unit		Others		Discontinued operation		Elimination		As per consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue												
External revenue	40,851,190	13,506,235	78,958,893	-	15,170,000	15,730,000	69,473,880	68,908,440	(15,170,000)	(15,730,000)	189,283,963	82,414,675
Inter-segment revenue	6,799,008	6,781,225	-	-	2,181,039	2,173,106	-	-	(8,980,047)	(8,954,331)	-	-
Total segment revenue	47,650,198	20,287,460	78,958,893	-	17,351,039	17,903,106	69,473,880	68,908,440	(24,150,047)	(24,684,331)	189,283,963	82,414,675
Results												
Operating results	15,678,609	(6,308,174)	58,639,379	-	(11,899,178)	2,984,685	44,451,873	43,680,634	-	-	106,870,683	40,357,145
Interest expense	(1,856,912)	(406,699)	(5,630,462)	-	(1,607,511)	(690,703)	(4,481,730)	(4,020,931)	-	-	(13,576,615)	(5,118,333)
Interest income	11,520	-	-	-	3,987	-	10,792	32,795	-	-	26,299	32,795
Share of results of associates	-	-	-	-	(67,855)	(3,741)	-	-	-	-	(67,855)	(3,741)
Segment results	13,833,217	(6,714,873)	53,008,917	-	(13,570,557)	2,290,241	39,980,935	39,692,498	-	-	93,252,512	35,267,866

29. SEGMENT INFORMATION (CONT'D)

Segment revenue and results (cont'd)

	Marine Vessels		Mobile Offshore Production Unit				Others		Discontinued operation		Elimination		As per consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Other segment information														
Bargain purchase gain on acquisition of subsidiaries	-	(8,309,095)	(18,423,970)	-	-	-	-	-	-	-	-	(18,423,970)	(8,309,095)	
Depreciation of plant and equipment	30,861,200	3,803,096	9,543,584	-	158,354	144,338	14,973,799	14,850,942	-	-	-	55,536,937	18,798,376	
Gain on disposal of plant and equipment	-	-	-	-	(91)	-	-	-	-	-	-	(91)	-	
Impairment loss on:														
- investment in associates	17,238,380	-	-	-	-	-	-	-	-	-	-	17,238,380	-	
- assets classified as held for sale	-	18,738,260	-	-	-	-	-	-	-	-	-	-	18,738,260	
- trade and other receivables	-	-	-	-	-	60,019	-	359,984	-	-	-	-	420,003	
Impairment loss on:														
- plant and equipment	7,887,052	-	-	-	-	-	-	-	-	-	-	7,887,052	-	
- amounts due from associates	-	-	-	-	118,725	-	-	-	-	-	-	118,725	-	
Plant and equipment written off	-	-	-	-	-	6,760	-	-	-	-	-	-	6,760	
RCB discount amortised	-	-	-	-	-	430,496	-	-	-	-	-	-	430,496	
Reversal of impairment loss on trade receivables	-	-	-	-	-	(3,380)	-	(1,813,200)	-	-	-	-	(1,816,580)	
Share options granted under ESOS	-	-	-	-	4,001,140	-	-	-	-	-	-	4,001,140	-	
Waiver of debts	-	-	-	-	-	-	(2,235,462)	-	-	-	-	(2,235,462)	-	

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29. SEGMENT INFORMATION (CONT'D)

Major customers

Revenue from major customers with revenue equal or more than 10% of the Group revenue are as follows:

	2012		2011	
	Marine vessels segment RM	Mobile Offshore Production Unit segment RM	Marine vessels segment RM	Mobile Offshore Production Unit segment RM
Major customers				
- Customer A	26,375,393	-	8,720,242	-
- Customer B	14,475,797	-	-	-
- Customer C	-	78,958,893	-	-
- Customer D	69,473,880	-	68,908,440	-

30. CAPITAL COMMITMENTS

	Group	
	2012 RM	2011 RM
Approved but not contracted for:		
- Balance payable for the acquisition of 100% equity interest in Garuda Energy (L) Inc.	-	95,620,940
Approved and contracted for:		
- Plant	502,860,800	-
	502,860,800	95,620,940

