Perisai Petroleum Teknologi Bhd
(632811-X)

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Block 3A, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur, Malaysia
Email: admin@perisai.biz

www.perisai.biz

PERISAI PETROLEUM TEKNOLOGI BHD (632811-X)

ANNUAL REPORT 2013

PERISAI

Fueling Growth

STRENGTHENING FOUNDATIONS

annual report 2013

11th Annual General Meeting

Mahkota Ballroom II, Hotel Istana
Kuala Lumpur City Centre
73 Jalan Raja Chulan
50200 Kuala Lumpur

Thursday, 19 June 2014 at 10.00 a.m

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NOTICE OF ELEVENTH ANNUAL GENERAL MEETING ("11TH AGM)

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("11th AGM") of PERISAI PETROLEUM TEKNOLOGI BHD. ("Perisai" or the "Company") will be held at Mahkota Ballroom II, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 19 June 2014 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 2013 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 2013. **(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' Yogesvaran A/L T. Arianayagam (Article 93) **(Ordinary Resolution 2)**
   (b) Chan Feoi Chun (Article 93) **(Ordinary Resolution 3)**

4. To re-elect 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 4)**

5. To re-appoint Messrs Baker Tilly AC as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

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 6)**

   "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%) percent of the issued share capital of the Company there at **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 RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(Ordinary Resolution 7)**

"**THAT**, pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Directors of the Company and its subsidiaries (the "Group") to enter into and give effect to the specified recurrent related party transactions of a revenue or trading nature with the specified classes of related parties as set out in Section 2.3 of the Circular to Shareholders dated 28 May 2014, provided that:-

(i) such arrangements and/or transactions are necessary for the Group's day-to-day operations;

(ii) such arrangements and/or transactions are undertaken in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public;

(iii) such arrangements and/or transactions are not detrimental to the non-interested shareholders of the Company; and

(iv) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:-

(a) the related transacting parties and their respective relationship with the Company; and

(b) the nature of the recurrent transactions.

AND THAT such authority shall continue to be in force until:-

(i) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which such mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting of the Company,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

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
28 May 2014

Note A:

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

Note B: Explanatory notes on Special Business:-

1. Ordinary Resolution 6 (Agenda 6)

The proposed Ordinary Resolution no. 6 is to seek renewal of the mandate from shareholders. If the resolution is duly passed, it 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/diversification 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 share 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, 108,419,998 new ordinary shares of RM0.10 each in the Company were issued at an issue price of RM1.53 per ordinary share on 8 April 2014 by way of private placement. These shares were listed on the Bursa Malaysia Securities Berhad on 10 April 2014 pursuant to the mandate granted to the Directors at the 10th AGM. This mandate will lapse at the conclusion of the 11th AGM scheduled to be held on 19 June 2014. The total proceeds raised from the private placement exercise was RM165,882,597. The details of utilisation of the proceeds from the private placement exercise are disclosed on page 53 of this Annual Report.

2. Ordinary Resolution 7 (Agenda 7)

The proposed Ordinary Resolution no. 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions which are of a revenue or trading nature and necessary for the Group's day-to-day operations, provided that such transactions are carried out in the ordinary course of business and undertaken at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 28 May 2014 which is despatched together with the Company's 2013 Annual Report, for further information.

Note C: Appointment of Proxy:-

1. For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 12 June 2014. Only a depositor whose name appears on the Record of Depositors as at 12 June 2014 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/or a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar. There shall be no restriction as to the qualification of the proxy. 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.

4. A member shall be entitled to appoint more than two (2) proxies to attend 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 Central Depositories Act, it may appoint at least one (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.

7. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.

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 Perisai Kamelia is now deployed to work for Hess Exploration and Production Malaysia B.V in the Kamelia field situated in the North Malay basin off the east coast of Peninsular Malaysia. We successfully attained first gas in November 2013 after very good work by the team in our production division.

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
Non-Independent Non-Executive Director

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

Dato' Anwarrudin Ahamad Osman
Independent Non-Executive Director

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
Email : 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

AUDIT COMMITTEE

Dato' Yogesvaran A/L T. Arianayagam (Chairman)
Chan Feoi Chun
Dato' Anwarrudin Ahamad Osman

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Dato' Yogesvaran A/L T. Arianayagam (Chairman)
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
YTM Dato' Seri Diraja Tunku Soraya Binti Sultan Abdul Halim

EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

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

SENIOR INDEPENDENT DIRECTOR IN CHARGE OF SHAREHOLDER COMMUNICATION

Dato' Yogesvaran A/L T. Arianayagam
Email : ayoges@perisai.biz

COMPANY SECRETARIES

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

CORPORATE STRUCTURE
(as of 30 April 2014)

PERISAI

- Alpha Perisai Sdn Bhd 100%
- Corro-Pro (L) Inc 100%
- Corro-Shield (SEA) Sdn Bhd 100%
- Perisai (L) Inc 100%
- Perisai Drilling Sdn Bhd 100%
- Romilly (M) Sdn Bhd 100%
- Garuda Energy (L) Inc 100%
- Perisai Capital (L) Inc 100%
- Perisai Production Holdings Sdn Bhd 100%
  - Emas Victoria (L) Bhd 51%
  - Victoria Production Services Sdn Bhd 51%
- Perisai Drilling Holdings Sdn Bhd 100%
  - Perisai Pacific 102 (L) Inc 100%
  - Perisai Pacific 103 (L) Inc 100%
- Perisai Offshore Sdn Bhd 51%
- Intan Offshore Sdn Bhd 51%
  - Lewek Swift Shipping Pte Ltd 100%
  - Sarah Pearl Shipping Pte Ltd 100%
  - Lewek Mallard Offshore Sdn Bhd 100%
  - Jade Offshore Sdn Bhd 100%
  - Lewek Eagle Offshore Sdn Bhd 100%
  - Intan Offshore (L) Ltd 100%
- SJR Marine (L) Ltd 51%
- Larizz Energy Services Sdn Bhd 40%
- Larizz Petroleum Services Sdn Bhd 40%
- Phoenix Energy Sdn Bhd 32%

BOARD OF DIRECTORS

From left to right

Chan Feoi Chun

Dato' Yogesvaran A/L T. Arianayagam

Zainol Izzet Bin Mohamed Ishak *(Managing Director)*

Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Chairman)*

Adarash Kumar A/L Chranji Lal Amarnath *(Executive Director)*

YTM Dato' Seri Diraja Tunku Soraya Binti Sultan Abdul Halim

Dato' Anwarrudin Ahamad Osman

PROFILE OF **DIRECTORS**

Dato' Dr. Mohamed Ariffin Bin Hj. Aton

Non-Independent Non-Executive Chairman
Age : 69
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 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 : 53
Nationality : Malaysian

Qualifications

- BA in Actuarial Studies, Macquarie University, Sydney, Australia
- Masters 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 a 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 the Sapura Group of Companies in 1992 as General Manager of Corporate Planning, responsible for the strategic planning and business development activities 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 assuming the position of Chief Executive Officer of SapuraCrest Petroleum Berhad on 7 July 2003, a position he held until 31 January 2010.

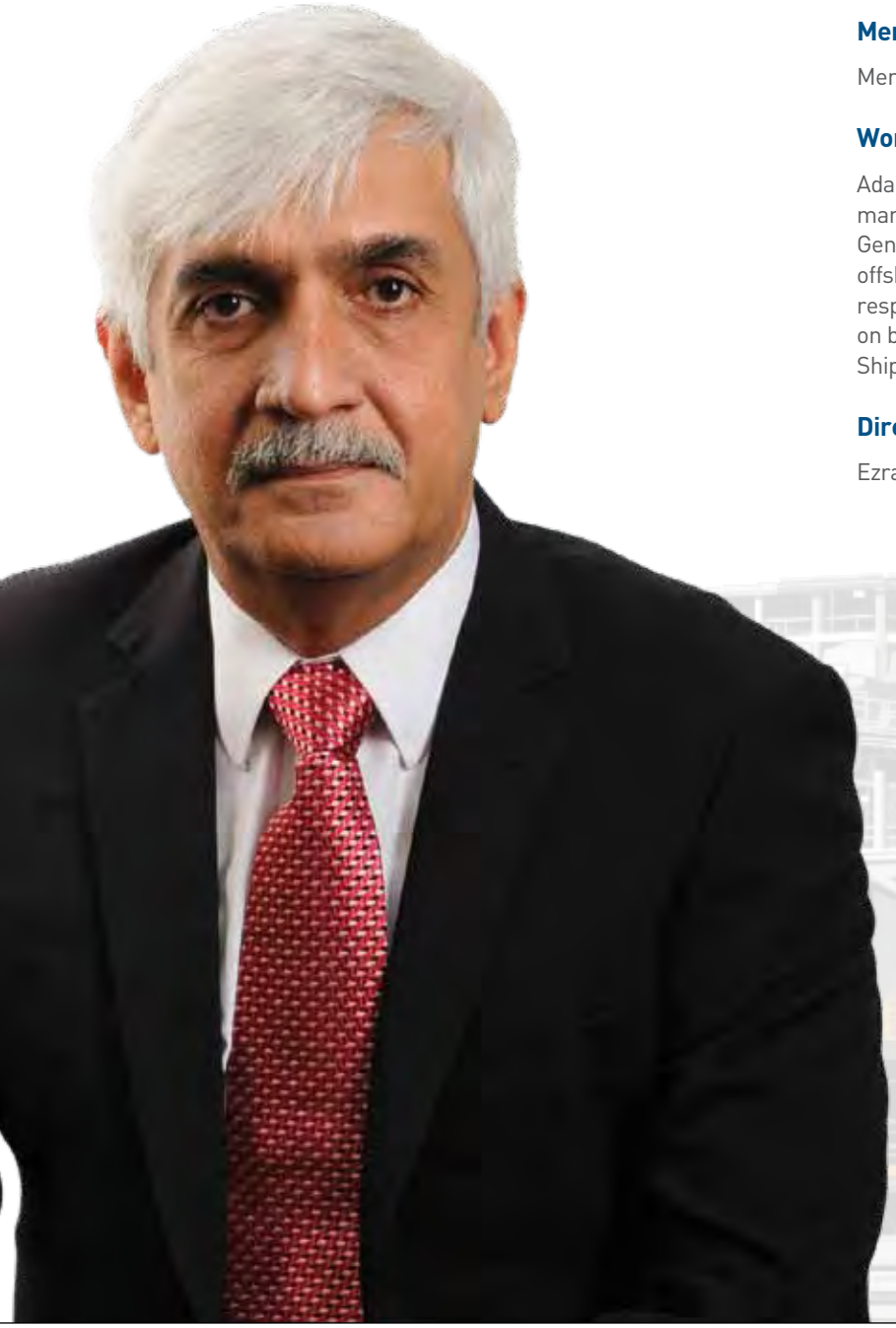
Directorship of other Public Companies

Hibiscus Petroleum Berhad

PROFILE OF **DIRECTORS**

Adarash Kumar A/L Chranji Lal Amarnath

Executive Director
Age : 54
Nationality : Malaysian



Qualifications

Master Mariner

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

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 on board vessels while working for the Malaysian International Shipping Corporation.

Directorship of other Public Companies

Ezra Holdings Limited (Singapore)

Dato' Yogesvaran A/L T. Arianayagam

Independent Non-Executive Director
Age : 62
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 the 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
- Chairman 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, CEO of Sampoorna Holdings Bhd. and Managing Director of Murnivest Sdn. Bhd. He has undertaken Corporate Advisory engagements with various multinational companies.

Presently, he is the CEO of Sentosa 4D 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

- MWE Holdings Berhad

PROFILE OF **DIRECTORS**

Chan Feoi Chun

Non-Independent Non-Executive Director
Age : 61
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

- Chairman of CIMA Southeast Asia 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

Non-Independent Non-Executive Director

Date Appointed to the Board

6 June 2005
Re-designated to Non-Independent Non-Executive Director on 16 April 2014

Membership of Board Committees

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

Working Experience and Occupation

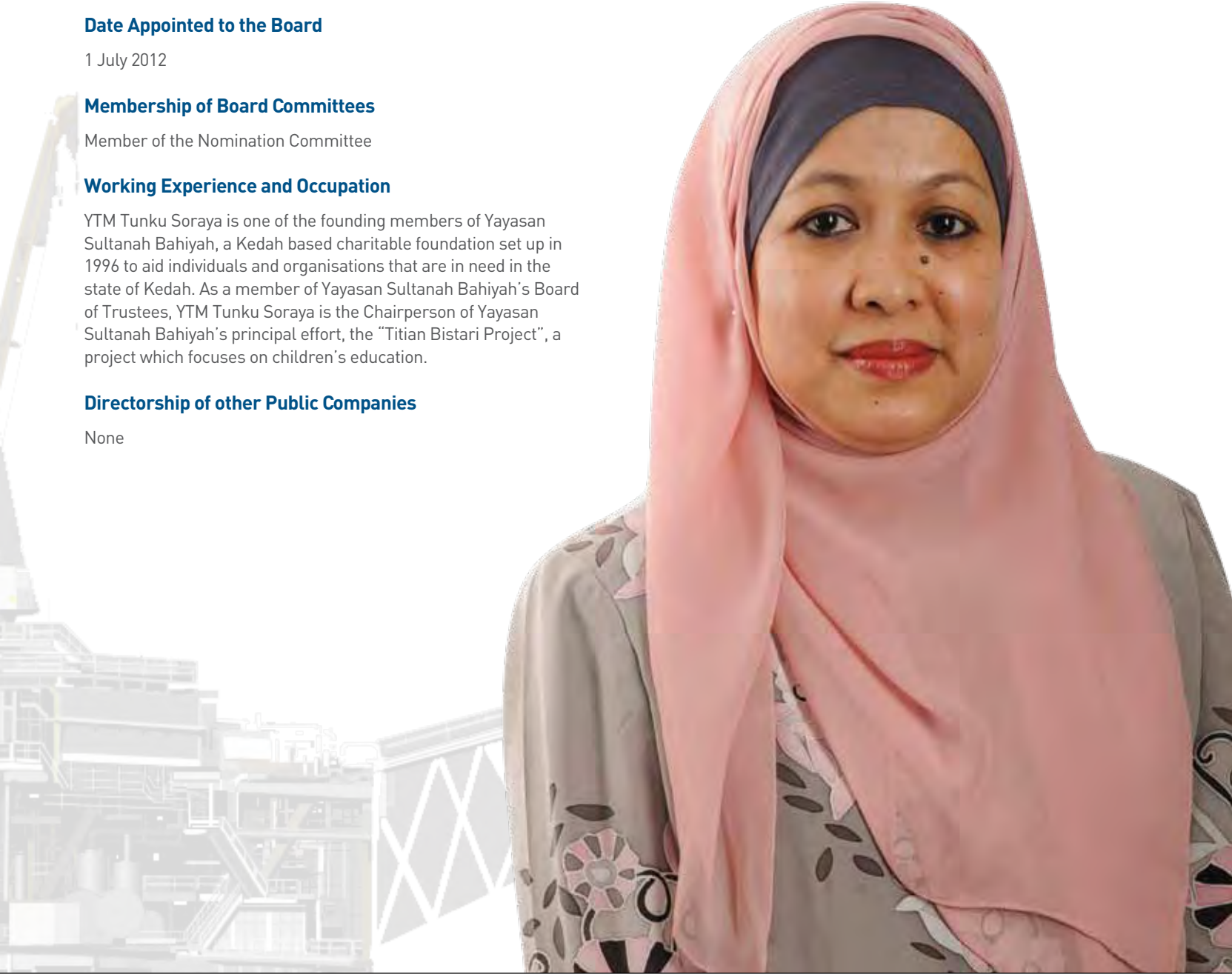
Mr. Chan is currently employed as Chief Executive Officer of Swiss Garden International Vacation Club Bhd. He held various senior positions in PJD Holdings Berhad Group of Companies. Prior to joining the PJD Group in 1994, he held senior management positions in financial services group, MBF Holdings.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

Directorship of other Public Companies

- IRIS Corporation Berhad
- Versatile Creative Berhad

YTM Dato' Seri Diraja Tunku Soraya Binti Sultan Abdul Halim

Independent Non-Executive Director
Age : 54
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

Member of the Nomination Committee

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**

Dato' Anwarrudin Ahamad Osman

Independent Non-Executive Director
Age : 71
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

Member of the Audit Committee

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 year career in Petronas. He was the General Manager of Corporate Planning Division in 1984, General Manager, 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

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 of any offences other than traffic offences within the past 10 years.

> **The investment of close scrutiny and careful management of the construction of the Perisai Pacific 101 contributed and led to her safe and successful launching in September 2013.**

From left to right

Teo Hock Choon

Finton Tuan

Yeo Peck Chin

Zainol Izzet Bin Mohamed Ishak
(Managing Director)

Beram Khan Bin Tambi Khan

Lai Swee Sim

Abdulah Bin Yunus

MANAGEMENT TEAM

PROFILE OF **MANAGEMENT TEAM**

Zainol Izzet Bin Mohamed Ishak

Managing Director

Qualification & Experience

Izzet is our Managing Director and had joined Perisai in 2010. 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 in various senior leadership roles there. His last held position before leaving 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. In 1997, he joined Corroless (M) Sdn Bhd where he took up the post of Assistant General Manager – Finance. In 2004, he joined 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

Deputy Chief Operations Officer & Head of Drilling

Qualification & Experience

Beram is our Deputy Chief Operations Officer & Head of Drilling. He joined Perisai in 2012. Beram started his career in 1989 with Sarawak Shell Berhad/Sabah Shell Petroleum Company as Wellsite Petroleum Engineer & Assistant Drilling Supervisor rising to the role of Senior Production Technologist & Assistant Field Coordinator. After a six-year tenure, Beram moved to Crest Petroleum Berhad (later SapuraCrest Petroleum Berhad) where he held various positions both 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 SapuraCrest Petroleum Berhad 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. Beram holds a BSc in Petroleum Engineering from University Technology of Malaysia.

Finton Tuan

Head, Legal & Corporate Secretarial

Qualification & Experience

Finton is our Head of Legal & Corporate Secretarial. He joined Perisai in 2011. 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 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. 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.

PROFILE OF **MANAGEMENT TEAM**

Lai Swee Sim

Head, Corporate Planning

Qualification & Experience

Lai is our Head of Corporate Planning. He joined Perisai in 2012. Lai started his career in 1990 with Arthur Andersen & Co. undertaking financial audits. In 1995, he 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.

Teo Hock Choon

Head, Support Services

Qualification & Experience

Teo is our Head of Support Services. He joined Perisai in 2012. 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 (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. 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.

Abdulah Bin Yunus

Head, Human Resources & Administration

Qualification & Experience

Abdulah is our Head of Human Resources & Administration. He joined Perisai in 2012. 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 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 Shareholders,

Financial Year ended 31 December 2013 (FYE2013) is a year we strengthened the foundations of the progress we made over the last few years as we continue to fuel our growth. We strengthened not only our business but also our corporate governance, risk management and business processes and procedures. Our growth was further fueled by the two jackup drilling rigs we contracted for in 2013 adding on to our inaugural rig, the Perisai Pacific 101.

The year also intensified our progression from a charter dominant business model to a more operational one. Beginning with the start of operations of our FPSO, the Perisai Kamelia in 2013, this progression would be accelerated when our drilling operations start this year.