31. CONTINGENCIES - UNSECURED

- (a) The Company is contingently liable for corporate guarantee of RM479,479,970 (2011: RM235,050,000; 1.1.2011: RM183,480,000) granted to financial institutions to secure credit facilities granted to three subsidiaries.
- (b) SJR Marine (L) Ltd. ("SJR Marine"), a wholly-owned subsidiary of the Company, filed a pleading with the Labuan Maritime Arbitration Association ("LMAA") against Superior Energy Services LLC ("the Respondent") in respect of construction works claimed to be sub-standard for an amount of USD18,761,307 and the Respondent has also filed a counterclaim against SJR Marine for an amount of USD6,993,456 in respect of non-compliance with the terms of the engagement with LMAA. SJR Marine has submitted its questionnaire to the Arbitral Tribunal and no hearing date has been fixed. Therefore, it is not practicable to determine the outcome of the arbitration. SJR Marine has been advised by its legal counsel that it is not certain on the quantum of potential loss of or gain. Accordingly, no provision for any liability has been made in these financial statements.

32. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, key management personnel, companies related to directors and affiliated companies. Companies related to directors refer to companies in which a director of the Company has substantial financial interests.

(b) Related party transactions and balances

In addition to the transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2012 RM	2011 RM
Affiliated companies		
Vessels charter income from:		
- Emas Offshore Pte. Ltd. *	14,475,797	4,785,993
- Emas Offshore (M) Sdn. Bhd. *	26,375,393	8,720,242
Rental of office income from:		
- Bayu Emas Maritime Sdn. Bhd. *	276,000	276,000
Vessel maintenance expenses to:		
- Emas Offshore Services Pte. Ltd. *	643,807	740,159
- Emas Offshore Services (M) Sdn. Bhd. *	-	1,654

32. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the Company.

The remuneration of the key management personnel (including directors) is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Key management personnel:				
Short-term employee benefits	4,580,797	2,149,237	4,561,941	2,149,237
Post-employment benefits	326,259	164,628	323,807	164,628
Share options granted under ESOS	2,742,667	-	2,742,667	-
	7,649,723	2,313,865	7,628,415	2,313,865

Directors' interest in employees' share option scheme

- (i) 7,800,000 share options were granted to two of the Company's executive directors under the existing ESOS plan at an exercise price of RM0.785 each; and
- (ii) 3,000,000 share options were granted to three of the Company's non-executive directors under the existing ESOS plan at an exercise price of RM0.785 each.

No options were exercised by these directors during the financial year.

At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors under the ESOS plan amounts to 10,800,000.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 10 January 2012, the Company has increased its issued and paid up share capital from RM75,388,300 to RM85,177,540 by way of issuance of 97,892,400 ordinary shares of RM0.10 each at an issue price of RM0.65 for the settlement of remaining USD20,000,000 (equivalent to approximately RM63,630,060) payable to Mr. Nagendran Nadarajah by way of shares resulted from the acquisition of Garuda Energy (L) Inc. which was completed on 1 January 2012.
- (b) On 4 April 2012, Zainol Izzet bin Mohamed Ishak, managing director of the Company has exercised an option granted to him by HCM to acquire from HCM 66,000,000 ordinary shares of RM0.10 each. The exercise of the options was completed on 26 July 2012 upon the shares transferred to him.

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33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (c) On 27 April 2012, Perisai (L) Inc., a wholly-owned subsidiary of the Company entered into a rig construction contract with PPL Shipyard Pte Ltd ("PPL") to construct a plant known as Pacific Class 400 jack-up drilling rig at a contract price of USD208,000,000 (equivalent to approximately RM628,576,000). The subsidiary has paid 20% of the contract price amounting to USD41,600,000 (equivalent to approximately RM125,715,200). The balance of the contract price is to be paid upon delivery of the rig in year 2014.
- (d) At an Extraordinary General Meeting held on 27 June 2012, shareholders of the Company approved the Employees' Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees.
- (e) On 30 November 2012, the Company has entered into a conditional share sale agreement ("SSA") with EOC Limited ("EOC") for the following proposals:
 - (i) acquisition of 89,250,000 ordinary shares of USD1 each representing 51% equity interest in Emas Victoria (L) Bhd. ("Emas Victoria") for a purchase consideration of USD89,250,000 (equivalent to approximately RM271,810,875);
 - (ii) acquisition of 51 ordinary shares of RM1 each representing 51% equity interest in Victoria Production Services Sdn. Bhd. ("Victoria Production") for a purchase consideration of RM51; and
 - (iii) disposal of 2,000,000 ordinary shares of USD1 each representing 50% equity interest in SJR Marine (L) Ltd. ("SJR Marine") for a total consideration of USD37,000,000 (equivalent to approximately RM112,683,500).

To be satisfied in the following manner:

- (i) RM51 in cash;
- (ii) USD52,250,000 (equivalent to approximately RM159,127,375) to be settled via the issuance of 144,661,250 new ordinary shares of RM0.10 each in the Company at an issue price of RM1.10 per share; and
- (iii) the balance of USD37,000,000 (equivalent to approximately RM112,683,500) to be set off against the disposal consideration of SJR Marine.

On 5 December 2012, the Company entered into a supplementary agreement to the SSA ("SA"). Pursuant to the SA, the Company has granted a call option to EOC to acquire the remaining 50% equity interest in SJR Marine at the same price as the disposal consideration, USD37,000,000 (equivalent to approximately RM112,683,500) for cash within the next 2 years from the date of completion of the Proposed Disposal ("Call Option"). In the event the Call Option is not exercised, SJR Marine will source for third party buyer for the Enterprise 3, a derrick lay barge on terms to be mutually agreed upon within 12 months upon the expiry of the Call Option granted to EOC. If SJR Marine is unable to dispose of Enterprise 3 within the said 12 months period, the Company has a put option to require EOC to purchase the remaining 50% equity interest in SJR Marine at the same price as the Call Option for cash.

Emas Victoria and Victoria Production will both be 51%-owned jointly controlled entities of the Company as all the terms of the shareholders' agreement are expected to be on equal basis apart from the equity shareholding and SJR Marine will be a 50%-owned jointly controlled entity of the Company upon completion of the proposals.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (e) The completion of the proposals is pending approvals being obtained from the following:-
 - (i) the shareholders of the Company at an extraordinary general meeting to be convened;
 - (ii) Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities;
 - (iii) Labuan Offshore Financial Services Authority, if required; and
 - (iv) any other relevant authorities/parties, if required.

34. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

- (a) On 30 January 2013, the Company completed the listing and quotation of a private placement of up to 10% of the issued and paid up share capital amounted to 85,137,500 new ordinary shares of RM0.10 each issued at RM1.03 per ordinary share.
- (b) Simultaneous to the rig construction contract as disclosed in Note 33(c), Perisai (L) Inc ("Perisai (L)") has been granted an option by PPL to construct additional similar specification rig. On 28 February 2013, Perisai (L) has exercised the option and entered into a rig construction contract with PPL to construct the said plant at a contract price of USD208,000,000 (equivalent to approximately RM628,576,000). The contract price is payable with an initial 20% upfront payment whereby 10% of the contract price amounting to USD20,800,000 (equivalent to approximately RM63,000,000) was paid in February 2013. The balance of the contract price is to be paid upon delivery of the rig in year 2015.
- (c) On 28 March 2013, the Company entered into a second supplementary agreement with EOC to vary certain terms and conditions of the SSA as disclosed in Note 33(e) in relation to the proposals:-
 - (i) The Company shall dispose of 1,960,000 ordinary shares of USD1 each representing 49% equity interest in SJR Marine at the same disposal consideration of USD37,000,000 (equivalent to approximately RM114,663,000) ("Revised Proposed Disposal").
 - (ii) Pursuant to the Revised Proposed Disposal, if 49% of the Completion Net Assets Value ("NAV") is higher than the disposal consideration of SJR Marine of USD37,000,000, EOC shall pay the difference between 49% of the Completion NAV and the disposal consideration of SJR Marine of USD37,000,000 by cash to the Company. If 49% of the Completion NAV is lower than the disposal consideration of SJR Marine of USD37,000,000, the Company shall pay EOC the difference between 49% of the Completion NAV and the disposal consideration of SJR Marine of USD37,000,000 by cash.
 - (iii) In relation to the Call Option Price, the Company shall sell the Call Option Shares at the price equivalent to 51% of the Completion NAV.
 - (iv) As the Approval Period will be expiring on 29 March 2013 and certain conditions precedent have yet to be fulfilled, the Approval Period will be extended for a further period of three (3) months, commencing from 30 March 2013 to 30 June 2013.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Head of Finance Division and heads of departments within Finance Division. The Audit Committee provides independent oversight to the effectiveness of risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from its receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

Receivables

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group has a significant concentration risk with four singles customers, on the entire of its trade receivables, contracted customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 18(a).