"Perisai Kamelia's operational start up as well as the upcoming commencement of the drilling division marks a significant milestone in Perisai's evolution from a charter based organisation to a more operational one."

While we continued to make inroads in laying new foundations for Perisai, 2013 had also brought about challenges to the momentum of our growth. The end of the charters of our derrick lay barge, the Enterprise 3 and our Mobile Operating Production Unit (MOPU), Rubicone halted our continuing growth in earnings and profit. However, we continue to focus on putting these assets to work and with the start of our drilling division underway and the fleet size expansion of this division over the next two years, we are confident that we would propel our growth back onto its proper trajectory. With this and on behalf of the Board of Directors, I am pleased and honoured to present to you Perisai's Annual Report for 2013.

"In keeping with the delivery of our maiden jackup drilling rig, the Perisai Pacific 101 in the middle of 2014, we had intensified the pace of getting the drilling division to full operations."

OVERVIEW

In keeping with the delivery of our maiden jackup drilling rig, the Perisai Pacific 101 in the middle of 2014, we had intensified the pace of getting the drilling division to full operations, with activities ranging from efforts to secure a contract for the Perisai Pacific 101 to securing the services of Hercules Offshore Inc (Hercules) as the operator of the rig.

Over on the production division, we completed the acquisition of a 51% stake in Emas Victoria (L) Berhad (EVLB) and Victoria Production Services Sdn Bhd (VPS) in August 2013 after obtaining our shareholders' nod in June 2013. EVLB and VPS are respectively the owner and operator of the Floating Production Storage and Offloading (FPSO) vessel, the Perisai Kamelia which has been operating in the Kamelia field since November 2013.

Perisai Kamelia's operational start up as well as the upcoming commencement of the drilling division marks a significant milestone in Perisai's evolution from a charter based organisation to a more operational one. This evolution is a key part of our strategy to re-balance the profile of our business model that was previously charter focused. With more operational activities within our business segments, we will be able to create more competencies within our organisation as well as strategically expand our capabilities across the offshore oil and gas value chain.

The year in review also saw the charter of Garuda Energy (L) Inc's MOPU, the Rubicone coming to an end. Following close cooperation with the client, the Rubicone was safely demobilised and is now undergoing maintenance and general upkeep works while we continue to source for opportunities for her.

Similarly during the course of the year, the long term charter of the Enterprise 3, the derrick lay barge owned by SJR Marine (L) Ltd (SJR Marine), came to an end. In a corporate activity, we sold a 49% stake in SJR Marine to EOC Limited as part of the purchase price of the Perisai Kamelia. This sale was concluded in late December 2013. As with the Rubicone, the Enterprise 3 is now undergoing maintenance and general upkeep works as new opportunities for a charter is sought.

FINANCIAL PERFORMANCE REVIEW

For FYE2013 we achieved total revenue of RM111.66 million, down RM16.71 million when compared to the topline of RM128.37 million achieved in Financial Year ended 31 December 2012 (FYE2012).

Post tax profits for FYE2013 came in at RM82.44 million. On a year-to-year comparison however, this year's profit net of tax is RM36.39 million lower than last year's figure of RM118.83 million.

Generally, our financial performance in FYE2013 across both revenue and profits were comparatively weaker than that achieved in FYE2012. This arose because two of our key assets, the Rubicone and the derrick lay barge, the Enterprise 3 saw the end of their charters in the later part of 2013. While the Rubicone saw out the end of the contractual term under her charter, we were fortunate for an extension of a few months to the Enterprise 3's contractual charter duration.

"The Rubicone completed her assignment for Petronas Carigali's Bekok-C platform in September 2013. We are proud of the quality of service that the Rubicone had performed over the course of her deployment."

The end of these charters shows the effect that a revenue halt over a narrow asset base has on financial results. While there were steady contributions from our OSV business segment as well as commencing contributions from Perisai Kamelia in the later part of the year, these contributions were insufficient to reverse the impact of the charter conclusions of the Rubicone and the Enterprise 3. However, with the new drilling rigs broadening our asset base over the next couple of years, we expect that this would even out our financial performance and manage the effect that inevitable charter replenishments and inactivity of assets would have over our financial performance.

DIVIDENDS

The Perisai Group continues to strengthen its foundations to fuel greater growth and to secure a strategic and competitive spot in the industry. Meeting this objective would require that we preserve our profits and cash position and conserve our resources as much as we can. With this objective, the Board does not recommend any dividend to be declared for FYE2013 as preserving the financial strength of the Group is key towards achieving the Group's future targets, objectives and growth.

CORPORATE DEVELOPMENTS

Drilling Division

In 2013, we continued to strengthen Perisai's fledgling drilling division by adding two (2) newbuild jackup drilling rigs to our fleet, which started with the Perisai Pacific 101 contracted for in 2012.

These two (2) new drilling rigs share the same specification as the Perisai Pacific 101. To be constructed by PPL Shipyard, the same experienced shipbuilder for the Perisai Pacific 101, these newbuilds were contracted for in February and December 2013 and are named the Perisai Pacific 102 and Perisai Pacific 103. They are expected to be completed and delivered in 2015 and 2016 respectively.

Our jackup drilling fleet is made up of the technologically advanced Pacific Class 400 series, 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.

A major milestone in the formation of our drilling division was achieved with the award of contract by Petronas Carigali Sdn Bhd (Petronas Carigali) for the Perisai Pacific 101. The award is the culmination to our efforts in setting up the drilling division two years ago and the tangible representation to the start of its operations.

The Perisai Pacific 101 will to be working for Petronas Carigali primarily at its fields in Malaysia and would remain at its disposal for a contracted duration of three years.

We are very proud that the Perisai Pacific 101 has been contracted by Petronas Carigali as it illustrates the confidence that the client has in Perisai's newly formed drilling division. It also showcases the ability of local companies in building and putting to work high technology assets and undertake specialised operations in the oil and gas industry.

The drilling division is expected to fuel the growth of Perisai in the coming years with the delivery of the new rigs in 2015 and 2016. With the construction of these two (2) rigs, we are proud to be able to contribute in deploying Malaysian owned assets in the development of oil and gas fields in Malaysia which is currently dominated by foreign owned rigs.

"A major milestone in the formation of our drilling division was achieved with the award of contract by Petronas Carigali Sdn Bhd (Petronas Carigali) for the Perisai Pacific 101."

Production Division

In 2013, we completed the purchase of EVLB and VPS, who are respectively the owner and operator of the FPSO vessel, the Perisai Kamelia. With the acquisition of a 51% stake in each of these companies, we have substantially strengthened our production division by adding the Perisai Kamelia to our existing MOPU, the Rubicone. The Perisai Kamelia is now safely operating for the client, HESS Exploration and Production Malaysia B.V.

Offshore Construction Division

In December 2013, we completed the sale of a 49% stake in SJR Marine, the owner of Enterprise 3, to EOC Limited for the sum of USD37 million. This was part of the acquisition of the Perisai Kamelia which we had completed earlier in the year.

Private Placement

In April 2014, the share capital of Perisai grew in size by the addition of 108.42 million shares following a fund raising exercise undertaken by us. These shares were issued through a private placement raising a total of RM165.9 million. The issue was priced at RM1.53 a share and was fully subscribed, reflecting the investing public's confidence in the future prospects of the Perisai Group. The funds raised would be used primarily to finance the construction cost of the newbuild jackup drilling rigs as well as to fund the cost of the drilling division's start-up.

Employees' Share Option Scheme ("ESOS")

In 2013, we continue to see the positive impact of the ESOS on the morale of the employees of the Company. The benefits arising from the ESOS is a tangible validation of the hard work and effort that the employees invest in the success of the Company. We are pleased that with the employees' hard work we have seen the transformation of Perisai coming to fruition. With this success, the resulting rewards can be shared alike by the shareholders and the employees.

OPERATIONAL HIGHLIGHTS

Drilling Division

The drilling division escalated the pace of activities throughout the year as it prepared getting the division off the ground. With the Perisai Pacific 101 officially named at the start of the year, we proceeded in the following month to augment the fleet size of the division by contracting the construction of our second jackup drilling rig, the Perisai Pacific 102. Built at the same yard as our first rig, PPL Shipyard, she will be completed a year on from her predecessor, the Perisai Pacific 101. Priced at US$208 million, the construction of the Perisai Pacific 102 got underway with a strike steel ceremony in the middle of May 2013.

The management of the two newbuilds in PPL shipyard had occupied a large amount of the drilling division's focus and time. This investment of close scrutiny and careful management contributed and led to the safe and successful launching of the Perisai Pacific 101 in September 2013.

Parallel to the close supervision of the construction of the jackup rigs, equal emphasis had also been placed on setting up the operational aspects of the drilling division. Following on from this, we had throughout the year, embarked on selecting and recruiting competent and capable talent with a strong focus on selecting and developing local workers.

With the delivery and start of operations of the Perisai Pacific 101 slated for the middle of 2014, we had in November 2013, engaged Hercules to manage the Perisai Pacific 101. Hercules is an international drilling contractor with a wealth of experience in the drilling industry. This appointment will help us in managing our drilling rigs safely and efficiently while at the same time ensuring the development of local talent in the drilling industry through a structured programme of technology and knowledge transfer.

The drilling division closed 2013 by ordering its third jackup drilling rig from PPL Shipyard. Priced slightly higher at US$211.5 million, this Pacific Class 400 jackup, named Perisai Pacific 103, is of similar specifications as the preceding two rigs. This latest addition would bring about greater economies of scale to our drilling operations and would provide us access to a completed jackup for each of the years from 2014 to 2016.

With the award of our inaugural jackup drilling rig contract from Petronas Carigali, we are geared towards full operations by early of the second half of 2014.

Production Division

The Rubicone completed her assignment for Petronas Carigali's Bekok-C platform situated 200km off the coast of Terengganu in September 2013. Although the contractual extension option was not exercised by Petronas Carigali, we are proud of the quality of service that the Rubicone had performed over the course of her deployment. The Rubicone is currently docked and undergoing some maintenance work at Malaysian Marine and Heavy Engineering's (MMHE) yard in Pasir Gudang in preparation for opportunities that may arise.

The Perisai Kamelia is now deployed to work for Hess Exploration and Production Malaysia B.V (Hess) in the Kamelia field situated in the North Malay basin, 300km off the east coast of Peninsular Malaysia. We successfully attained first gas in November 2013 after very good work by the team in our production division. The Perisai Kamelia would support Hess's Early Production System in the Kamelia field for three (3) years.

Offshore Construction Division

The Enterprise 3 completed her long term charter with TL Offshore Sdn Bhd in the third quarter of 2013 after serving since 2008. During its deployment on charter, she performed very well and was extensively utilised for offshore construction and pipelaying activities, primarily in Malaysian waters.

The Enterprise 3 is currently undergoing maintenance work at ST Marine in Singapore that will prepare her for next opportunities that may arise.

Offshore Support Vessel Division

Our offshore support vessel division which owns eight (8) offshore support vessels (OSVs) continues to perform well and in a stable manner. Placed within the Intan Offshore Group, the 51% owned subsidiary of Perisai has long term charters for all eight (8) OSVs amounting to USD36,630 per day until 2015. There are also extension options of two (2) additional terms of one (1) year each for each of these charters enhancing the division's earnings visibility.

In March of this year, the Intan Offshore Group added to its fleet of OSVs by acquiring the Lewek Robin from Lewek Robin Shipping Pte Ltd. Acquired at a price of US$7 million, this anchor handling tug has in place an immediate charter from Emas Offshore (M) Sdn Bhd at charter rate of US$2,600 a day for a term of not less than seven (7) years. The acquisition of the Lewek Robin increases our OSV fleet size to nine (9) vessels, expanding the Intan Offshore Group's asset offerings to its clients.

HEALTH SAFETY AND ENVIRONMENT

The highest standards of Health, Safety and Environmental ("HSE") practices remain a commitment of top priority for Perisai.

In the course of 2013, we are pleased that the HSE track record of the Enterprise 3 had been commendable.

Of particular note is the HSE track record of the Rubicone for 2013 as it had undergone a site demobilisation following the end of her charter. In a complex demobilisation, we are very pleased to note that the Rubicone had complied with all HSE requirements during this time.

We are also pleased that throughout 2013, the HSE track record of the eight (8) OSVs under the Intan Offshore Group has also been maintained well within industry standards.

This year is an important year for us as we embark on getting our drilling division underway. With the deployment of the Perisai Pacific 101 on her maiden assignment with Petronas Carigali, we would be increasing our focus in keeping up our HSE track record.

We remain focused on maintaining the highest standards of HSE and would also continuously review our processes and procedures in striving to continually improve on the same.

CORPORATE RESPONSIBILITY

In 2012, we had participated in a programme to bring cheer to seriously ill children as part of us shouldering our responsibility as a corporate citizen. The programme, called the "myTINA Charity" programme, had staff of Perisai bringing entertainment, gifts and companionship to the children warded at the Pediatric Institute of the Kuala Lumpur Hospital in the months of October and December 2012.

We continued meeting our corporate responsibility in 2013 by organising an outing for the children of Persatuan Kebajikan Anak-Anak Istimewa Selangor, a home dedicated to the care and education of learning challenged children. Held in September 2013, it was a day to bring good cheer and fun to the children of the home as staff of Perisai hosted the event at I-City Water World Theme Park in Shah Alam. We had also extended financial aid to assist with the cost of monthly tuition for the children, in particular to families facing financial difficulties.

We are happy to have contributed to the home not just monetarily but also sharing our time and companionship.

CORPORATE GOVERNANCE

Perisai Group considers good corporate governance as an important obligation to be shouldered as part of its duty as a corporate citizen. It also represents one of the key pillars towards delivering value to shareholders.

As part of our duties in meeting good corporate governance standards, we had, in the course of 2013, implemented the recommendations and best practices of the Malaysian Code of Corporate Governance 2012 ("MCCG"). In 2013, we had formulated a Code of Conduct which encapsulates the core principles within Perisai. This Code of Conduct is a key recommendation of the MCCG and is expected to guide, motivate and inspire conduct which is ethical and principled in the everyday dealings of Perisai's business.

Another key recommendation of the MCCG is the development of a whistle blowing policy that would create a safe channel of reporting of incidents which are against the regulations and policies of the Company. We are pleased that we had, in 2013, established and put in place this policy.

These adoptions of the key recommendations of the MCCG are duly communicated through our corporate website, where shareholders and the investing community would be able to access relevant and important information and news in a clear and understandable manner. The Company has also provided dedicated access to a senior independent director to whom all investor query or concern may be channeled to.

In 2013, we had also enhanced our risk identification and assessment processes as we gear towards more operational activity within our business divisions. The risk assessment processes are undertaken continually and formally tabled and reported to the Board twice a year. This would help the Board and the Company to focus on mitigating, if not eliminating areas of high risk.

In keeping with the recommendations of the MCCG for a recommended re-designation of independent directorship to non-independent after a service of nine (9) years on the Board of Directors, my directorship had been re-designated to that of a non-independent director with effect from 10 May 2013. Similarly, my colleague on the Board of Directors, Mr. Chan Feoi Chun has also been re-designated as a non-independent director with effect from 16 April 2014 following the tenure of his service to the Board approaching nine years. While independence of judgment and decision as directors of the Board remains of utmost importance, the Board as a whole supports the recommendations of the MCCG and my colleague, Mr. Chan Feoi Chun and I are happy to meet the recommendations of the MCCG towards attaining the greater good of corporate governance.

OUTLOOK

For 2014, we see activity levels to remain high in the oil and gas industry, both domestically and beyond Malaysia.

The domestic oil and gas industry will continue to be driven by Petroliam Nasional Berhad's (Petronas) spending and continued focus on ensuring sustainable oil and gas production over the long term.

As at January 2014, Petronas had spent just about a third of its RM300 billion budget planned for the oil and gas industry until 2015. This would likely result in an acceleration in spending in 2014 and 2015.

RM44 billion worth of jobs have been awarded by Petronas to Malaysian oil and gas companies up to the year to date, a three-fold increase from what was awarded in 2012. In December 2013 alone, Petronas awarded thirteen work packages to six local companies, involving hook-up and offshore platform maintenance contracts worth a combined RM10 billion, spread over five years.

A direct beneficiary from this increased activity and spending would be each of our division with expected increasing demand coming through. We are also fortunate that some of our assets have differentiations that are tailored towards client's requirements. An example is our drilling rigs which are not just state-of-the-art offshore drilling asset but are also equipped with enhanced capabilities that meet the client's requirements, for instance the high pressure and high temperature (HPHT) capabilities of our rigs meets the current focus on exploiting deeper reservoirs which are under high pressure and high temperature. This shift in focus is part of the next step on the monetisation of Malaysia's more technically and commercially challenging oil and gas fields.

We also see that a key benefit arising from having complementary business divisions is the cross selling and cross leveraging of opportunities. An exemplification of this is the continuing high demand for drilling rigs which not only augurs well for our drilling division but also benefits our OSV division as the current regulations of offshore drilling requires at least two OSVs to accompany each drilling rig that is deployed to the field.

Underpinning this outlook for 2014 would be the expected continuing stable oil prices in the world market as well as continuing spending within the oil and gas industry, oil prices is expected to remain high in 2014 with Brent crude averaging US$105 per barrel.

We are confident that the positive outlook in the oil and gas sector globally as well as in the region would continue to provide the demand for our assets and services going into 2014.

ACKNOWLEDGMENT AND APPRECIATION

In ending my statement to shareholders in this Annual Report and on behalf of Perisai's Board of Directors, I extend my gratitude and appreciation to all our shareholders and to Petronas Group of Companies and our other clients for their continuing and unwavering support and confidence that have allowed us to focus on delivering value to all of our stakeholders. A special thank you and appreciation also goes out to our business partners, bankers and advisors for their support.

Of utmost importance we extend our appreciation to our most valuable asset, our employees. No achievement of any value would come to fruition without their dedication and commitment.

I would also like to thank my fellow Board members and our senior management team for their leadership and wise counsel throughout FYE2013.

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

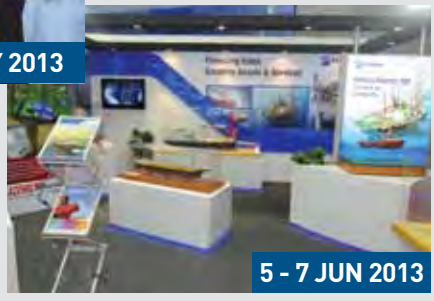
Source :
- *JP Morgan ASEAN Oil Services Report; 13 January 2014*
- *RHB Oil & Gas Services Report; 6 January 2014*
- *The Edge Malaysia; Petronas' Capex creates premium among O&G stocks - 10 February 2014*
- *The Star; Party continues in oil and gas - 28 December 2013*
- *Bernama; OSV Sector to grow by 10% in next 3 years - 21 October 2013*
- *Offshore Technology Conference; Kuala Lumpur Convention Centre; 25 - 28 March 2014*

CORPORATE CALENDAR 2013

17 JAN 2013

28 FEB 2013

16 MAY 2013


5 - 7 JUN 2013

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

28 FEBRUARY 2013
Signing of the Rig Building Contract for the Perisai Pacific 102 Jack-up Drilling Rig

10 APRIL 2013
Issuance of the Audited Financial Statements of Perisai Group for the financial year ended 31 December 2012

8 MAY 2013
Release of the Unaudited Financial Results for the 1st Quarter ended 31 March 2013

10 MAY 2013
Re-designation of Dato' Dr. Mohamed Ariffin Bin Hj. Aton from Independent Non-Executive Chairman to Non-Independent Non-Executive Chairman

15 MAY 2013
Naming Ceremony of Perisai's floating, production, storage and offloading (FPSO) vessel, the Perisai Kamelia, at Keppel Benoi Shipyard

16 MAY 2013
Strike Steel Ceremony for Perisai Pacific 102 Jack-up Drilling Rig at PPL Shipyard

5 JUNE 2013 – 7 JUNE 2013
The 14th Asian Oil, Gas & Petrochemical Engineering Exhibition (OGA 2013), Kuala Lumpur Convention Centre

25 JUNE 2013
10th Annual General Meeting and Extraordinary General Meeting at Hotel Istana Kuala Lumpur

25 JUN 2013

22 SEP 2013

26 AUG 2013

28 SEP 2013

22 JULY 2013
Perisai's Buka Puasa Event for Directors and staff at Halia Restaurant, Sime Darby Convention Centre

19 AUGUST 2013
Establishment of S$700 million Multi Currency Medium Term Notes Programme by Perisai Capital (L) Inc

21 AUGUST 2013
Completion of the acquisition of 51% equity interests in Emas Victoria (L) Bhd and Victoria Production Services Sdn Bhd

22 AUGUST 2013
In-house Board of Directors' Training - "Managing Sustainable Business Transformation - From Good to Great"

22 AUGUST 2013
Release of the Unaudited Financial Results for the 2nd Quarter ended 30 June 2013

26 AUGUST 2013
Perisai's Hari Raya Open House at Mandarin Oriental Hotel, Kuala Lumpur

22 SEPTEMBER 2013
Launching Ceremony of Perisai Pacific 101 Jack-up Drilling Rig

28 SEPTEMBER 2013
CSR Programme - An outing with a group of children from Persatuan Kebajikan Anak-anak Istimewa Selangor at I-City Water World Theme Park in Shah Alam

5 NOVEMBER 2013
Appointment of Hercules Offshore as the drilling operations and maintenance manager of Perisai Pacific 101 and Perisai Pacific 102

13 NOVEMBER 2013
Release of the Unaudited Financial Results for the 3rd Quarter ended 30 September 2013

26 DECEMBER 2013
Closing of the sale of 49% equity interest in SJR Marine (L) Ltd

31 DECEMBER 2013
Signing of the Rig Building Contract for the Perisai Pacific 103 Jack-up Drilling Rig

STATEMENT ON **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 SHAREHOLDER 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 2013.

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 roles, 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 16 April 2014, Mr Chan Feoi Chun, previously an independent director of the Company, was re-designated as a Non-Independent Non-Executive Director of the Company. This was undertaken 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, three (3) 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") which requires one-third (1/3) of the Directors to be independent non-executive directors.

The Board's composition is a mix of knowledge, skill 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 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 for 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 the 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 to the Board. The Managing Director's in-depth and intimate knowledge of the Company's affairs contributes significantly towards the direction of the Group to achieve its goals and objectives.

The Non-Executive Directors provide considerable depth of knowledge collectively gained from experiences in a variety of public and private companies and public service. The 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

During the financial year ended 2013, six (6) Board Meetings were held where the Board deliberated and considered a variety of matters, including the financial results, business plans, potential acquisitions and the overall direction of the Group.

Board Meetings are scheduled a year ahead to allow the Directors to plan the year's commitment into their respective meeting schedules. The ample notice that this provides facilitates full attendance at scheduled 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 in 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 the 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.

The attendance record of each director during the financial year ended 2013 is as follows:

Name of Director	Number of meetings
Dato' Dr. Mohamed Ariffin Bin Hj. Aton (Non-Independent Non-Executive Chairman)	6/6
Zainol Izzet Bin Mohamed Ishak (Managing Director)	6/6
Adarash Kumar A/L Chranji Lal Amarnath (Executive Director)	6/6
Dato' Yogesvaran A/L T. Arianayagam (Independent Non-Executive Director)	6/6
Chan Feoi Chun (Non-Independent Non-Executive Director) *(Re-designated to Non-Independent Non-Executive Director on 16 April 2014)*	6/6
YTM Dato' Seri Diraja Tunku Soraya Binti Sultan Abdul Halim (Independent Non-Executive Director)	5/6
Dato' Anwarrudin Ahamad Osman (Independent Non-Executive Director)	6/6

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

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. This is evidenced by the attendance record of the Directors at Board meetings.

Supply of Information

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.

Prior to each Board meeting, the agenda and board papers are circulated to the Directors to allow sufficient time for the Directors to review, consider and deliberate on the matters, and where necessary, to obtain further information and explanation to facilitate informed decision making.

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 applicable and relevant legislations 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 the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee. All Committees operate within and in accordance with clearly defined 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
Dato' Yogesvaran A/L T. Arianayagam *(Re-designated to Chairman on 16 April 2014)*	Chairman
Chan Feoi Chun *(Re-designated to member on 16 April 2014)*	Member
Dato' Anwarrudin Ahamad Osman *(Appointed on 16 April 2014)*	Member

The Board is assisted by an Audit Committee, whose role and functions are as set out in the Audit Committee Report on pages 50 to 52 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
YTM Dato' Seri Diraja Tunku Soraya Binti Sultan Abdul Halim *(Appointed on 16 April 2014)*	Member

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

(a) To 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 (1/3) 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 three (3) years.

(b) To 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) To develop, maintain and review the criteria to be used in the recruitment process and the annual assessment of Directors.

(d) To recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.

(e) To 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, to ensure that the tenure of any independent director should not exceed a cumulative term of nine (9) years.

(g) Subject to the provisions of paragraph (h) below, to ensure that upon the completion of the nine (9) 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 (9) 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) To 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) To review and recommend to the Board, candidates for the position of chief executive officer.

(k) To ensure that woman candidates are sought as part of the recruitment exercise.

(l) To 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) To assess annually the continued independence of independent directors.

(n) To review succession plans for members of the Board.

The Nomination Committee met twice during the financial year ended 31 December 2013.

Summary of activities undertaken by the Nomination Committee

(a) Conducted the annual assessment and the performance evaluation of the Board, Committees and individual Directors. Summarised the results of the annual assessment and the performance evaluation and reported to the Board on the outcome of such assessment.

(b) Reviewed the independence of the Independent Non-Executive Directors.

(c) Made recommendation to the Board for the re-election and re-appointment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM").

(d) Reviewed and made recommendation to the Board for the adoption of the revised Terms of Reference of the Nomination Committee.

- **Remuneration Committee**

The Remuneration 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
Zainol Izzet Bin Mohamed Ishak	Member
Chan Feoi Chun	Member

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

(a) To 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 Director having regard to the overall Group's policy guidelines/framework.

(b) To 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).

(c) To review the history of and proposals for the remuneration package of the Board's Committees.

The Remuneration Committee met twice during the financial year ended 31 December 2013.

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

The ESOS Committee was established on 27 June 2012 and the current members are as follows:-

Name of member	Designation
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Chairman
Dato' Yogesvaran A/L T. Arianayagam	Member
Zainol Izzet Bin Mohamed Ishak	Member
Adarash Kumar A/L Chranji Lal Amarnath	Member
Chan Feoi Chun	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 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 matter 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 and 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 to ensure the continuous suitability of the Directors. In line with the recommendations of the Code, the Nomination Committee has also performed an annual review on 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 of Bursa Securities which includes a series of objective tests. The Nomination Committee will also take into account if 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 have 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 will be required.

Re-Appointment and Re-election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, directors who are seventy (70) years or more shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

In accordance with the Company's Articles of Association, one-third (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 (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") in compliance with the Listing Requirements of Bursa Securities.

During the financial year 2013, the Directors have attended the following training programmes :-

Training Programmes

1. Managing Sustainable Business Transformation – From Good to Great
2. MIA International Accountants Conference 2013 – Managing Value, Accelerating Growth
3. Exploration Drilling Training Programme and Oman Exploratory Drilling Campaign Overview
4. Nominating Committee Programme
5. Directors' Continuing Education Programme 2013 : Global Outlook for Interest and Forex Rates, Urban Housing Affordability and Related Party Transactions
6. The 14th Asian Oil, Gas & Petrochemical Engineering Exhibition (OGA 2013)

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 to 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 Director 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. The determination of remuneration for Non-Executive Directors is a matter for the Board as a whole.

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 meeting. The directors' fees are approved by the Company at the AGM in accordance with the Company's Articles of Association.

The aggregate Directors' remuneration for the financial year ended 31 December 2013 are as set out below:-

	Fees RM	Salaries RM	Bonus RM	Share options granted under ESOS RM	Others RM	Total RM
Executive Directors	-	1,062,000	1,000,000	2,181,607	247,440	4,491,047
Non-Executive Directors	370,000	-	-	1,816,897	22,500	2,209,397

The specific levels of remuneration of Directors are set out in the following bands:-

Remuneration Band (excluding Share options granted under ESOS)	Executive Directors	Non-Executive Directors
RM50,001 – RM100,000	-	5
RM550,001 – RM600,000	1	-
RM1,700,001 – RM1,750,000	1	-

Share options granted under ESOS	Executive Directors	Non-Executive Directors
RM300,001 – RM350,000	-	2
RM350,001 – RM400,000	-	2
RM400,001 – RM450,000	-	1
RM1,000,001 – RM1,050,000	1	-
RM1,150,001 – RM1,200,000	1	-

SHAREHOLDER 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 of Bursa Securities, 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 of communication as it provides a comprehensive report of the Group's financial and operational performance for the year in review. Additionally, the Annual Report provides the necessary disclosures and compliances that are required by the relevant regulations, leading to greater transparency. The Annual Report is also printed in summary form together with a digital version in CD-ROM format. The Annual Report is also made available online on the Company's website at www.perisai.biz.

The Annual General Meeting serves as a principal forum for dialogue with shareholders of the Company. The Company values feedback from its shareholders. Shareholders are given sufficient time and opportunity to participate in the proceedings of the general meetings, raise questions and seek clarification on the agenda items and on the performance of the Group, and communicate their expectations and concerns.

Members of the Board, the Group's Senior Management, the Company's auditors as well as the Company's advisers will be present to respond to shareholders' questions during general meetings. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. Extraordinary General Meetings are held as and when required.

Investor Relations

The Board recognises that effective and timely communication is essential in maintaining good relations with investors. The Company holds regular briefings for institutional investors to explain the Group's strategies and major developments, all of which are 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 the section of Investor Relations, shareholders or potential investors can access and download such information as corporate details, share price, press releases, annual reports, circulars 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 which have been made out in accordance with the applicable approved accounting standards in Malaysia, that give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

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 the responsibility in ensuring that the Company keeps accounting records which disclose 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 has ensured that the Group has used the appropriate accounting policies in the presentation of the financial statements and that reasonable and prudent judgments and estimates had been used in the presentation of the same. 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 56 to 158 of this Annual Report.

Internal Control

The Directors acknowledge that it is their responsibility for maintaining a sound system of internal controls covering operational, financial, risk management and compliance with applicable laws. 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 Executive Risk Management Committee ("ERMC") was established on 10 April 2013 and is led by the Managing Director and comprise of 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.

The ERMC shall meet at least twice 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 continually review its internal control procedures to protect its assets and shareholders' investment.

Relationship with the Auditors

Messrs Baker Tilly AC was appointed as the external auditors of the Group at the AGM held on 27 June 2012. The Group maintained a close, transparent and professional relationship with its external auditor 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 50 to 52 of this Annual Report.

CODES AND POLICIES

Code of Conduct

The Company is committed to honest and ethical business conduct of the highest standards 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 ("Policy") which forms part of the Code, has been adopted by the Board. The Policy is applicable to all directors, officers and employees of Perisai Group as well as to members of the public, where relevant. The Policy provides an avenue for any director, officer or employee of Perisai Group 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 and the identity of the whistle blower are protected.

The Policy is posted on the Company's website at www.perisai.biz. Any director, officer or employee of Perisai Group or member of the public can report any improper conduct by writing to whistle@perisai.biz.

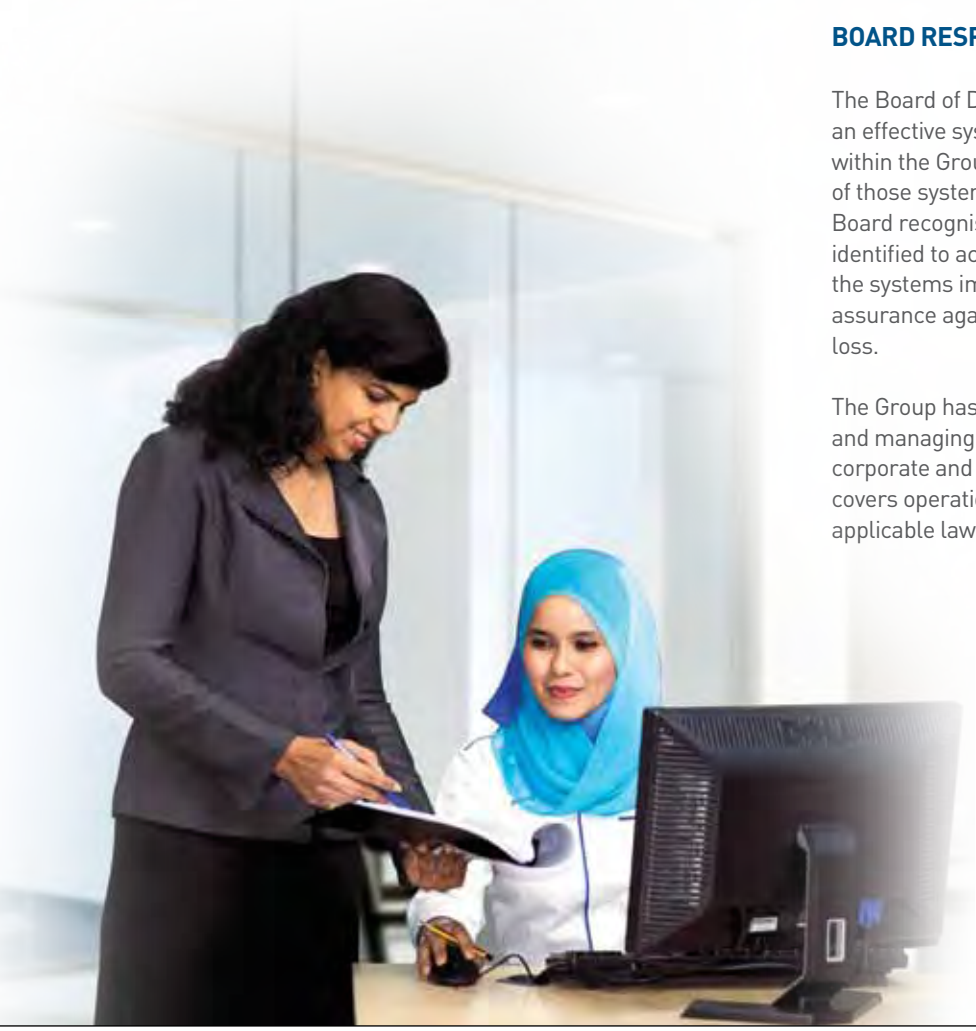
Sustainability Policy

The Board has formalised and adopted a Sustainability Policy ("Policy") which forms part of the Code. The 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 focuses 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 OF 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 2013 WHICH HAS BEEN PREPARED IN ACCORDANCE WITH THE "STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS" BY THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA.

FOR THE PURPOSE OF THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL, THE JOINT VENTURES AND/OR ASSOCIATES OF THE GROUP HAVE NOT BEEN TAKEN INTO ACCOUNT. THE GROUP'S INTERESTS IN THESE JOINT VENTURES AND/OR ASSOCIATES ARE SERVED THROUGH REPRESENTATION ON THE BOARD OF THE JOINT VENTURES AND/OR ASSOCIATES AS WELL AS THROUGH THE REVIEW OF MANAGEMENT FINANCIAL STATEMENTS.



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, risk management and compliance with applicable laws.

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 determine the effectiveness of these systems within the Group.

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 within 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 50 to 52 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 Limits of Authority ("LOA") 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 continuing training of Directors and assessment of Directors;
- Remuneration of Directors, both executive and non-executive;
- Employees' Share Options;

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

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.

Limits of Authority ("LOA")

The Board's authority in the approval of certain matters are delegated through a clear and formally defined LOA which is the primary instrument that governs and manages the operational and business decision process of the Group. Whilst the objective of the LOA 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 LOA 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 risk management 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 cost effective. 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.

Code of Conduct

The Group has established and adopted a Code of Conduct ("Code") which encapsulates the core principles of the Group. The Code is expected to guide, motivate and inspire conduct which is ethical and principled in the everyday dealings of the Group's business. With an application that extends not just to the Directors, officers and employees of the Group but also to third parties such as contractors, representatives and agents of the Group, the Code is used as part of the Group's risk management mechanism to effectively control against the occurence of any fraud, dishonest practices or conflict of interest.

Whistle Blowing Policy

As part of the Code, the Group has also established and put in place a Whistle Blowing Policy. This provides an avenue for the Board, officers and employees as well as members of the public a safe channel of reporting of incidents which are against the regulations and policies of the Company. The Policy is a manifestation of the control and risk management objectives that the Code seeks to achieve.

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 and up to the date of approval of this Statement for inclusion in the Annual Report. 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 reported annually 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, an Executive Risk Management Committee ("ERMC") was established on 10 April 2013 to undertake the function of identifying, assessing and mitigating risk within the Group arising from company assets, projects and new opportunities. Such identified risks are reported through a Risk Register and the management of such risk together with its monitoring and reporting is undertaken by the ERMC. The ERMC is a high level committee led by the Managing Director with the heads of department of the finance, legal and operational functions of the Group as its members. The ERMC meets at least twice 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, having received assurance from the Managing Director and the Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, 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 and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. 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 2013 and reported that nothing has come to their attention that would cause them to believe that the Statement not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" to be set out, nor is factually inaccurate.

AUDIT COMMITTEE REPORT

SUMMARY OF THE TERMS OF REFERENCE

1. Membership

- Appointed by the Board of Directors and shall comprise of not fewer than three (3) non-executive directors as its members, with majority of them being independent directors.
- The members shall elect a chairman from among their members who is an independent director. If a member resigns, dies or for any other reason ceases to be a member, the Board of Directors shall, within three (3) months, appoint new members as may be required to make up the minimum number of three (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 three (3) members, who are Non-Executive Directors of the Board of Directors:-

Chairman	**Dato' Yogesvaran A/L T. Arianayagam** *(Re-designated to Chairman on 16 April 2014)*	**Independent Non-Executive Director**
Members	Chan Feoi Chun *(Re-designated to member on 16 April 2014)*	Non-Independent Non-Executive Director
	Dato' Anwarrudin Ahamad Osman *(Appointed on 16 April 2014)*	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 matter 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;

(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 five (5) times during the financial year ended 31 December 2013. Attendance by each member of the Audit Committee during the financial year ended 31 December 2013 is as follows:-

Members	Meetings Attended
Dato' Yogesvaran A/L T. Arianayagam	5/5
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Resigned on 16 April 2014)*	5/5
Chan Feoi Chun	5/5
Dato' Anwarrudin Ahamad Osman *(Appointed on 16 April 2014)*	N/A

The Audit Committee members were provided with the agenda and relevant committee papers for and distributed before each 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 2013 to ensure adequate scope and coverage over the activities of the Group and the resource requirements of internal audit to carry out its functions.