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM479,479,970 (2011: RM235,050,000; 1.1.2011: RM183,480,000) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency is disclosed in the respective notes to the financial statements. The changes in the foreign currencies are not expected to have significant impact on the Group's financial performance.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM
Group 2012				
Financial liabilities:				
Trade and other payables	73,119,209	73,119,209	73,119,209	-
Loans and borrowings	342,347,478	366,020,285	86,888,444	279,131,841
Hire purchase payables	266,658	290,800	105,756	185,044
Liabilities of disposal group classified as held for sale	148,840,278	148,840,278	148,840,278	-
	564,573,623	588,270,572	308,953,687	279,316,885

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM
Group 2011				
Financial liabilities:				
Trade and other payables	114,988,596	114,988,596	114,988,596	-
Loans and borrowings	264,189,672	278,461,565	131,809,786	146,651,779
Hire purchase payables	352,017	396,555	105,756	290,799
	379,530,285	393,846,716	246,904,138	146,942,578
As at 1.1.2011				
Financial liabilities:				
Trade and other payables	8,061,712	8,061,712	8,061,712	-
Loans and borrowings	191,345,060	201,270,995	57,370,462	143,900,533
Hire purchase payables	431,178	502,311	105,756	396,555
	199,837,950	209,835,018	65,537,930	144,297,088
Company 2012				
Financial liabilities:				
Trade and other payables	346,514,208	346,514,208	346,514,208	-
Loans and borrowings	11,051,662	11,051,662	11,051,662	-
Hire purchase payables	266,658	290,800	105,756	185,044
	357,832,528	357,856,670	357,671,626	185,044

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM
Company				
2011				
Financial liabilities:				
Trade and other payables	152,382,517	152,382,517	152,382,517	-
Loans and borrowings	3,634,691	3,634,691	3,634,691	-
Hire purchase payables	352,017	396,555	105,756	290,799
	156,369,225	156,413,763	156,122,964	290,799
As at 1.1.2011				
Financial liabilities:				
Trade and other payables	45,655,589	45,655,589	45,655,589	-
Loans and borrowings	16,931,642	16,931,642	16,931,642	-
Hire purchase payables	431,178	502,311	105,756	396,555
	63,018,409	63,089,542	62,692,987	396,555

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk mainly relates to financial liabilities. The Group's interest bearing financial liabilities comprise hire purchase payables and loans and borrowings.

The loans and borrowings of the Group and of the Company totalling RM490,531,632 (2011: RM264,189,672; 1.1.2011: RM191,345,060) and RM11,051,662 (2011: RM3,634,691; 1.1.2011: RM16,931,642) respectively at floating rate expose the Group and the Company to cash flow interest rate risk whilst hire purchase payables of RM266,658 (2011: RM352,017; 1.1.2011: RM431,178) at fixed rate expose the Group to fair value interest rate risk.

The Group actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

As at the reporting date, a change of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity of the Group and consolidated profit for the financial year by approximately RM1,226,300 (2011: RM660,500; 1.1.2011: RM478,400), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and cash balances, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

(b) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase payables is estimated using discounted cash flows analysis, based on current lending rate for similar types of borrowings.

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values.

37. CAPITAL MANAGEMENT

The primary objective of the Group's and Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2012 and 31 December 2011.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group's and the Company's policy is to maintain the gearing ratio not exceeding 250%. The Group and the Company include within the net debts, hire purchase payables, loans and borrowings less cash and bank balances. Capital includes equity attributable to owners of the Company add or less foreign currency translation reserve and the fair value adjustment reserve, if any. The gearing ratios at 31 December 2012 and 31 December 2011 were as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Loan and borrowings	342,614,136	264,541,689	11,318,320	3,986,708
Less: Cash and bank balances	(24,939,825)	(40,880,091)	(3,139,467)	(15,032,892)
Net debts/(cash)	317,674,311	223,661,598	8,178,853	(11,046,184)
Equity attributable to owners of the Company (Less)/Add: Foreign currency translation reserve	482,423,734 (4,265,469)	329,205,345 12,391,914	257,544,050 -	217,092,153 -
Total capital	478,158,265	341,597,259	257,544,050	217,092,153
Capital and net debts	795,832,576	565,258,857	265,722,903	206,045,969
Gearing ratio	40%	40%	3%	n/m

n/m – not meaningful

Certain subsidiaries are required to comply with certain loan-to-value ratio, which is the outstanding term loans amount divided by the fair value of the plant, for the entire duration of the facility in respect of the term loans facilities. The subsidiaries have complied with the capital requirement at the end of the current financial year.