(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 judgment 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 Planning Memorandum with the external auditors together with their scope of work for the year.

(e) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

(f) Reviewed the related party transactions and conflict of interest situations that may arise within the Company or the Group as well as ensuring that any transaction, procedure or course of conduct occurring in the course of the financial year which raises questions of management integrity were done in the ordinary course of business.

(g) Reviewed the adequacy of insurance coverage, payment procedures and cash flow planning.

(h) Reviewed and verified the allocation of options under the Company's Employees' Share Option Scheme.

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 of 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 2013 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 Company's 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 2013 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 CORPORATE PROPOSAL

The details relating to the private placement exercise completed on 10 April 2014, such as its purpose and status of utilisation rate as at 30 April 2014 are summarised below:

	Purpose	Approved Utilisation (RM' Mil)	Amount Utilised (RM' Mil)	Amount Unutilised (RM' Mil)
1.	Repayment of bank borrowings and/or capital investment for jack-up drilling rig(s) and/or Mobile Offshore Production Unit(s) ("MOPU")	105.0	62.6	42.4
2.	Working capital : • Drilling and/or MOPU operational expenses • Management and administrative expenses of the Perisai Group	 45.0 13.0	 - 3.9	 45.0 9.1
3.	Estimated listing expenses	2.9	2.9	-
	Total	**165.9**	**69.4**	**96.5**

2. SHARE BUYBACKS

There were no sale of shares, cancellation of treasury shares or share buy backs undertaken by the Company during the financial year 2013.

At the end of the financial year 2013, a total of 400,000 ordinary shares of RM0.10 each were held as treasury shares.

3. OPTIONS, WARRANTS OR CONVERTIBLE BONDS

During the financial year ended 31 December 2013, a total of 2,953,830 options over ordinary shares were exercised pursuant to the Company's Employees' Share Option Scheme ("ESOS").

The Company's ESOS was implemented on 4 July 2012 and is governed by By-Laws approved by shareholders at an Extraordinary General Meeting held on 27 June 2012. The ESOS is to be in force for a period of 10 years from the date of implementation.

Details relating to the grant of options, its rate of exercise and the remaining options comprised in the scheme are as follows :-

Details	No. of Options
Total options granted as at 1 January 2013	25,818,000
Total options granted in 2013	14,068,000
Total options exercised/cancelled in 2013	(3,553,830)
Balance outstanding options as at 31 December 2013	36,332,170

Granted to Directors and Senior Management	No. of Options
Total options granted as at 1 January 2013	23,400,000
Total options granted in 2013	9,600,000
Total options exercised in 2013	(2,500,000)
Balance outstanding options as at 31 December 2013	30,500,000

Granted to Directors and Senior Management	For the period from 1.1.2013 to 31.12.2013	Since commencement of the ESOS on 4 July 2012
*Aggregated maximum allocation of options to Directors and Senior Management as a percentage of total ESOS options.	38.74%	38.74%
Actual options granted to Directors and Senior Management as a percentage of the maximum allocation.	22.86%	78.57%

** As at 31 December 2013, the issued and paid-up share capital of the Company comprised of 1,084,527,980 ordinary shares of RM0.10 each of which 400,000 ordinary shares are held as treasury shares.*

Details of ESOS options granted to each Director is disclosed on page 60 of the audited financial statements in this Annual Report.

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

3. DEPOSITORY RECEIPTS PROGRAMME

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

4. SACTIONS 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.

5. NON-AUDIT FEES

The Group's non-audit fees payable to the external auditors for the financial year ended 31 December 2013 amounted to RM176,000.

6. 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 2013.

7. VARIANCE IN RESULTS

There is no significant variance between the profit after tax for the financial year ended 31 December 2013 and the unaudited results previously announced.

8. PROFIT GUARANTEE

The Company did not provide any profit guarantee for the financial year ended 31 December 2013.

9. 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).

10. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs")OF A REVENUE AND TRADING NATURE

At the Extraordinary General Meeting of the Company held on 25 June 2013, the Company had obtained the approval from its shareholders for the proposed renewal of shareholders' mandate to enter into RRPTs, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties. The said mandate took effect from 25 June 2013 until the conclusion of the forthcoming Annual General Meeting of the Company.

The information on the RRPTs conducted during the financial year ended 31 December 2013 is presented on pages 144 to 145 of the audited financial statements in this Annual Report.

11. CORPORATE RESPONSIBILITY ("CR") ACTIVITIES AND PRACTICES

As a socially responsible corporate citizen, the Company places significant importance to CR activities. In September 2013, the Company hosted an event at I-City Water World Theme Park in Shah Alam for a group of children from Persatuan Kebajikan Anak-Anak Istimewa Selangor, an organisation dedicated to the care and education of learning challenged children. In addition, the Company also extended financial aid to assist with the cost of monthly tuition for the children, in particular to the families facing financial difficulties.

financial statements

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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 2013.

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, associates and joint ventures are set out in Notes 16, 17 and 18 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	37,966,063	104,429,994
From discontinued operation	44,477,265	-
	82,443,328	104,429,994
Profit attributable to:		
Owners of the Company	71,785,407	104,429,994
Non-controlling interests	10,657,921	-
	82,443,328	104,429,994

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.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other 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 profit or loss and other 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 was made.

ISSUE OF SHARES

During the financial year, the following issue of shares was made by the Company:

(i) 85,137,500 new ordinary shares of RM0.10 each for cash at an issue price of RM1.03 per ordinary share through private placement;

(ii) 144,661,250 new ordinary shares of RM0.10 each at an issue price of RM1.10 per ordinary share to satisfy part of the purchase consideration for the acquisition of the 51% equity interest in Emas Victoria (L) Bhd. pursuant to a share sale agreement dated 30 November 2012. For the purpose of accounting for the shares consideration, the fair value of RM1.53 per ordinary share as at the date of completion was recorded instead of issue price of RM1.10 per ordinary share; and

(iii) 2,953,830 new ordinary shares of RM0.10 each for cash arising from the exercise of options granted under the Employees' Share Option Scheme at an exercise price of RM0.785 per ordinary share.

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

During the financial year, the authorised share capital of the Company of RM100,000,000 divided into 1,000,000,000 ordinary shares of RM0.10 each was increased to RM500,000,000 divided into 5,000,000,000 ordinary shares of RM0.10 each.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

TREASURY SHARES

As at 31 December 2013, the Company held as treasury shares a total of 400,000 ordinary shares of its 1,084,527,980 issued ordinary shares. Such treasury shares are held at a carrying amount of RM230,795 and further relevant details are disclosed in Note 23(c) to the financial statements.

DIRECTORS

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

Y.T.M. DATO' SERI DIRAJA TUNKU SORAYA BT SULTAN ABDUL HALIM
DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON
DATO' YOGESVARAN A/L T. ARIANAYAGAM
DATO' ANWARRUDIN AHAMAD OSMAN
ADARASH KUMAR A/L CHRANJI LAL AMARNATH
CHAN FEOI CHUN
ZAINOL IZZET BIN MOHAMED ISHAK

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 1.1.2013	Exercise of ESOS/ Bought	Sold	At 31.12.2013
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
Chan Feoi Chun	-	1,068,600	(452,300)	616,300
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	-	1,200,000	(895,000)	305,000

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

	Number of ordinary shares of RM1 each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Direct interest				
Zainol Izzet Bin Mohamed Ishak	49,000	-	-	49,000

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

DIRECTORS' INTERESTS (CONT'D)

(c) Employees' Share Option Scheme ("ESOS")

	Number of options			
Name	Balance as at 1.1.2013	Granted	Exercised	Balance as at 31.12.2013
Y.T.M. Dato' Seri Diraja Tunku Soraya Bt Sultan Abdul Halim	-	900,000	-	900,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	1,200,000	400,000	(1,200,000)	400,000
Dato' Yogesvaran A/L T. Arianayagam	900,000	300,000	-	1,200,000
Chan Feoi Chun	900,000	300,000	(900,000)	300,000
Zainol Izzet Bin Mohamed Ishak	4,200,000	1,400,000	-	5,600,000
Adarash Kumar A/L Chranji Lal Amarnath	3,600,000	1,200,000	-	4,800,000
Dato' Anwarrudin Ahamad Osman	-	900,000	-	900,000

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 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 37 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 ESOS.

EMPLOYEES' SHARE OPTION SCHEME

No options were granted to any person to take up unissued shares of the Company during the financial year other than from the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 27 June 2012, shareholders of the Company approved the 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 ESOS 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.

The salient features and other terms of the ESOS and movements of share option during the financial year are disclosed in Note 32 to the financial statements.

The Company had on 25 June 2013 granted 14,068,000 share options under the ESOS to eligible directors and employees of the Group. The options granted expire on 1 July 2022.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

Details of options to subscribe for ordinary shares of the Company pursuant to the ESOS granted during the financial year are as follows:

Expiry date	Exercise price (RM)	Number of options
1 July 2022	1.44	14,068,000

The Company has been granted relief pursuant to Section 169(11) of the Companies Act, 1965 by the Companies Commission of Malaysia via a letter dated 24 December 2013 from having to disclose in this report the names of option holders who have been granted options to subscribe in aggregate for less than 1,200,000 unissued ordinary shares of RM0.10 each.

The names of option holders granted options to subscribe for 1,200,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

				Number of options			
Name	Exercise Price	Grant date	Expiry date	Balance as at 1.1.2013	Granted	Exercised	Balance as at 31.12.2013
Zainol Izzet Bin Mohamed Ishak	0.785	4.7.2012	1.7.2022	4,200,000	-	-	4,200,000
	1.44	25.6.2013	1.7.2022	-	1,400,000	-	1,400,000
Adarash Kumar A/L Chranji Lal Amarnath	0.785	4.7.2012	1.7.2022	3,600,000	-	-	3,600,000
	1.44	25.6.2013	1.7.2022	-	1,200,000	-	1,200,000

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 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 39 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 a resolution dated 16 April 2014.

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 65 to 157 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 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 158 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 a resolution dated 16 April 2014.

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 officer 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 65 to 157 and the supplementary information as set out on page 158 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 16 April 2014

YEO PECK CHIN

Before me
YM Tengku Fariddudin Bin Tengku Sulaiman (No. W533)
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 2013 of the Group and of the Company, and the statements of profit or loss and other 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 65 to 157.

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 2013 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 auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

(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 auditors' 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 158 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

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

LEE KONG WENG
2967/07/15 (J)
Chartered Accountant

Kuala Lumpur

Date: 16 April 2014

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Continuing Operations					
Revenue	4	111,662,898	128,370,130	120,603,354	17,351,039
Direct costs	5	(46,804,892)	(37,896,450)	-	-
Gross profit		64,858,006	90,473,680	120,603,354	17,351,039
Other income		5,994,583	19,421,490	55,313,002	8,759,267
Administrative expenses		(28,921,903)	(21,858,395)	(25,469,553)	(17,245,843)
Other expenses		-	(25,602,458)	(40,524,833)	(33,445,905)
		(28,921,903)	(47,460,853)	(65,994,386)	(50,691,748)
Profit/(Loss) from operations		41,930,686	62,434,317	109,921,970	(24,581,442)
Finance costs	6	(11,601,770)	(9,094,885)	(5,491,976)	(1,603,547)
Share of results of associates, net of tax		1,640,630	(67,855)	-	-
Share of results of joint ventures, net of tax		6,081,474	-	-	-
Profit/(Loss) before tax	7	38,051,020	53,271,577	104,429,994	(26,184,989)
Tax (expense)/credit	10	(84,957)	25,593,592	-	(994,314)
Profit/(Loss) for the financial year from continuing operations		37,966,063	78,865,169	104,429,994	(27,179,303)
Discontinued Operation					
Profit for the financial year from discontinued operation	11	44,477,265	39,961,263	-	-
Profit/(Loss) for the financial year		82,443,328	118,826,432	104,429,994	(27,179,303)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences arising during the financial year		23,228,674	(9,147,524)	-	-
Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiary and repayment of inter-company balances		14,703,522	-	-	-
Cash flow hedge					
- fair value changes during the financial year		(1,443,290)	-	(1,443,290)	-
- reclassification adjustments for amounts recognised in profit or loss		811,797	-	811,797	-
Other comprehensive income for the financial year, net of tax		37,300,703	(9,147,524)	(631,493)	-
Total comprehensive income for the financial year		119,744,031	109,678,908	103,798,501	(27,179,303)
Profit/(Loss) attributable to:					
Owners of the Company		71,785,407	92,174,289	104,429,994	(27,179,303)
Non-controlling interests		10,657,921	26,652,143	-	-
		82,443,328	118,826,432	104,429,994	(27,179,303)
Total comprehensive income attributable to:					
Owners of the Company		101,569,671	85,587,189	103,798,501	(27,179,303)
Non-controlling interests		18,174,360	24,091,719	-	-
		119,744,031	109,678,908	103,798,501	(27,179,303)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Earnings per share attributable to owners of the Company (sen per share)	12				
- Basic:					
- from continuing operations		2.77	6.15		
- from discontinued operation		4.52	4.71		
- from continuing operations and discontinued operation		7.29	10.86		
- Diluted:					
- from continuing operations		2.74	6.12		
- from discontinued operation		4.46	4.69		
- from continuing operations and discontinued operation		7.20	10.81		

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 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
ASSETS					
Non-current assets					
Plant and equipment	13	548,216,292	549,102,538	803,626	513,061
Intangible asset	14	75,000	-	75,000	-
Goodwill on business combination	15	-	-	-	-
Investments in subsidiaries	16	-	-	826,890,253	390,353,045
Investments in associates	17	1,315,786	315,356	300,000	300,000
Investments in joint ventures	18	488,697,863	-	93,918,740	-
Deferred tax assets	19	-	-	-	-
Prepayments	22	142,238,013	-	-	-
		1,180,542,954	549,417,894	921,987,619	391,166,106
Current assets					
Trade receivables	20	20,386,057	41,117,589	-	-
Other receivables and deposits	21	39,994,895	2,136,748	39,363,477	36,449,225
Prepayments	22	148,480,505	130,024,185	349,385	357,168
Tax recoverable		251,609	377,540	178,530	110,219
Cash and bank balances		62,916,678	24,939,825	51,732,642	3,139,467
		272,029,744	198,595,887	91,624,034	40,056,079
Assets of disposal group/ non-current asset classified as held for sale	11	-	381,233,295	-	184,154,393
		272,029,744	579,829,182	91,624,034	224,210,472
TOTAL ASSETS		1,452,572,698	1,129,247,076	1,013,611,653	615,376,578

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	108,452,798	85,177,540	108,452,798	85,177,540
Share premium	23	486,025,067	198,268,309	486,025,067	198,268,309
Treasury shares	23	(230,795)	(230,795)	(230,795)	(230,795)
Retained earnings/(Accumulated losses)		285,971,961	214,186,554	74,757,850	(29,672,144)
Other reserves	24	22,738,316	8,266,609	11,301,573	4,001,140
Reserve of disposal group classified as held for sale	11	-	(23,244,483)	-	-
Equity attibutable to owners of the Company		902,957,347	482,423,734	680,306,493	257,544,050
Non-controlling interests		100,404,569	82,230,209	-	-
Total equity		1,003,361,916	564,653,943	680,306,493	257,544,050
Non-current liabilities					
Loans and borrowings	27	271,632,210	264,533,792	-	-
Hire purchase payables	28	390,918	175,103	390,918	175,103
Derivative liability	30	1,443,290	-	1,443,290	-
		273,466,418	264,708,895	1,834,208	175,103
Current liabilities					
Trade payables	25	543,323	2,509,679	-	-
Other payables and accruals	26	93,149,264	70,609,530	321,821,184	346,514,208
Loans and borrowings	27	81,902,716	77,813,686	9,540,370	11,051,662
Hire purchase payables	28	109,398	91,555	109,398	91,555
Tax payable		39,663	19,510	-	-
		175,744,364	151,043,960	331,470,952	357,657,425
Liabilities of disposal group classified as held for sale	11	-	148,840,278	-	-
		175,744,364	299,884,238	331,470,952	357,657,425
Total liabilities		449,210,782	564,593,133	333,305,160	357,832,528
TOTAL EQUITY AND LIABILITIES		1,452,572,698	1,129,247,076	1,013,611,653	615,376,578

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 2013

		<----------Attributable to owners of the Company---------->								
		<---------- Non-distributable ---------->					Distributable			
	Note	Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM	Reserve of disposal group classified as held for sale RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity 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	16	9,789,240	53,840,820	-	-	-	-	63,630,060	-	63,630,060
Share options granted under ESOS	8	-	-	-	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 sale	11	-	-	-	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

	Note	Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM	Reserve of disposal group classified as held for sale RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		<----------Attributable to owners of the Company---------->								
		<---------- Non-distributable ---------->					Distributable			
2013										
At 1 January 2013		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
Comprehensive income										
Profit for the financial year		-	-	-	-	-	71,785,407	71,785,407	10,657,921	82,443,328
Other comprehensive income										
Foreign currency translation differences		-	-	-	7,171,274	23,244,483	-	30,415,757	7,516,439	37,932,196
Cash flow hedge		-	-	-	(631,493)	-	-	(631,493)	-	(631,493)
Total comprehensive income for the financial year		-	-	-	6,539,781	23,244,483	71,785,407	101,569,671	18,174,360	119,744,031
Transactions with owners										
Acquisition of joint ventures	23	14,466,125	206,865,587	-	-	-	-	221,331,712	-	221,331,712
Share options exercised		295,383	2,023,374	-	-	-	-	2,318,757	-	2,318,757
Share options granted under ESOS	8	-	-	-	9,231,611	-	-	9,231,611	-	9,231,611
Shares issuance pursuant to private placement		8,513,750	79,177,875	-	-	-	-	87,691,625	-	87,691,625
Share issuance expenses		-	(1,609,763)	-	-	-	-	(1,609,763)	-	(1,609,763)
Transfer to share premium for share options exercised		-	1,299,685	-	(1,299,685)	-	-	-	-	-
Total transactions with owners		23,275,258	287,756,758	-	7,931,926	-	-	318,963,942	-	318,963,942
At 31 December 2013		108,452,798	486,025,067	(230,795)	22,738,316	-	285,971,961	902,957,347	100,404,569	1,003,361,916

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 2013

		<----------Non-distributable---------->				Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
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	16	9,789,240	53,840,820	-	-	-	63,630,060
Share options granted under ESOS	8	-	-	-	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)	4,001,140	(29,672,144)	257,544,050
2013							
At 1 January 2013		85,177,540	198,268,309	(230,795)	4,001,140	(29,672,144)	257,544,050
Comprehensive income							
Profit for the financial year		-	-	-	-	104,429,994	104,429,994
Other Comprehensive income							
Cash flow hedge		-	-	-	(631,493)	-	(631,493)
Total comprehensive income for the financial year		-	-	-	(631,493)	104,429,994	103,798,501
Transactions with owners							
Acquisition of joint ventures	23	14,466,125	206,865,587	-	-	-	221,331,712
Share options exercised		295,383	2,023,374	-	-	-	2,318,757
Share options granted under ESOS	8	-	-	-	9,231,611	-	9,231,611
Shares issuance pursuant to private placement	38	8,513,750	79,177,875	-	-	-	87,691,625
Share issuance expenses	38	-	(1,609,763)	-	-	-	(1,609,763)
Transfer to share premium for share options exercised		-	1,299,685	-	(1,299,685)	-	-
Total transactions with owners		23,275,258	287,756,758	-	7,931,926	-	318,963,942
At 31 December 2013		108,452,798	486,025,067	(230,795)	11,301,573	74,757,850	680,306,493

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

STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax from:					
- continuing operations		38,051,020	53,271,577	104,429,994	(26,184,989)
- discontinued operation		44,583,956	39,980,935	-	-
Adjustments for:-					
Impairment loss on:					
- investments in subsidiaries		-	-	29,009,000	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
- plant and equipment		-	7,887,052	-	-
Waiver of debts		-	(2,235,462)	-	-
Depreciation of plant and equipment		38,868,958	47,412,842	198,425	158,354
Bad debts written off		-	42,585	-	42,585
Bargain purchase gain on acquisition of subsidiary		-	(18,423,970)	-	-
Loss/(Gain) on disposal of plant and equipment		55,237	(91)	55,237	(91)
Interest expense:					
- continuing operations		11,601,770	9,094,885	5,491,976	1,603,547
- discontinued operation		3,316,802	4,481,730	-	-
Dividend income		-	-	(118,407,424)	(15,170,000)
Gain on disposal of subsidiary	11	(9,712,013)	-	(46,095,859)	-
Interest income		(460,815)	(26,299)	(460,815)	(3,987)
Investment in subsidiary written off		-	-	-	1
Net unrealised (gain)/loss on foreign exchange		(333,905)	(561,609)	6,361,175	(8,346,527)
Reversal of impairment loss on amount due from subsidiaries		-	-	(8,470,944)	-
Share of results of associates		(1,640,630)	67,855	-	-
Share of results of joint ventures		(6,081,474)	-	-	-
Share options granted under ESOS		9,231,611	4,001,140	9,231,611	4,001,140
Operating profit before working capital changes		127,480,517	162,350,275	(18,657,624)	(10,639,514)
Change in receivables		(27,352,358)	(8,102,176)	(55,487)	60,851,437
Change in payables		(22,881,975)	(43,259,236)	(24,776,113)	(19,973,798)
Cash from/(used in) operations		77,246,184	110,988,863	(43,489,224)	30,238,125
Interest paid		(13,532,581)	(13,576,615)	(858,969)	(1,603,547)
Interest received		460,815	26,299	460,815	3,987
Dividend received		-	-	640,200	15,170,000
Tax paid		(108,986)	(121,561)	(68,311)	(79,800)
Tax refunded		145,600	-	-	-
Net cash from/(used in) operating activities, balance carried down		64,211,032	97,316,986	(43,315,489)	43,728,765

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Balance carried down		64,211,032	97,316,986	(43,315,489)	43,728,765
Cash Flows from Investing Activities					
Acquisition of joint ventures		(51)	-	-	-
Subscription of additional shares in joint venture		(178,449)	-	-	-
Net cash outflow from acquisition of subsidiary	16	-	(84,345,133)	-	(156,446,000)
Net cash inflow from disposal of subsidiary	11	5,208,537	-	-	-
Dividend received from associate		640,200	-	-	-
Purchase of intangible asset		(75,000)	-	(75,000)	-
Subscription of shares in subsidiary	16	-	-	(200,000)	(51,000)
Subscription of shares in an associate	17	-	(260,000)	-	(260,000)
Proceeds from disposal of plant and equipment		195,500	1,185	195,500	1,185
Advance to an associate		(18)	-	(18)	-
Advance (to)/from joint ventures		(1,129,053)	-	975,791	-
Advances to subsidiaries		-	-	(73,448,604)	(122,747,472)
Prepayment of plant and equipment		(74,724,130)	(127,218,213)	-	-
Purchase of plant and equipment	13	(826,690)	(80,370)	(160,727)	(80,370)
Net cash used in investing activities		(70,889,154)	(211,902,531)	(72,713,058)	(279,583,657)
		(6,678,122)	(114,585,545)	(116,028,547)	(235,854,892)
Cash Flows from Financing Activities					
Payments of hire purchase		(345,342)	(85,359)	(345,342)	(85,359)
Advances from subsidiaries		-	-	76,871,888	216,629,855
Subscription of shares by non-controlling shareholders of subsidiary		-	49,000	-	-
Net proceeds from share issuance pursuant to private placement					
- Gross proceeds		87,691,625	-	87,691,625	-
- Share issue expenses		(1,609,763)	-	(1,609,763)	-
Proceeds from share issuance pursuant to ESOS		2,318,757	-	2,318,757	-
Proceeds from issuance of Medium Term Notes		59,558,500	-	-	-
Payment of debts issue costs and incidental costs		(2,288,112)	-	-	-
Drawdown of term loans		-	156,265,595	-	-
Repayments of term loans		(116,878,596)	(54,576,511)	-	-
Net cash from financing activities		28,447,069	101,652,725	164,927,165	216,544,496
Net increase/(decrease) in cash and cash equivalents, balance carried down		21,768,947	(12,932,820)	48,898,618	(19,310,396)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Balance brought down		21,768,947	(12,932,820)	48,898,618	(19,310,396)
Effect of exchange rate changes		1,173,354	6,121,427	1,205,849	-
		22,942,301	(6,811,393)	50,104,467	(19,310,396)
Cash and cash equivalents at beginning of the financial year		30,434,007	37,245,400	(7,912,195)	11,398,201
Cash and cash equivalents at end of the financial year	31	53,376,308	30,434,007	42,192,272	(7,912,195)

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 2013

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, associates and joint ventures are disclosed in Notes 16, 17 and 18. 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 16 April 2014.

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 have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

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 reported 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).

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

New MFRSs	
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

2. BASIS OF PREPARATION (CONT'D)

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Cont'd)

Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

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 controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 10 brings about convergence between MFRS 127 and IC Int 112 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-subsidiary 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.

The Group adopted MFRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 3(a). The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

2. BASIS OF PREPARATION (CONT'D)

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Cont'd)

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 venturer recognises its interest in the joint venture as an investment and account for its 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.

The Group adopted MFRS 11 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 3(b). The adoption of MFRS 11 has no significant impact to the financial statements of the Group.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, 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. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. MFRS 12 disclosures are provided in Notes 16, 17 and 18.

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. As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 40(c).

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time here to be presented separately from items that will not be reclassified.

The amendments also introduces new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income".

The above amendments affect presentation only and have no impact on Company's financial position or performance.

2. BASIS OF PREPARATION (CONT'D)

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(ii) New MFRS, Amendments/Improvements to MFRSs and New 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 MFRS, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") 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
New MFRS		
MFRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

A brief discussion on the above significant new MFRS, amendments/improvements to MFRSs and new 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.

2. BASIS OF PREPARATION (CONT'D)

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(ii) New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Cont'd)

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 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk, and they are expected to be of particular interest to non-financial institutions. As a result of these changes, users of the financial statements will be provided with better information about risk management and about the effect of hedge accounting on the financial statements. The MFRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the Amendments, an entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9. This change in accounting would mean that gains caused by a worsening in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Amendments will facilitate earlier application of this long-awaited improvement to financial reporting.

The Amendments also remove the mandatory effective date from MFRS 9.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

2. BASIS OF PREPARATION (CONT'D)

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(ii) New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments,* regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation.*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

Amendments to MFRS 116 and MFRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

2. BASIS OF PREPARATION (CONT'D)

(b) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(ii) New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

(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"), Singapore Dollar ("SGD") 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) Depreciation of plant and equipment (Note 13) – the cost of Mobile Offshore Production Unit ("MOPU") and vessels 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.

During the financial year ended 31 December 2013, the Group revised the residual value of its MOPU at the end of useful life based on valuation performed by an independent professional valuer in compliance with MFRS 116: Property, Plant and Equipment. The revision was accounted for prospectively as a change in accounting estimate and as a result, the annual depreciation charge, recognised in direct costs, in the current and future financial years has decreased by RM2,653,684.

2. BASIS OF PREPARATION (CONT'D)

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

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: (Cont'd)

(iii) Impairment of plant and equipment (Note 13) – The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. The management relies on the professional valuer to determine the recoverable amount. Significant judgement is required in the estimation of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows as well as the newbuilt costs, useful lives and salvage value of similar asset.

(iv) Impairment on investments (Notes 16, 17 and 18) – The management reviews 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.

(v) Impairment loss on receivables (Notes 20 and 21) – 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.

(vi) Share options reserve (Note 32) – 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 structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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 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.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

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

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.

(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

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.

(v) Non-controlling interests

Non-controlling interests at the reporting date, 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 profit or loss and other 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.

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.

(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 and joint ventures

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

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Associates and joint ventures (Cont'd)

Associates or joint ventures are accounted for in the consolidated financial statements using the equity method and joint ventures of accounting unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, an investment in an associate or joint venture is initially recognised at cost. Thereafter, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that the investee becomes an associate or joint venture.

Goodwill relating to associates or joint ventures 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 or joint venture, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a legal or constructive obligation or has made payments on behalf of the investee. Should the associate or joint venture 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 or joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss. Any reversal of impairment loss is recognised in profit or loss to the extent that the recoverable amount of the investment subsequently increases.

Investments in associates or joint ventures 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).

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interest.

When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Associates and joint ventures (Cont'd)

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint ventures that are not related to the Group.

(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 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.

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 profit or loss and other comprehensive income.

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) Charter income

Charter hire income from MOPU and 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 fee

Management fee is 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Employee benefits (Cont'd)

(ii) Employees' share option scheme (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases (Cont'd)

(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.

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.

Where arrangement between the continuing and discontinued operations is expected to continue, intra-group transactions are eliminated in discontinued operation and the income and expense are recorded in continuing operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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%
MOPU and marine vessels	15 – 25 years
Equipment on board vessels	3 – 10 years

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(m).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

An intangible asset is derecognition on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the assets is derecognised.

(m) 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 costs of disposal 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.

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.

(n) 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.

(o) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

(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.

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.

(p) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) 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.

(s) 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 treasure shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(t) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Derivative financial instruments

The Group enters into cross currency interest rate swap contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the gain or loss depends on whether the derivative is designated as hedging instrument, and if so, the nature of the item being hedged.

(v) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The fair value of a hedging derivate is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is within 12 months.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(w) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) 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.

(y) 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 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

4. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income from:				
- subsidiaries	-	-	117,767,224	15,170,000
- associate	-	-	640,200	-
Management fee	8,630,397	8,560,047	2,195,930	2,181,039
Charter income	103,032,501	119,810,083	-	-
	111,662,898	128,370,130	120,603,354	17,351,039

5. DIRECT COSTS

	Group	
	2013 RM	2012 RM
Cost of services rendered	46,804,892	37,896,450

6. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expense on:				
- Bank overdraft	835,608	832,991	835,608	832,991
- Hire purchase	23,362	20,398	23,362	20,398
- Loans from subsidiaries	-	-	4,633,006	-
- Medium term notes	1,036,347	-	-	-
- Revolving credit	1,216	750,158	-	750,158
- Term loans	9,705,237	7,491,338	-	-
	11,601,770	9,094,885	5,491,976	1,603,547

7. PROFIT/(LOSS) BEFORE TAX

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

	Continuing operations		Discontinued operation	
	2013 RM	2012 RM	2013 RM	2012 RM
Group				
Auditors' remuneration:				
- statutory audit:				
- current	140,750	125,182	18,642	15,848
- under provision in prior financial year	-	19,000	-	-
- other services	176,000	5,000	-	-
Bargain purchase gain on acquisition of subsidiaries	-	(18,423,970)	-	-
Bad debts written off	-	42,585	-	-
Depreciation of plant and equipment	38,868,958	33,799,484	-	13,613,358
Employee benefits expense (including key management personnel) (Note 8)	18,950,279	12,008,482	-	-
Loss/(Gain) on disposal of plant and equipment	55,237	(91)	-	-
Gain on disposal of subsidiary	-	-	9,712,013	-
Impairment loss on:				
- investment in associates	-	17,238,380	-	-
- plant and equipment	-	7,887,052	-	-
- amount due from associate (Note 21)	-	118,725	-	-
Interest income	(460,815)	(15,507)	-	(10,792)
Interest expense	11,601,770	9,094,885	3,316,802	4,481,730
Net (gain)/loss on foreign exchange:				
- realised	(4,471,244)	(47,978)	(37,289)	1,764
- unrealised	(333,905)	(567,103)	-	5,494
Rental of office	1,398,375	773,760	-	-
Rental of office equipment	15,220	7,810	-	-
Sub-rental income	(675,234)	(287,837)	-	-
Share of results of associates	(1,640,630)	67,855	-	-
Share of results of joint ventures	(6,081,474)	-	-	-
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	
	2013 RM	2012 RM
Company		
Auditors' remuneration:		
- statutory audit:		
- current	55,000	47,000
- under provision in prior financial year	-	19,000
- other services	26,000	5,000
Bad debts written off	-	42,585
Depreciation of plant and equipment	198,425	158,354
Employee benefits expense (including key management personnel) (Note 8)	18,841,799	11,959,776
Gain on disposal of subsidiary	(46,095,859)	-
Loss/(Gain) on disposal of plant and equipment	55,237	(91)
Investment in subsidiary written off	-	1
Impairment loss on:		
- investment in subsidiaries (Note 16)	29,009,000	7,294,784
- investment in associates	-	17,376,000
- amount due from subsidiaries	-	8,470,944
- amount due from associate	-	118,725
Interest income	(460,815)	(3,987)
Interest expense	5,491,976	1,603,547
Net foreign exchange loss/(gain):		
- realised	5,154,658	(120,825)
- unrealised	6,361,175	(8,346,527)
Rental of office	773,760	773,760
Rental of office equipment	15,220	7,810
Reversal of impairment loss on		
- amount due from subsidiairies	(8,470,944)	-
Sub-rental income	(285,238)	(287,837)

8. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages and salaries	8,671,300	7,451,783	8,575,300	7,406,232
Defined contribution plan and social security contribution	978,846	394,011	966,366	390,856
Share options granted under ESOS	9,231,611	4,001,140	9,231,611	4,001,140
Other benefits	68,522	161,548	68,522	161,548
	18,950,279	12,008,482	18,841,799	11,959,776

Included in employees benefits expense are directors' remuneration of the Group and of the Company amounting to RM6,747,904 (2012: RM4,841,087) and RM6,700,444 (2012: RM4,819,779) respectively.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors' remuneration:				
- Salaries and bonus	2,104,000	2,672,000	2,062,000	2,653,144
- Other emoluments	252,900	132,670	247,440	130,218
- Share options granted under ESOS	2,181,607	1,048,667	2,181,607	1,048,667
	4,538,507	3,853,337	4,491,047	3,832,029
Non-executive directors' remuneration				
- Fee	370,000	303,500	370,000	303,500
- Other emoluments	22,500	24,250	22,500	24,250
- Share options granted under ESOS	1,816,897	660,000	1,816,897	660,000
	2,209,397	987,750	2,209,397	987,750
Total directors' remuneration	6,747,904	4,841,087	6,700,444	4,819,779

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	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors:				
RM50,001 - RM100,000	-	-	1	1
RM1,000,001 - RM1,050,000	-	1	-	-
RM1,550,001 - RM1,600,000	1	-	-	-
RM2,800,001 - RM2,850,000	-	1	-	-
RM2,900,001 - RM2,950,000	1	-	-	-
Non-executive directors:				
RM1 - RM50,000	-	2	-	-
RM250,001 - RM300,000	-	2	-	-
RM350,001 - RM400,000	-	1	-	-
RM400,001 - RM450,000	4	-	-	-
RM500,001 - RM550,000	1	-	-	-

10. TAX EXPENSE/(CREDIT)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Continuing operations				
Current tax:				
Malaysian				
- current financial year	41,184	20,909	-	-
- under provision in prior financial year	43,773	78,569	-	-
	84,957	99,478	-	-
Deferred tax:				
Origination and reversal of temporary differences	-	(25,569,386)	-	994,314
Over provision in prior financial year	-	(123,684)	-	-
	-	(25,693,070)	-	994,314
Tax expense/(credit) attributable to continuing operations	84,957	(25,593,592)	-	994,314
Tax expense attributable to discontinued operation (Note 11)	106,691	19,672	-	-
Total tax expense/(credit) recognised in profit or loss	191,648	(25,573,920)	-	994,314

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	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(Loss) before tax from:				
- continuing operations	38,051,020	53,271,577	104,429,994	(26,184,989)
- discontinued operation	44,583,956	39,980,935	-	-
Accounting profit/(loss) before tax	82,634,976	93,252,512	104,429,994	(26,184,989)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Tax at the Malaysian statutory income tax rate of 25%	20,658,700	23,313,200	26,107,500	(6,546,200)
Effect of changes in tax rate	55,100	-	55,100	-
Effect of share of results of associates	410,200	17,000	-	-
Effect of share of results of joint ventures	1,520,400	-	-	-
Tax effect of non-deductible expenses	4,397,275	6,741,037	8,507,100	9,908,432
Tax effect of non-taxable income	(2,588,000)	(8,792,400)	(35,991,300)	(5,929,100)
Effect of different tax rate in foreign jurisdiction	(121,000)	(131,900)	-	-
Different tax rates in offshore companies *	(23,888,600)	(17,312,128)	-	-
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	1,321,600	2,566,886	1,321,600	2,566,868
Utilisation of deferred tax assets not recognised previously	(1,617,800)	-	-	-
Under/(Over) provision in prior financial years:				
- current tax	43,773	78,569	-	-
- deferred tax	-	(123,684)	-	-
Total tax expense/(credit) recognised in profit or loss	191,648	(25,573,920)	-	994,314

* The income tax expense for certain subsidiaries incorporated in the Federal Territory of Labuan is based on the Labuan Business Activity Tax Act, 1990 which is computed at 3% of profit before tax or fixed sum of RM20,000 upon election.

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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 RM1,617,800 (2012: RM1,578,000).

As at 31 December 2013, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM54,541,400 (2012: RM55,584,600) and RM152,500 (2012: RM73,700) carried forward available for set-off against future taxable profits.

As at 31 December 2013, the Company has unutilised tax losses and unabsorbed capital allowance of approximately RM24,358,000 (2012: RM18,929,900) and RM152,500 (2012: RM73,700) carried forward available for set-off against future taxable profits.

As at 31 December 2013 and 2012, the Company may distribute dividends out of its entire retained earnings under the single-tier system.