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38. ADJUSTMENT TO PURCHASE PRICE ALLOCATION

On 18 August 2011, the Company completed the acquisition of 51% equity interest in Intan Offshore Sdn. Bhd. and its subsidiaries. In the previous financial year, the management used its best estimates and assumptions as part of the purchase price allocation ("PPA") process to value the assets acquired and liabilities assumed at the acquisition date. The purchase price allocation for acquisitions may be provisional within the measurement period of up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available. The fair value of the assets acquired and liabilities assumed had been accounted for at their carrying amounts at the acquisition date. During the financial year, the management engaged an expert to perform and finalise the PPA exercise for the acquisition.

The effects of the adjustment arising from the completion of the PPA exercise are as follows:

	As Previously As Reported under FRSs RM	Adjustment to PPA RM	Discontinued operation (Note 11) RM	Inter- company Adjustment RM	As Restated under MFRSs RM
Consolidated statement of financial position					
2011					
- Plant and equipment	500,804,624	18,846,672	-	-	519,651,296
- Retained earnings	114,686,109	7,326,156	-	-	122,012,265
- Other reserves	(12,433,561)	41,647	-	-	(12,391,914)
- Non-controlling interests	51,010,621	7,078,869	-	-	58,089,490
- Deferred tax liabilities	20,787,411	4,400,000	-	-	25,187,411
Consolidated statement of comprehensive income					
2011					
- Direct operating costs	23,434,785	(2,209,531)	(23,471,182)	6,649,060	4,403,132
- Other income (including interest income)	5,741,580	6,199,295	(1,846,175)	-	10,094,700

39. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company at 31 December 2012 and 31 December 2011 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings/(accumulated losses) of the Group and of the Company as at 31 December 2012 and 31 December 2011 is analysed as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- Realised	341,183,130	221,508,736	(38,018,671)	(3,824,783)
- Unrealised	567,103	(20,169,765)	8,346,527	1,331,942
	341,750,233	201,338,971	(29,672,144)	(2,492,841)
Total share of accumulated losses from associates:				
- Realised	(122,264)	(54,409)	-	-
Less: Consolidated adjustments	(127,441,415)	(79,272,297)	-	-
Total retained earnings/(accumulated losses)	214,186,554	122,012,265	(29,672,144)	(2,492,841)

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

Analysis of Shareholdings

AS AT 30 APRIL 2013



Authorised Share Capital	:	RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up Share Capital	:	RM93,691,290 comprising 936,912,900 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS as at 30 April 2013

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	213	8,977	0.00
100 – 1,000 shares	416	316,380	0.03
1,001 – 10,000 shares	3,542	19,652,169	2.10
10,001 – 100,000 shares	1,635	54,585,168	5.83
100,001 – below 5% of issued shares	402	665,967,206	71.08
5% and above of issued shares	3	196,383,000	20.96
	6,211	936,912,900	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS as at 30 April 2013

No.	Name	Direct Interest		Deemed Interest	
		Shares	%*	Shares	%*
1.	Ezra Holdings Limited	-	-	136,683,000 ⁽¹⁾	14.60
2.	HCM Logistics Limited	66,000,000	7.05	-	-
3.	Emas Offshore (M) Sdn Bhd	70,683,000	7.55	-	-
4.	Mercury Pacific Marine Pte. Ltd.	79,466,250	8.49	9,000,000 ⁽²⁾	0.96
5.	Zainol Izzet Bin Mohamed Ishak	66,000,000	7.05	-	-
6.	Employees Provident Fund Board	61,467,100	6.56	-	-
7.	Lynear Plus Limited	59,700,000	6.37	-	-

* Excluding a total of 400,000 shares bought back by the Company and retained as treasury shares.

⁽¹⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 through its interest in Emas Offshore (M) Sdn Bhd and HCM Logistics Limited.

⁽²⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 through its 100% interest in Perintis Muhibah Sdn Bhd.