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

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 of 49% 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 49% equity interest in SJR Marine is to enable the Company to part finance the acquisition of 51% equity interest in Emas Victoria (L) Bhd. without additional debt financing or issuance of further shares of the Company. The Company has on the same date entered into a shareholders' agreement with EOC to jointly control over the relevant activities of SJR Marine. Following the disposal, the Company lost control over SJR Marine and consequently, SJR Marine became a 51%-owned joint venture of the Company. The disposal was completed on 26 December 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 profit or loss and other 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	237,151,946
Goodwill	15	121,665,838
Trade and other receivables		5,869,667
Cash and bank balances	31	16,545,844
Assets of disposal group classified as held for sale		381,233,295
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		232,393,017
Reverse of disposal group classified as held for sale:		
Foreign currency translation reserve		(23,244,483)

The secured term loans bear effective interest rates ranging from 2.48% to 2.50% 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.

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

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 subsidiary (Note 16)	184,154,193
At 31 December	184,154,193

Statement of profit or loss disclosure

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

	Group	
	2013 RM	2012 RM
Revenue	43,009,786	60,913,833
Direct costs	(93,973)	(14,797,830)
Gross profit	42,915,813	46,116,003
Other income	37,289	2,855,748
Administrative expenses	(4,764,357)	(1,904,460)
Other operating costs	-	(2,604,626)
Profit from operations	38,188,745	44,462,665
Finance costs	(3,316,802)	(4,481,730)
Profit before tax	34,871,943	39,980,935
Tax expense (Note 10)	(106,691)	(19,672)
Profit from operating activities, net of tax	34,765,252	39,961,263
Gain on disposal of discontinued operation (including fair value gain on re-measurement of RM4,953,127 for the remaining interest)	9,712,013	-
Profit for the financial year	44,477,265	39,961,263

The profit from discontinued operation of RM44,477,265 (2012: RM39,961,263) is attributable entirely to the owners of the Company.

Disclosure items which are included in profit before tax from discontinued operations are disclosed in Note 7.

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

Statement of cash flows disclosure

The cash flows attributable to SJR Marine are as follows:

	2013 RM	2012 RM
Operating activities	33,939,727	44,512,277
Financing activities	(44,516,250)	(51,800,700)
Net cash outflows	(10,576,523)	(7,288,423)

Effect of disposal on the consolidated statement of financial position of the Group:

	2013 RM
Assets	
Plant and equipment	258,460,669
Trade receivables	7,063,245
Other receivables, deposit and prepayment	365,715
Cash and bank balance	9,115,476
	275,005,105
Liabilities	
Trade payables	21,205
Other payables and accrual	3,302,162
Amount due to holding company	13,413,435
Borrowing	117,177,081
Tax payable	111,711
	134,025,594
	140,979,511
Goodwill	121,665,839
Net assets disposal of	262,645,350
Cumulative foreign currency translation differences in respect of net assets of subsidiary reclassified from equity to profit or loss on disposal of subsidiary	5,870,212
Consideration	
- Part settlement of acquisition of joint venture in Emas Victoria (L) Bhd.	(122,007,500)
- Cash consideration	(14,324,012)
- Fair value of retaining interest	(141,896,063)
Gain on disposal of discontinued operation	(9,712,013)
Cash consideration	14,324,013
Less: Cash and cash equivalents of subsidiary disposed	(9,115,476)
Net cash inflow from disposal of discontinued operation, net of cash and cash equivalents	5,208,537

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	
	2013 RM	**2012 RM**
Profit attributable to owners of Company		
- from continuing operations	27,308,142	52,213,026
- from discontinued operation	44,477,265	39,961,263
	71,785,407	92,174,289

	Group/Company	
	2013	**2012**
	Number of Shares ("000")	
Weighted average number of ordinary shares for basic earnings per share computation	983,814	848,968
Effect of dilution:		
- share options	12,478	3,562
Weighted average number of ordinary shares for diluted earnings per share computation	996,292	852,530

Since the end of the financial year, the Company issued 108,419,998 new ordinary shares of RM0.10 each at an issue price of RM1.53 per ordinary share via private placement and a total of 172,000 new ordinary shares of RM0.10 each pursuant to the exercise of options under the ESOS at the exercise price of RM0.785 for each ordinary share.

13. PLANT AND EQUIPMENT

	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	MOPU, Marine vessels and equipment RM	Total RM
Group							
Costs							
At 1.1.2013	537,290	126,062	135,783	54,050	424,795	593,400,607	594,678,587
Additions	620,106	84,784	93,660	-	93,987	-	892,537
Disposal	(537,290)	-	-	-	-	-	(537,290)
Exchange differences	-	-	-	-	-	48,586,245	48,586,245
At 31.12.2013	620,106	210,846	229,443	54,050	518,782	641,986,852	643,620,079
Accumulated depreciation and impairment							
At 1.1.2013	268,645	41,428	46,000	32,198	353,729	44,834,049	45,576,049
Charge for the financial year	121,261	17,322	19,228	5,405	50,029	38,655,713	38,868,958
Disposal	(286,555)	-	-	-	-	-	(286,555)
Exchange differences	-	-	-	-	-	11,245,335	11,245,335
At 31.12.2013	103,351	58,750	65,228	37,603	403,758	94,735,097	95,403,787
Net carrying amount							
At 31.12.2013	516,755	152,096	164,215	16,447	115,024	547,251,755	548,216,292

13. PLANT AND EQUIPMENT (Cont'd)

	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	MOPU, Marine vessels and equipment RM	Total RM
Group							
Costs							
At 1.1.2012	537,290	120,432	135,783	54,050	358,269	574,642,364	575,848,188
Acquisition of subsidiary (Note 16)	-	-	-	-	-	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	-	-	-	-	-	(28,962,935)	(28,962,935)
At 31.12.2012	537,290	126,062	135,783	54,050	424,795	593,400,607	594,678,587
Accumulated depreciation and impairment							
At 1.1.2012	161,187	28,944	32,423	26,793	335,824	55,611,721	56,196,892
Charge for the financial year	107,458	12,484	13,577	5,405	25,025	47,248,893	47,412,842
Disposal	-	-	-	-	(7,120)	-	(7,120)
Impairment loss	-	-	-	-	-	7,887,052	7,887,052
Transfer to assets classified as held for sale (Note 11)	-	-	-	-	-	(59,866,876)	(59,866,876)
Exchange differences	-	-	-	-	-	(6,046,741)	(6,046,741)
At 31.12.2012	268,645	41,428	46,000	32,198	353,729	44,834,049	45,576,049
Net carrying amount							
At 31.12.2012	268,645	84,634	89,783	21,852	71,066	548,566,558	549,102,538

13. PLANT AND EQUIPMENT (CONT'D)

	Motor vehicles RM	Renovation RM	Office equipment, furniture and fittings RM	Computer and software RM	Total RM
Company					
Costs					
At 1.1.2013	537,290	135,783	124,168	180,441	977,682
Additions	620,106	-	25,634	93,987	739,727
Disposal	(537,290)	-	-	-	(537,290)
At 31.12.2013	620,106	135,783	149,802	274,428	1,180,119
Accumulated depreciation					
At 1.1.2013	268,645	46,000	40,591	109,385	464,621
Charge for the financial year	121,261	13,578	13,558	50,028	198,425
Disposal	(286,553)	-	-	-	(286,553)
At 31.12.2013	103,353	59,578	54,149	159,413	376,493
Net carrying amount					
At 31.12.2013	516,753	76,205	95,653	115,015	803,626
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	32,423	28,297	91,480	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	46,000	40,591	109,385	464,621
Net carrying amount					
At 31.12.2012	268,645	89,783	83,577	71,056	513,061

13. PLANT AND EQUIPMENT (Cont'd)

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

	Group/Company	
	2013 RM	2012 RM
Net carrying amount	516,753	268,645

(b) Plant and equipment pledged as securities for bank guarantee and credit facilities granted to certain subsidiaries as mentioned in Note 29 are as follows:

	Group	
	2013 RM	2012 RM
MOPU and Marine vessels		
Net carrying amount	547,251,755	548,566,558

(c) During the financial year, the Group and the Company acquired plant and equipment with an aggregate cost of RM892,537 (2012: RM80,370) and RM739,727 (2012: RM80,370) respectively which are satisfied as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash payments	313,537	80,370	160,727	80,370
Finance Lease arrangement	579,000	-	579,000	-
	892,537	80,370	739,727	80,370

14. INTANGIBLE ASSET

	Group/Company Golf club membership RM
Cost	
At 1.1.2013	-
Addition	75,000
At 31.12.2013	75,000
Net carrying amount	
At 31.12.2013	75,000
At 31.12.2012	-

15. GOODWILL ON BUSINESS COMBINATION

	Group	
	2013 RM	2012 RM
At 1 January	-	121,665,838
Transfer to assets of disposal group classified as held for sale (Note 11)	-	(121,665,838)
At 31 December	-	-

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM	2012 RM
Unquoted shares, at cost		
At 1 January	272,766,567	236,793,901
Additions	29,937,000	220,127,060
Transfer to non-current asset classified held for sale (Note 11)	-	(184,154,393)
Written off	-	(1)
At 31 December	302,703,567	272,766,567
Less: Accumulated impairment losses		
At 1 January	7,294,784	-
Additions (Note 7)	29,009,000	7,294,784
At 31 December	36,303,784	7,294,784
	266,399,783	265,471,783
Amount due from subsidiaries	560,490,470	124,881,262
	826,890,253	390,353,045

The amount due from subsidiaries is non-trade in nature, unsecured and interest free. The settlement of this amount is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less impairment loss, if any.

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective of ownership interest/ Voting rights 2013	2012
^Romilly (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%
#Perisai (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas offshore production and drilling units.	100%	100%
^Alpha Perisai Sdn. Bhd.	Malaysia	Provision of administrative support services	100%	100%
#Corro Pro (L) Inc.	Labuan, Malaysia	Dormant	100%	100%
^Perisai Drilling Sdn. Bhd.	Malaysia	Dormant	100%	100%
Perisai Offshore Sdn. Bhd.	Malaysia	Provision of offshore oil and gas services in upstream oil sectors	51%	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%
#Garuda Energy (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas offshore production.	100%	100%
#Perisai Capital (L) Inc.	Labuan, Malaysia	A special purpose vehicle for the procurement of funds.	100%	-
Perisai Production Holdings Sdn. Bhd.	Malaysia	Investment holding	100%	-
Perisai Drilling Holdings Sdn. Bhd.	Malaysia	Investment holding	100%	-
Intan Offshore Sdn. Bhd.	Malaysia	Investment holding	51%	51%

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective of ownership interest/ Voting rights 2013	2012
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.	Republic of Singapore	Dormant	51%	51%
#Intan Offshore (L) Ltd.	Labuan, Malaysia	Provision of vessels and equipment on vessels chartering services.	51%	51%
Lewek Mallard Offshore Sdn. Bhd.	Malaysia	Dormant	51%	51%
@Sarah Pearl Shipping Pte. Ltd.	Republic of Singapore	Provision of ship chartering services.	51%	51%

\# Subsidiaries audited by a firm of chartered accountant affiliated with Baker Tilly AC.
@ Subsidiary audited by firm of auditors other than Baker Tilly AC.
* Not required to be audited under the local laws and regulations.
^ During the financial year, the Company fully subscribed for a total of 29,737,000 new ordinary shares of RM1 each in the respective subsidiaries via settlement of debts due from the subsidiaries to the Company.

(a) Incorporation of subsidiaries

On 3 July 2013, the Company incorporated Perisai Capital (L) Inc., with issued and paid-up share capital of USD1,000 comprising 1,000 ordinary shares and on 18 July 2013, the Company incorporated Perisai Production Holdings Sdn. Bhd. and Perisai Drilling Holdings Sdn. Bhd. with issued share capital of RM100,000 comprising 100,000 ordinary shares in each subsidiary.

In previous financial year, the Company incorporated Perisai Offshore Sdn. Bhd. with 51% equity interest in the subsidiary.

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

(b) Acquisition of subsidiaries

2012

On 12 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 USD50,000,000 (equivalent to RM156,446,000) and the remaining USD20,000,000 (equivalent to RM63,630,060) via issuance of new ordinary shares of RM0.10 each at an issue price of RM0.65 per share. The subsidiary contributed revenue of USD25,912,800 (equivalent to RM78,958,893) and profit of USD19,237,460 (equivalents 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 that financial year.

The following summarises the major classes of consideration transferred and the recognized 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 23)	63,630,060
	220,076,060

	Carrying amount RM	Fair value 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 a former 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.

16. 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 equivalents	(156,446,000)
Downpayment made in year 2011	60,129,000
Cash and cash equivalents acquired	11,971,867
	(84,345,133)

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.

(c) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:-

2013	Intan Offshore Sdn. Bhd. and its subsidiaries RM	Individually immaterial subsidiary RM	Total RM
NCI percentage of ownership interest and voting interest	49%	49%	49%
Carrying amount of NCI	100,384,011	20,558	100,404,569
Profit/(Loss) allocated to NCI	10,659,244	(1,323)	10,657,921
Total comprehensive income allocated to NCI	18,175,683	(1,323)	18,174,360

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:- (cont'd)

2012	Intan Offshore Sdn. Bhd. and its subsidiaries RM	Individually immaterial subsidiary RM	Total RM
NCI percentage of ownership interest and voting interest	49%	49%	49%
Carrying amount of NCI	82,208,328	21,881	82,230,209
Profit/(Loss) allocated to NCI	26,679,262	(27,119)	26,652,143
Total comprehensive income allocated to NCI	24,118,838	(27,119)	24,091,719

(d) The financial information of Intan Offshore Sdn. Bhd. and its subsidiaries ("Intan Offshore Group") before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:-

2013	Intan Offshore Group RM
Assets and liabilities	
Non-current assets	232,413,812
Current assets	111,269,469
Non-current liabilities	(109,775,107)
Current liabilities	(29,042,846)
Net assets	204,865,328
Results	
Revenue	42,128,712
Profit for the financial year	21,753,559
Total comprehensive income	37,093,230
Cash flows from operating activities	21,246,001
Cash flows used in investing activities	(379,597)
Cash flows used in financing activities	(23,033,316)
Net decrease in cash and cash equivalents	(2,166,912)
Dividends paid to NCI	-

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) The financial information of Intan Offshore Sdn. Bhd. and its subsidiaries ("Intan Offshore Group") before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:- (cont'd)

2012	Intan Offshore Group RM
Assets and liabilities	
Non-current assets	231,161,157
Current assets	120,834,709
Non-current liabilities	(122,530,012)
Current liabilities	(61,693,756)
Net assets	167,772,098
Results	
Revenue	40,851,190
Profit for the financial year	54,447,473
Total comprehensive income	49,222,118
Cash flows from operating activities	14,833,760
Cash flows used in investing activities	(91,572,883)
Cash flows from financing activities	76,985,362
Net increase in cash and cash equivalents	246,239
Dividends paid to NCI	-

(e) The covenants of the bank term loans taken by Garuda Energy (L) Inc. and Intan Offshore (L) Ltd., the subsidiaries of the Company, restrict the ability of the subsidiaries to provide advances to other companies within the Group and to declare dividends to their shareholders until full settlement of the loans unless their prior written consent are obtained. The assets to which such restrictions apply are the cash and cash equivalents of those subsidiaries included in the consolidated financial statements amounting to RM9,876,723 (2012: RM20,806,708).

17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unquoted shares, at cost				
At 1 January	17,676,000	17,416,000	17,676,000	17,416,000
Additions	-	260,000	-	260,000
At 31 December	17,676,000	17,676,000	17,676,000	17,676,000
Share of post-acquisition profit/(loss)				
At 1 January	(122,264)	(54,409)	-	-
Additions	1,640,630	(67,855)	-	-
Dividend	(640,200)	-	-	-
At 31 December	878,166	(122,264)	-	-
Less: Accumulated impairment losses				
At 1 January	17,238,380	-	17,376,000	-
Additions	-	17,238,380	-	17,376,000
At 31 December	17,238,380	17,238,380	17,376,000	17,376,000
	1,315,786	315,356	300,000	300,000

Details of the associates are as follows:

Name of company	Principal place of business/ Country of incorporation	Nature of the relationship	Effective of ownership interest/Voting rights 2013	2012	Financial year end
Held by the Company					
◎ 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 and is one of the agents for the chartering services	40%	40%	31 December

◎ Audited by firm of auditors other than Baker Tilly AC.
* Audited by Baker Tilly AC.

17. INVESTMENTS IN ASSOCIATES (CONT'D)

(a) The summarised financial information of the Group's material associate is as follows:

	Larizz Petroleum Services Sdn. Bhd. RM
2013	
Assets and liabilities	
Non-current assets	168,092
Current assets	138,655,390
Non-current liabilities	(130,100)
Current liabilities	(135,403,917)
Net assets	3,289,465
Results	
Revenue	5,595,917
Profit for the financial year	4,112,675
Total comprehensive income	4,112,675
2012	
Assets and liabilities	
Non-current assets	-
Current assets	4,630,100
Non-current liabilities	(11,000)
Current liabilities	(3,830,710)
Net assets	788,390
Results	
Revenue	307,349
Profit for the financial year	31,747
Total comprehensive income	31,747

17. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) The reconciliation of net assets to carrying amount of the associates is as follows:

	Larizz Petroleum Services Sdn. Bhd. RM	Individually immaterial associate RM	Total RM
2013			
Group's share of net assets	1,315,786	17,376,000	18,691,786
Less: Impairment loss	-	(17,376,000)	(17,376,000)
Carrying amount in the consolidated statement of financial position	1,315,786	-	1,315,786
Share of results of the Group	1,640,630	-	1,640,630
Dividend received from associates	640,200	-	640,200
2012			
Group's share of net assets	315,356	17,376,000	17,691,356
Less: Impairment loss	-	(17,376,000)	(17,376,000)
Carrying amount in the consolidated statement of financial position	315,356	-	315,356
Share of results of the Group	12,698	(80,553)	(67,855)
Dividend received from associates	-	-	-

18. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unquoted shares, at cost				
At 1 January	-	-	-	-
Additions	485,302,776	-	93,918,740	-
At 31 December	485,302,776	-	93,918,740	-
Share of post-acquisition profits:				
At 1 January	-	-	-	-
Additions	6,081,474	-	-	-
At 31 December	6,081,474	-	-	-
Less: Exchange differences				
At 1 January	-	-	-	-
Changes during the financial year	(2,686,387)	-	-	-
At 31 December	(2,686,387)	-	-	-
	488,697,863	-	93,918,740	-

Included in additions of investment in joint ventures of the Group are:

(a) the remaining interest re-measured at fair value of RM141,896,063 in SJR Marine (L) Inc. ("SJR Marine") which ceased to be a subsidiary of the Company and became a joint venture of the Company as disclosed in Note 11;

(b) acquisition of Emas Victoria (L) Bhd. ("EVLB") and Victoria Production Services Sdn. Bhd. ("VPS") from EOC Limited ("EOC") for a total consideration of RM343,228,213 and RM51 respectively; and

(c) subscription of additional new ordinary shares in VPS at cash amounting to RM178,449 comprising 178,449 shares of RM1 each.

The Group's interest's in the above investments is regarded as joint ventures although the Group owns more than half of the equity interest in these entities. These entities have not been regarded as subsidiaries of the Group as management have assessed that the contractual arrangements with the joint venture party have given rise to joint-control over the relevant activities of these entities and it has rights to the net assets of the entities in accordance with MFRS 11 Joint Arrangements. Accordingly, these entities are accounted for using the equity method in these consolidated financial statements.

18. INVESTMENTS IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

Name of company	Principal place of business/ Country of incorporation	Nature of the relationship	Effective of ownership interest/Voting rights 2013	2012	Financial year end
Held by the Company					
@ SJR Marine (L) Ltd.	Labuan, Malaysia	Provision of vessels, barges and equipment on vessels charter services.	51%	-	31 December
Held by Perisai Production Holdings Sdn. Bhd.					
@ Emas Victoria (L) Bhd.	Labuan, Malaysia	Ship owners and provision of ship chartering services.	51%	-	31 December
* Victoria Production Services Sdn. Bhd.	Malaysia	Operations and maintenance service for Floating Production Storage Offloading ("FPSO").	51%	-	31 December

@ Audited by firm of chartered accountant affiliated with Baker Tilly AC.
* Audited by Baker Tilly AC.

Simultaneous with the disposal of 49% equity interest in SJR Marine, on 5 December 2012, the Company and EOC entered into the following supplementary agreement to the Share Sale Agreement:

(i) the Company grants EOC the right to acquire all of the Company's remaining equity interest in SJR Marine (the "Call Option Shares") from the Company, and EOC may exercise the Call Option at the Call Option Price at any time during the two (2)-year period from the completion date of the disposal of 49% equity in SJR Marine ("Completion Date") ("Call Option Period"). The Call Option Price is fixed at the price equivalent to 51% of the net assets value of SJR Marine at the Completion Date;

(ii) in the event the Call Option is not exercised during the Call Option Period, the parties shall use their best endeavours to procure SJR Marine to sell SJR Marine's Enterprise 3 vessel to an interested third party within a period of twelve (12) months from the expiry of the Call Option Period ("Enterprise 3 Disposal Period") on terms to be agreed upon by the parties. Where SJR Marine is unable to dispose of Enterprise 3 within the Enterprise 3 Disposal Period, the Company shall be entitled to exercise its right under the Put Option; and

(iii) EOC grants the Company the right ("Put Option") to sell all of its remaining equity interest in SJR Marine ("Put Option Shares"), to EOC, and EOC shall acquire the Put Option Shares, at the Put Option Price which is equivalent to the Call Option Price. The Company may exercise the Put Option at the Put Option Price at any time within the period of one (1) month prior to the expiry of the Enterprise 3 Disposal Period ("Put Option Period"). In the event the Put Option is not exercised within the Put Option Period, the Company's Put Option Rights shall lapse.

18. INVESTMENTS IN JOINT VENTURES (CONT'D)

At the reporting date, the management are of the opinion that the fair value of Call Option, if any, would be insignificant as the disposal date of SJR Marine, when the retained interest was recognised at fair value, is near the financial year end whereas the fair value of the Put Option could not be estimated reliably as the option is linked to an unquoted equity instrument with many unobservable factors at the Put Option Period.

The summarised financial information of the Group's material joint ventures is as follows:

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
Asset and liabilities				
Non-current assets	1,447,858,518	232,839	240,133,348	1,688,224,705
Current assets	35,928,160	10,731,259	16,378,751	63,038,170
Non-current liabilities	(739,508,272)	-	(36,145,558)	(775,653,830)
Current liabilities	(158,977,408)	(9,846,952)	(97,125,493)	(265,949,853)
Net assets	585,300,998	1,117,146	123,241,048	709,659,192
Included in the assets and liabilities are:				
Cash and cash equivalents	8,115,176	1,054,531	9,054,507	18,224,214
Non-current financial liabilities (excluding trade and other payables and provisions)	739,508,272	-	36,145,558	775,653,830
Current financial liabilities (excluding trade and other payables and provisions)	156,127,215	4,549,706	93,695,740	254,372,661
Results				
Revenue	26,755,828	7,413,194	293,982	34,463,004
Depreciation	10,555,882	9,006	335,922	10,900,810
Interest expense	1,994,362	-	37,188	2,031,550
Income tax expense	14,003	182,758	12,661	209,422
Profit for the financial year	11,566,839	792,326	(434,707)	11,924,458
Other comprehensive income	(3,424,278)	30,286	(1,873,433)	(5,267,425)
Total comprehensive income	8,142,561	822,612	(2,308,140)	6,657,033
Group's share of net assets	306,754,211	569,825	136,208,548	443,532,584
Goodwill	40,626,708	28,207	4,510,364	45,165,279
Carrying amount in the consolidated statement of financial position	347,380,919	598,032	140,718,912	488,697,863
Share of results by the Group for the financial year	5,899,088	404,086	(221,700)	6,081,474

18. INVESTMENTS IN JOINT VENTURES (CONT'D)

Significant restrictions

The above joint ventures cannot distribute their profits until consents are obtained from the joint venture partner and the banks under the loan covenant.

Contingent Liabilities (unsecured)

Share of contingent liability incurred jointly with other investor:

SJR Marine, had in year 2009 filed a pleading with the London Maritime Arbitrators Association ("LMAA") against Superior Energy Services LLC ("the Respondent") in respect of breaches of three agreements namely, Bareboat Charterparty Agreement, Vessel Purchase Agreement and Settlement Agreement amounted to USD1,173,357, USD16,200,107 and USD1,387,843 respectively and cost and interest thereon. The Respondent has also filed a counterclaim against the Company 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 awaiting the submission of the same by the Respondent. Therefore, it is not practicable to determine the outcome of the arbitration. SJR Marine has been advised by its legal counsel that it is likely to succeed in certain claims against the Respondent which are under the Vessel Purchase Agreement for the late delivery of the vessel and defects and non-provision of davits to the vessel and under the Bareboat Charterparty for crew wages. However, the solicitors are of the view that SJR Marine's claim for repair costs, downtime and overpayment of hire under the Bareboat Charterparty Agreement is arguable due to the lack of documentary evidence at this stage. Accordingly, no provision for any liability has been made in these financial statements.

19. DEFERRED TAX ASSETS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	-	(25,187,411)	-	994,314
Recognised in profit or loss: (Note 10)				
- continuing operations	-	25,693,070	-	(994,314)
Exchange differences	-	(505,659)	-	-
	-	-	-	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax assets	32,200	22,678	32,200	22,678
Deferred tax liabilities	(32,200)	(22,678)	(32,200)	(22,678)
	-	-	-	-

19. DEFERRED TAX ASSETS (CONT'D)

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax assets				
Unabsorbed capital allowances	32,200	22,678	32,200	22,678
Deferred tax liabilities				
Differences between the carrying amount of plant and equipment and its tax base	(32,200)	(22,678)	(32,200)	(22,678)

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:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	54,541,400	55,584,600	24,358,000	18,929,900
Unabsorbed capital allowances	152,500	73,700	152,500	73,700
	54,693,900	55,658,300	24,510,500	19,003,600

20. TRADE RECEIVABLES

Included in trade receivables is an amount of RM6,239,828 (2012: RM28,066,175) due from an affiliated company.

Trade receivables are non-interest bearing and generally on credit terms ranging from 30 to 120 days (2012: 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	
	2013 RM	2012 RM
Neither past due nor impaired	239,501	7,743,521
1 to 30 days past due not impaired	1,282,031	7,762,114
31 to 60 days past due not impaired	1,311,445	1,500,272
61 to 90 days past due not impaired	3,107,729	-
91 to 120 days past due not impaired	7,153,692	-
More than 120 days past due not impaired	7,291,659	24,111,682
	20,146,556	33,374,068
	20,386,057	41,117,589

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 RM20,146,556 (2012: RM33,374,068) 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.

21. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-trade				
Sundry receivables	2,497,919	2,026,313	458,249	266,704
Amount due from associate	118,743	118,725	118,743	118,725
Less: Allowance for impairment loss	(118,725)	(118,725)	(118,725)	(118,725)
	2,497,937	2,026,313	458,267	266,704
Amount due from subsidiaries	-	-	1,637,078	44,559,535
Less: Allowance for impairment loss	-	-	-	(8,470,944)
	-	-	1,637,078	36,088,591
Amount due from joint ventures	37,184,202	-	37,184,202	-
Deposits	312,756	110,435	83,930	93,930
	39,994,895	2,136,748	39,363,477	36,449,225

The amount due from subsidiaries, associate and joint ventures 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/Company	
	2013 RM	2012 RM
At 1 January	118,725	-
Charge for the financial year (Note 7)	-	118,725
At 31 December	118,725	118,725

The foreign currency exposure profile of other receivables balances is as follows:

	Group/Company	
	2013 Ringgit Malaysia RM	2012 RM
United States Dollar	37,184,202	-

22. PREPAYMENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current	142,238,013	-	-	-
Current	148,480,505	130,024,185	349,385	357,168
	290,718,518	130,024,185	349,385	357,168

Included in prepayments of the Group are down payments for construction of jack-up drilling rigs and other related costs amounting to RM288,249,577 (2012: RM127,218,213). The balance of the capital commitment is disclosed in Note 35.

23. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

		Group/Company					
		Number of ordinary shares of RM0.10 each	<---------- Amount ---------->				
	Note	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 2012		753,883,000	400,000	75,388,300	144,427,489	219,815,789	(230,795)
Issue of shares for acquisition of subsidiary	16	97,892,400	-	9,789,240	53,840,820	63,630,060	-
At 31 December 2012/ 1 January 2013		851,775,400	400,000	85,177,540	198,268,309	283,445,849	(230,795)
Issue of shares for acquisition of a joint venture		144,661,250	-	14,466,125	206,865,587	221,331,712	-
Share options exercised		2,953,830	-	295,383	2,023,374	2,318,757	-
Share issuance pursuant to private placement		85,137,500	-	8,513,750	79,177,875	87,691,625	-
Share issuance expenses		-	-	-	(1,609,763)	(1,609,763)	-
Transfer to share premium for share options exercised		-	-	-	1,299,685	1,299,685	-
At 31 December 2013		1,084,527,980	400,000	108,452,798	486,025,067	594,477,865	(230,795)

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

	Number of ordinary shares of RM0.10 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised Share Capital				
At 1 January	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Created during the financial year	4,000,000,000	-	400,000,000	-
At 31 December	5,000,000,000	1,000,000,000	500,000,000	100,000,000

(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 following issue of shares was made by the Company:

(i) 85,137,500 new ordinary shares of RM0.10 each for cash at an issue price of RM1.03 per ordinary share through private placement;

(ii) 144,661,250 new ordinary shares of RM0.10 each at an issue price of RM1.10 per ordinary share to satisfy part of the purchase consideration for the acquisition of the 51% equity interest in Emas Victoria (L) Bhd. pursuant to a share sales agreement dated 30 November 2012. For the purpose of accounting for the shares consideration, the fair value of RM1.53 per ordinary share as at the date of completion of acquisition was recorded instead of issue price of RM1.10 per ordinary share; and

(iii) 2,953,830 new ordinary shares of RM0.10 each for cash arising from the exercise of options granted under the Employees' Share Option Scheme at an exercise price of RM0.785 per ordinary share.

The new ordinary shares issued during the financial year 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 previous financial year end.

24. OTHER RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Share options reserve	11,933,066	4,001,140	11,933,066	4,001,140
Foreign currency translation reserve	11,436,743	4,265,469	-	-
Cash flow hedge reserve	(631,493)	-	(631,493)	-
	22,738,316	8,266,609	11,301,573	4,001,140

(a) Share options reserve

Share options reserve represents the equity-settled share options granted to employees (Note 32). 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.

(c) Cash flow hedge reserve

Cash flows hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flows hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedge transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

25. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (2012: 30 to 90 days).

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

	Group	
Functional currency of Group entities	2013 United States Dollar RM	2012 RM
Ringgit Malaysia	-	2,074

26. OTHER PAYABLES AND ACCRUALS

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Sundry payables	(a)	87,666,267	66,033,714	14,026,298	25,005,085
Amount due to subsidiaries	(b)	-	-	303,589,957	317,370,855
Accruals		5,326,918	4,552,816	4,181,929	4,115,268
Deposits received	(c)	156,079	23,000	23,000	23,000
		93,149,264	70,609,530	321,821,184	346,514,208

(a) Included in sundry payables of the Group and of the Company in previous financial year is an amount of USD7,500,000 or equivalent to RM24,405,815 which the Company has fully paid in the current financial year to Mercury Pacific Marine Pte. Ltd. ("Vendor") pursuant to the acquisition of SJR Marine (L) Ltd. ("SJR") from the 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 RM68,130,400 (2012: RM nil) being remaining deposit due to a vendor for the construction of a jack-up drilling rig. This amount bears interest at rate of 4.26% (2012: nil) per annum and repayable within six months from invoice date.

(ii) an amount of RM9,207,757 (2012: RM nil) due to EOC Limited, a joint venture partner.

(iii) an amount of RM nil (2012: RM39,831,133) 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.

(iv) an amount of RM5,865,785 (2012: 13,318,459) due to an affiliated company in respect of acquisition of plant and equipment.

(v) an amount of RM1,049,595 (2012: RM968,364) due to a former director of a subsidiary.

The above amounts due to joint venture partner, affiliated companies and former director are non-trade in nature, unsecured, interest free and repayable on demand by cash.

(b) The amount due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand by cash except for an amount of RM158,509,500 (2012: RM nil) which bear interest at rates ranging from 3.17% to 6.88% (2012: nil) per annum.

(c) Included in deposits are rental deposits of:

(i) RM23,000 (2012: RM23,000) received by the Group and the Company from an affiliated company; and

(ii) RM133,079 (2012: RM nil) received by the Group from a joint venture company.

26. OTHER PAYABLES AND ACCRUALS (CONT'D)

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

	Group	
Functional currency of Group entities	2013 United States Dollar RM	2012 RM
Ringgit Malaysia	316,401	18,679

	Group		Company	
Functional currency of Group entities	2013 Ringgit Malaysia RM	2012 RM	2013 Ringgit Malaysia RM	2012 RM
Singapore Dollar	-	-	56,672,681	-
United States Dollar	9,207,757	-	243,921,268	307,763,361

27. LOANS AND BORROWINGS

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Current					
Secured bank overdrafts		9,540,370	11,051,662	9,540,370	11,051,662
Secured term loans					
- United States Dollar ("USD")	29	72,362,346	66,762,024	-	-
		81,902,716	77,813,686	9,540,370	11,051,662
Non-current					
Secured term loans					
- United States Dollar ("USD")	29	214,361,822	264,533,792	-	-
Unsecured Medium Term Notes					
- Singapore Dollar ("SGD")		57,270,388	-	-	-
		271,632,210	264,533,792	-	-
		353,534,926	342,347,478	9,540,370	11,051,662

27. LOANS AND BORROWINGS (CONT'D)

The secured bank overdrafts of the Group and of the Company bear interest rates ranging from 8.10% to 8.35% (2012: 8.10% to 8.35%) per annum and are secured against the plant and equipment as disclosed in Note 13.

On 19 August 2013, Perisai Capital (L) Inc. ("PCLI"), a wholly-owned subsidiary of the Company, established a Multi-currency Medium Term Notes ("MTN") Programme arranged by Credit Suisse (Singapore) Limited to issue MTN up to SGD700,000,000. The net proceeds from the issuance of the MTN is expected to be on-lent and/or paid and/or advanced by PCLI to the Company for the general corporate purpose of the Company and its subsidiaries including to finance potential acquisition, strategic expansion, general working capital, capital expenditure, investment and to refinance existing borrowings of the Company and its subsidiaries.

On 3 October 2013, PCLI issued the MTN amounting to SGD23,000,000, maturing on 3 October 2016 bearing interest at rate of 6.88% per annum and are listed on the Singapore Exchange Trading Limited ("SGT-ST").

The salient features of the MTN Programme are as follows:

(a) PCLI may, subject to compliance with all relevant laws, regulations and derivatives, from time to time issue MTN in series or tranches denominated in SGD and/or any other currency as may be agreed between the relevant dealer (s) and PCLI.

(b) Each series of tranche of MTN may be issued in various amounts and tenors, and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest.

(c) The payment obligations of PCLI under the MTN and certain other obligations under the documents pursuant to the MTN Programme ("Programme Documents") will be unconditionally and irrevocably guaranteed by the Company in accordance with the provisions of the applicable Programme Documents.

(d) The MTN and the coupons of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of PCLI and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of PCLI.

(e) The MTN to be issued will be quoted on the SGX-ST pursuant to the MTN Programme.

28. HIRE PURCHASE PAYABLES

	Group/Company	
	2013 RM	2012 RM
Total instalment payable	547,514	290,800
Less: Future finance charges	(47,198)	(24,142)
Present value of hire purchase payables	500,316	266,658
Current liabilities		
Payable within 1 year		
Total instalment payable	128,832	105,756
Less: Future finance charges	(19,434)	(14,201)
	109,398	91,555
Non-current liabilities		
Payable after 1 year but not later than 5 years		
Total instalment payable	418,682	185,044
Less: Future finance charges	(27,764)	(9,941)
	390,918	175,103
	500,316	266,658

The hire purchase bears an effective interest rate at 6.54% (2012: 6.54%) per annum.

29. TERM LOANS

	Group	
	2013 RM	2012 RM
Current liabilities: (Note 27)		
Secured short-term loans	72,362,346	66,762,024
Non-current liabilities: (Note 27)		
Secured term loans		
More than 1 year but less than 2 years	72,362,346	88,012,728
More than 2 year but less than 5 years	141,999,476	176,521,064
	214,361,822	264,533,792
	286,724,168	331,295,816

The term loans of the Group, which are denominated in United States Dollar, bear interest at rates ranging from 2.42% to 3.21% (2012: 2.98% to 3.21%) per annum and are secured and supported as follows:-

(a) a legal charge over respective subsidiaries' MOPU and 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.

30. DERIVATIVE LIABILITY

	2013			2012		
	Notional value RM	Assets RM	Liabilities RM	Notional value RM	Assets RM	Liabilities RM
Group/Company						
Non-current						
Cash flow hedges:						
Cross currency interest rate swaps	59,558,500	-	1,443,290	-	-	-

During the financial year, the Company entered into cross currency interest rate swap contracts that entitle the Company to convert SGD23,000,000 to USD18,429,488 and swaps the Company's obligation to pay USD interest at fixed rate of 7.08% semi annually. The cross currency interest rate swaps will mature on 30 September 2016. The swap contracts were entered into to minimise the Company's exposure to losses resulting from adverse fluctuations in foreign currency exchange rates on the Group's existing borrowings and inter-company advances.

31. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash on hand and at bank	62,916,678	24,788,725	51,732,642	3,139,467
Cash pledged	-	151,100	-	-
Assets of disposal group held for sale (Note 11)	-	16,545,844	-	-
Bank overdrafts (Note 27)	(9,540,370)	(11,051,662)	(9,540,370)	(11,051,662)
	53,376,308	30,434,007	42,192,272	(7,912,195)

In previous financial year, the cash of RM151,100 was pledged to a financial institution for banking facilities granted to the Group.

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

	Group	
Functional currency of Group entities	2013 United States Dollar RM	2012 RM
Singapore Dollar	26,996	39,996
Ringgit Malaysia	4,213	4,348

	Group/Company	
Functional currency of Group entities	2013 Ringgit Malaysia RM	2012 RM
United States Dollar	45,670,808	2,957,469

32. 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 and 25 June 2013, granted 25,818,000 and 14,068,000 new shares respectively 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 expire 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.