DIRECTORS' SHAREHOLDINGS as at 30 April 2013

No.	Name	Direct Interest		Deemed Interest	
		Shares	%*	Shares	%*
1.	Dato' Yogesvaran A/L T. Arianayagam	3,856,207	0.41	-	-
2.	Zainol Izzet Bin Mohamed Ishak	66,000,000	7.05	-	-

* Excluding a total of 400,000 shares bought back by the Company and retained as treasury shares.

Thirty (30) Largest Shareholders

AS AT 30 APRIL 2013



No.	Names	No. of Shares held	%*
1	UOBM Nominees (Tempatan) Sdn Bhd Emas Offshore (M) Sdn Bhd	70,683,000	7.55
2	UOBM Nominees (Asing) Sdn Bhd HCM Logistics Limited	66,000,000	7.05
3	Lynear Plus Limited	59,700,000	6.37
4	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Zainol Izzet Bin Mohamed Ishak	46,000,000	4.91
5	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account For Mercury Pacific Marine Pte Ltd	31,000,000	3.31
6	AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)	28,081,400	3.00
7	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	27,573,000	2.94
8	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Norges BK)	27,252,100	2.91
9	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For American International Assurance Berhad	23,449,000	2.50
10	Mercury Pacific Marine Pte Ltd	22,866,250	2.44
11	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Zainol Izzet Bin Mohamed Ishak	20,000,000	2.14
12	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank NA, Singapore (Julius Baer)	19,150,000	2.04
13	HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Legg Mason Western Asset Southeast Asia Special Situations Trust	16,141,800	1.72
14	Kenanga Capital Sdn Bhd Pledged Securities Account For Mercury Pacific Marine Pte. Ltd.	14,000,000	1.49
15	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	13,756,600	1.47
16	Citigroup Nominees (Tempatan) Sdn Bhd Allianz Life Insurance Malaysia Berhad (P)	12,339,900	1.32

Thirty (30) Largest Shareholders

AS AT 30 APRIL 2013



cont'd

No.	Names	No. of Shares held	%*
17	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Am Inv)	11,100,000	1.19
18	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (Inv-Il Par)	10,904,000	1.16
19	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An For Eastspring Investments Berhad	10,440,700	1.11
20	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	9,300,000	0.99
21	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Perintis Muhibah Sdn Bhd	9,000,000	0.96
22	HSBC Nominees (Asing) Sdn Bhd Fullerton Lux Funds	8,880,000	0.95
23	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	7,788,000	0.83
24	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	7,682,000	0.82
25	ECML Nominees (Asing) Sdn. Bhd. Mercury Pacific Marine Pte Ltd	7,100,000	0.76
26	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	7,085,000	0.76
27	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	7,000,000	0.75
28	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	6,500,000	0.69
29	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	6,494,000	0.69
30	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	6,462,400	0.69
	TOTAL	613,729,150	65.51

* Excluding a total of 400,000 shares bought back by the Company and retained as treasury shares.

form of proxy

(Before completing this form, please refer to the notes below)

Number of Ordinary Shares Held

I/We _____ I.C. No./Co. No./CDS No. _____
 (Full name in block letters)

of _____
 (Full Address)

being a member/members of PERISAI PETROLEUM TEKNOLOGI BHD hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1. _____	_____
2. _____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at **Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 25 June 2013 at 10.00 a.m.** and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS	FIRST PROXY		SECOND PROXY	
	For	Against	For	Against
Ordinary Resolution 1				
Ordinary Resolution 2				
Ordinary Resolution 3				
Ordinary Resolution 4				
Ordinary Resolution 5				
Ordinary Resolution 6				
Ordinary Resolution 7				
Special Resolution				

(Please indicate with a "✓" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this _____ day of _____ 2013

 Signature/Common Seal

Notes on Appointment of Proxy

- For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 19 June 2013. Only a depositor whose name appears on the Record of Depositors as at 19 June 2013 shall be entitled to attend the said Meeting or appoint proxies to attend, speak and vote on his/her stead.
- A member of the Company entitled to attend, speak and vote at the Meeting of the Company is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf.
- A proxy or attorney or corporate representative need not be a member of the Company and if not a member he/she need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar.
- A member shall be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting.
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
- Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument of proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time of meeting or any adjournment thereof.

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Secretary

PERISAI PETROLEUM TEKNOLOGI BHD (632811 X)

Level 15-2, Bangunan Faber Imperial Court,

Jalan Sultan Ismail,

50250 Kuala Lumpur.

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