32. EMPLOYEE BENEFITS (CONT'D)

Employees' share option scheme ("ESOS") (Cont'd)

Movement of share options during the financial year

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

	2013		2012	
	No.	WAEP (RM)	No.	WAEP (RM)
At 1 January	25,818,000	0.785	-	-
Granted during the financial year	14,068,000	1.440	25,818,000	0.785
Exercised during the financial year	(2,953,830)	0.785	-	
Outstanding at 31 December	36,932,170		25,818,000	
Exercisable at 31 December	12,157,000		699,000	0.785

The weighted average fair value of options granted during the financial year RM0.80 (2012: RM0.44).

The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.58 (2012: nil).

The exercise price for options outstanding at the end of the financial year is RM0.785 and RM1.44 (2012: RM0.785). The weighted average remaining contractual life for these options is 8.5 years (2012: 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 2013 and 31 December 2012:

	Black-Scholes	
	2013	2012
Expected volatility (%)	40%	30%
Risk free interest rate (%)	3.75%	3.47%
Expected life of option	9 years	10 years
Weighted average share price (RM)	1.58	0.87
Expected dividend yield (%)	nil	nil
Weighted average exercise price (RM)	1.44	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.

33. NON-CANCELLABLE OPERATING LEASE COMMITMENT

The future aggregate lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Future rental payments:-				
Not later than one year	1,689,182	773,760	773,760	773,760
Later than one year and not later than five years	1,595,638	1,225,120	451,360	1,225,120
	3,284,820	1,998,880	1,225,120	1,998,880

This is in respect of the non-cancellable operating lease agreements entered into by the Group and the Company for the rental of office premises for periods of 2 years to 3 years and are renewable upon expiry. The leases do not include any contingent rentals.

34. SEGMENT INFORMATION

(a) Operating segments

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) 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.

34. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

Segmental reporting by geographical segments has not been prepared as the Group's operation are carried out predominantly in Malaysia.

Revenue information based on the geographical location of customers is as follows:

	2013 RM	2012 RM
Major customers		
Malaysia	96,734,405	113,894,333
Singapore	14,928,493	14,475,797
	111,662,898	128,370,130

All non-current assets (excluding deferred tax assets and financial instruments) of the Group based on the geographical location of assets are located in Malaysia.

34. SEGMENT INFORMATION (CONT'D)

Segment revenue and results

	Marine vessels		Production Units		Others		Discontinued operation		Elimination		As per consolidation	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
Revenue												
External revenue	48,983,179	47,650,198	60,903,788	78,958,893	1,775,931	1,761,039	43,009,786	60,913,833	-	-	154,672,684	189,283,963
Inter-segment revenue	-	-	-	-	118,076,186	16,010,000	-	-	(118,076,186)	(16,010,000)	-	-
Total segment revenue	48,983,179	47,650,198	60,903,788	78,958,893	119,852,117	17,771,039	43,009,786	60,913,833	(118,076,186)	(16,010,000)	154,672,684	189,283,963
Results												
Operating results	31,296,437	22,937,207	33,194,928	51,468,026	(23,021,494)	(11,986,423)	47,900,758	44,451,873	-	-	89,370,629	106,870,683
Interest expense	(4,522,309)	(1,856,912)	(5,182,928)	(5,630,462)	(1,896,533)	(1,607,511)	(3,316,802)	(4,481,730)	-	-	(14,918,572)	(13,576,615)
Interest income	-	11,520	-	-	460,815	3,987	-	10,792	-	-	460,815	26,299
Share of results of associates	-	-	-	-	1,640,630	(67,855)	-	-	-	-	1,640,630	(67,855)
Share of results of joint ventures	-	-	-	-	6,081,474	-	-	-	-	-	6,081,474	-
Segment results	26,774,128	21,091,815	28,012,000	45,837,564	(16,735,108)	(13,657,802)	44,583,956	39,980,935	-	-	82,634,976	93,252,512
Tax (expense)/ credit											(191,648)	25,573,920
Profit for the financial year											82,443,328	118,826,432
Other segment information												
Bargain purchase gain on acquisition of subsidiaries	-	-	-	(18,423,970)	-	-	-	-	-	-	-	(18,423,970)
Depreciation of plant and equiment	17,837,510	10,589,989	20,818,205	22,161,333	213,243	1,048,162	-	13,613,358	-	-	38,868,958	47,412,842
Impairment loss on:												
- investment in associate	-	17,238,380	-	-	-	-	-	-	-	-	-	17,238,380
- plant and equipment	-	7,887,052	-	-	-	-	-	-	-	-	-	7,887,052
- amount due from associates	-	-	-	-	-	118,725	-	-	-	-	-	118,725
Share options granted under ESOS	-	-	-	-	9,231,611	4,001,140	-	-	-	-	9,231,611	4,001,140
Waiver of debts	-	-	-	-	-	-	-	(2,235,462)	-	-	-	(2,235,462)

34. SEGMENT INFORMATION (CONT'D)

Major customers

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

	2013		2012	
	Marine vessels segment RM	Mobile Offshore Production Unit segment RM	Marine vessels segment RM	Mobile Offshore Production Unit segment RM
Major customers				
- Customer A	27,200,220	-	26,375,393	-
- Customer B	-	60,903,788	-	78,958,893
- Customer C	51,640,183	-	69,473,880	-

35. CAPITAL COMMITMENTS

	Group	
	2013 RM	2012 RM
Approved and contracted for:		
- Plant and equipment	1,779,579,150	502,860,800

36. CORPORATE GUARANTEE

As at the reporting date, the Company is contingently liable for corporate guarantee of RM880,549,279 (2012: RM479,479,970) granted to financial institutions to secure credit facilities granted to subsidiaries and joint ventures.

37. 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, associates, joint ventures, 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	
	2013 RM	2012 RM
Affiliated companies		
Charter income from:		
- Emas Offshore Pte. Ltd. *	14,928,493	14,475,797
- Emas Offshore (M) Sdn. Bhd. *	27,200,220	26,375,393
Rental of office income from:		
- Bayu Emas Maritime Sdn. Bhd. *	285,327	276,000
Vessel maintenance expenses to:		
- Emas Offshore Services Pte. Ltd. *	170,048	643,807
- Emas Offshore Services (M) Sdn. Bhd. *	855,664	643,807
Acquisition of 51% equity interest in Emas Victoria (L) Bhd. and Victoria Production Services Sdn. Bhd.		
- EOC Limited ^	343,228,263	-
Proceeds from disposal of 49% equity interest in SJR Marine (L) Ltd.		
- EOC Limited ^	136,331,512	-
Joint venture		
Secondment of the Company personnel to Victoria Production Services Sdn. Bhd. #	282,864	-
Associate		
Agency fee to:		
- Larizz Petroleum Services Sdn. Bhd. **	180,000	180,000
Dividend received from:		
- Larizz Petroleum Services Sdn. Bhd. **	640,200	-

37. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions and balances (Cont'd)

	Company	
	2013 RM	2012 RM
Subsidiaries		
Agency fee paid or payable ***	(110,760)	-
Dividend received	117,767,224	15,170,000
Interest paid or payable	(4,584,331)	-
Management fee income	2,195,930	2,181,039
Settlement of amount due from subsidiaries by way of issuance of ordinary shares by the subsidiaries	29,737,000	-

^ EOC Limited ("EOC") is an associate of Ezra. HCM, being one of the major shareholders of the Company, is a wholly-owned subsidiary of Ezra.

A joint venture between the Company and EOC.

* The companies are wholly-owned subsidiaries of Ezra Holdings Limited ("Ezra") or HCM Logistics Limited ("HCM").

** 60% equity interest of the company is owned by Zainol Izzet Bin Mohamed Ishak, the managing director of the Company.

*** 49% equity interest of the Company is owned by Zainol Izzet Bin Mohamed Ishak, the managing director of the Company.

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 20, 21 and 26.

37. 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 executive director of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors' remuneration:				
- Fee and emoluments	2,104,000	2,672,000	2,062,000	2,653,144
- Other emoluments	252,900	132,670	247,440	130,218
- Share options granted under ESOS	2,181,607	1,048,667	2,181,607	1,048,667
	4,538,507	3,853,337	4,491,047	3,832,029
Non-executive directors' remuneration				
- Fee and emoluments	370,000	303,500	370,000	303,500
- Other emoluments	22,500	24,250	22,500	24,250
- Share options granted under ESOS	1,816,897	660,000	1,816,897	660,000
	2,209,397	987,750	2,209,397	987,750
Total directors' remuneration	6,747,904	4,841,087	6,700,444	4,819,779
Other key management personnel				
- Share options granted under ESOS	3,664,600	2,742,667	3,664,600	2,742,667
- Short term employee benefits	3,961,534	4,580,797	3,961,534	4,561,941
- Post-employment benefits	360,472	326,259	360,472	323,807
	7,986,606	7,649,723	7,986,606	7,628,415
	14,734,510	12,490,810	14,687,050	12,448,194

Other key management personnel comprises persons other than the directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

Directors' interest in employees' share option scheme

During the financial year,

(i) 2,600,000 (2012: 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 RM1.44 (2012:RM0.785) each; and

(ii) 2,800,000 (2012: 3,000,000) share options were granted to five (2012: three) of the Company's non-executive directors under the existing ESOS plan at an exercise price of RM1.44 (2012:RM0.785) each.

2,100,000 (2012: nil) option 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 14,100,000.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 10 January 2013, the Company completed the listing and quotation of 85,137,500 new ordinary shares of RM0.10 each on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") via a private placement, issued at RM1.03 per ordinary share.

(b) On 28 February 2013, Perisai (L) Inc. ("PLI"), a wholly-owned subsidiary of the Company exercised the option granted by PPL Shipyard Pte. Ltd. ("PPL") to construct additional rig and has entered into a rig construction contract with PPL to construct the rig known as Pacific Class 400 jack-up drilling rig at a contract price of USD208,000,000. PLI has paid 10% of the contract price amounting to USD20,800,000 in February 2013 and the remaining 10% of the contract price amounting to USD20,800,000 was paid on 28 February 2014. The balance of the contract price is to be paid upon delivery of the rig in year 2015.

On 31 December 2013, PLI entered into another similar rig construction contract with PPL to construct another rig known as Pacific Class 400 jack-up drilling rig at a contract price of USD211,500,000. PLI has paid approximately 0.5% of the contract price amounting to USD1,000,000 upon signing of contract and the remaining 19.5% amounting to USD41,300,000 is to be paid within one year from the date of contract. The balance of contract price is to be paid upon delivery of the plant in year 2016.

(c) On 28 March 2013, the Company entered into a second supplementary agreement with EOC Limited ("EOC") to vary certain terms and conditions of the Shares Sale Agreement which was entered into on 30 November 2012 in relation to the following:-

(i) The Company shall dispose of 1,960,000 ordinary shares of USD1 each representing 49% equity interest in SJR Marine (L) Ltd. ("SJR Marine") at the same disposal consideration of USD37,000,000 ("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.

Subsequently, the Company and EOC had mutually agreed to further extend the Approval Period for the fulfillment of conditions precedent to 31 August 2013.

On 26 December 2013, the Company completed the disposal of the 49% equity interest in SJR Marine.

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

(d) On 3 July 2013, the Company incorporated a wholly-owned subsidiary, Perisai Capital (L) Inc. ("PCLI"), a limited company incorporated in the Federal Territory of Labuan, Malaysia. The issued and paid-up share capital of PCLI is USD1,000 comprising 1,000 ordinary shares.

(e) On 18 July 2013, the Company incorporated 2 wholly-owned subsidiaries, Perisai Production Holdings Sdn. Bhd. ("PPH") and Perisai Drilling Holdings Sdn. Bhd. ("PDH"). The issued share capital of PPH is RM100,000 comprising 100,000 ordinary shares of RM1 each. The issued share capital of PDH is RM100,000 comprising 100,000 ordinary shares of RM1 each.

(f) On 19 August 2013, PCLI, a wholly-owned subsidiary established a SGD700,000,000 of MTN Programme arranged by Credit Suisse (Singapore) Limited. On 3 October 2013, PCLI issued SGD23,000,000 of MTN maturing on 3 October 2016.

(g) On 21 August 2013, the Company completed the acquisition of a 51% equity interest in Emas Victoria (L) Bhd. ("EVLB") and Victoria Production Services Sdn. Bhd. ("VPS") from EOC.

(h) On 12 September 2013, the bareboat charter agreement of SJR Marine, a joint venture of the Company for the charter of the Derrick Lay Barge, Enterprise 3, has expired. Currently, the Group is considering available options in securing continuing charters for the Derrick Lay Barge, Enterprise 3.

(i) The bareboat charter agreement of Garuda Energy (L) Inc. ("GEL"), a wholly-owned subsidiary of the Company for the charter of Mobile Offshore Production Unit ("MOPU") has expired on 30 September 2013. Currently, the Group is considering available options in securing continuing charter for the MOPU.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) On 14 March 2014, Intan Offshore (L) Ltd., an indirect subsidiary of the Company had entered into a Memorandum of Agreement with Lewek Robin Shipping Pte. Ltd. for the acquisition of an anchor handling tug "Lewek Robin" for a total consideration of USD7,000,000.

(b) On 10 April 2013, the Company completed the listing and quotation of 108,419,998 new ordinary shares of RM0.10 each on the Main Market of Bursa Malaysia via a private placement, issued at RM1.53 per share.

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

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statement of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group 2013	Loans and receivables RM	Total RM
Financial assets		
Trade receivables	20,386,057	20,386,057
Other receivables and deposits	39,994,895	39,994,895
Cash and bank balances	62,916,678	62,916,678
	123,297,630	123,297,630

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Trade payables	543,323	543,323
Other payables and accruals	93,149,264	93,149,264
Loans and borrowings	353,534,926	353,534,926
Hire purchase payables	500,316	500,316
	447,727,829	447,727,829

Group 2012	Loans and receivables RM	Total RM
Financial assets		
Trade receivables	41,117,589	41,117,589
Other receivables and deposits	2,136,748	2,136,748
Cash and bank balances	24,939,825	24,939,825
	68,194,162	68,194,162

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Trade payables	2,509,679	2,509,679
Other payables and accruals	70,609,530	70,609,530
Loans and borrowings	342,347,478	342,347,478
Hire purchase payables	266,658	266,658
Liabilities of disposal group classified as held for sale	138,840,278	138,840,278
	554,573,623	554,573,623

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statement of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Company 2013	Loans and receivables RM	Total RM
Financial assets		
Other receivables and deposits	39,363,477	39,363,477
Cash and bank balances	51,732,642	51,732,642
	91,096,119	91,096,119

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Other payables and accruals	321,821,184	321,821,184
Loans and borrowings	9,540,370	9,540,370
Hire purchase payables	500,316	500,316
	331,861,870	331,861,870

Company 2012	Loans and receivables RM	Total RM
Financial assets		
Other receivables and deposits	36,449,225	36,449,225
Cash and bank balances	3,139,467	3,139,467
	39,588,692	39,588,692

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Other payables and accruals	346,514,208	346,514,208
Loans and borrowings	11,051,662	11,051,662
Hire purchase payables	266,658	266,658
	357,832,528	357,832,528

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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:

(i) 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.

(ii) 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 amounts of long term floating rate loans are reasonable approximation of fair values 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 fair value of Medium Term Notes ("MTN") is the quoted price at the end of the financial year.

(iii) Derivatives

Cross currency interest rate swap contracts are valued using valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of the estimated future cash flows using an appropriate market based yield curve.

The carrying amounts and fair values of financial instruments, other than those with carrying amounts are reasonable approximations of fair values are as follows:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2013				
Financial liabilities				
Hire purchase payables	500,316	547,536	500,316	547,536
MTN, excluding transaction costs	59,588,500	59,588,500	-	-
Derivative liability	1,443,290	-	1,443,290	-
2012				
Financial liabilities				
Hire purchase payables	266,658	270,808	266,658	270,808

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement

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

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

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

Liabilities measured at fair value/of which fair value is disclosed

2013	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
Derivative financial instruments				
– cross currency interest rate swaps	1,443,290	-	1,443,290	-
Hire purchase payables	547,536	-	547,536	-
MTN, excluding transaction costs	59,588,500	59,588,500	-	-
Company				
Derivative financial instruments				
– cross currency interest rate swaps	1,443,290	-	1,443,290	-
Hire purchase payables	547,536	-	547,536	-
2012				
Group/Company				
Hire purchase payables	270,808	-	270,808	-

During the financial year ended 31 December 2013, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge designated risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes.

Risk management is carried out by a group treasury department under a policy approved by the Board of Directors. The policy provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

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 and creditworthy financial institutions. 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 single 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 20.

Financial guarantee

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

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

The maximum exposure to credit risk amounts to RM880,549,279 (2012: RM479,479,970) representing the outstanding credit facilities of the subsidiaries and joint ventures guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries and joint ventures 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 and joint ventures' borrowings in view of the security pledged by the subsidiaries and joint ventures and it is unlikely the subsidiaries and joint ventures will default within the guarantee period.

41. 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.

During the financial year, the Group and the Company had entered into cross currency interest rate swap contracts to hedge against fluctuations in the USD/SGD exchange rate on its MTN. The Group will pay USD in exchange of receiving SGD at a pre-determined exchange rate of SGD1.248 to USD1.00 upon maturity in year 2016 according to the scheduled repayment of the MTN.

The Group and the Company hold cash at banks denominated in foreign currencies for working capital purposes (mainly in USD) amounting to RM45,670,808 (2012: RM2,957,469).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant.

	Group	
	2013 RM	2012 RM
USD/RM		
- strengthened 5% (2012: 5%)	1,823,153	147,873
- weakened 5% (2012: 5%)	(1,823,153)	(147,873)

(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.

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

(c) Liquidity risk (Cont'd)

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				
2013				
Financial liabilities:				
Trade payables	543,323	543,323	543,323	-
Other payables and accruals	93,149,264	93,149,264	93,149,264	-
Loans and borrowings	353,534,926	383,178,475	93,705,128	289,473,347
Hire purchase payables	500,316	547,514	128,832	418,682
Derivative liability (net settled)				
- Cross currency interest rate swaps	1,443,290	-	-	1,443,290
	449,171,119	477,418,576	187,526,547	291,335,319
2012				
Financial liabilities:				
Trade payables	2,509,679	2,509,679	2,509,679	-
Other payables and accruals	70,609,530	70,609,530	70,609,530	-
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

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

(c) Liquidity risk (Cont'd)

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: (cont'd)

	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM
Company				
2013				
Financial liabilities:				
Other payables and accruals	321,821,184	321,821,184	321,821,184	-
Loans and borrowings	9,540,370	9,540,370	9,540,370	-
Hire purchase payables	500,316	547,514	128,832	418,682
Derivative liability (net settled)				
- Cross currency interest rate swaps	1,443,290	-	-	1,443,290
	333,305,160	331,909,068	331,490,386	1,861,972
2012				
Financial liabilities:				
Other payables and accruals	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

(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 RM353,534,926 (2012: RM342,347,478) and RM9,540,370 (2012: RM11,051,662) respectively at floating rate expose the Group and the Company to cash flow interest rate risk whilst hire purchase payables of RM500,316 (2012: RM266,658) 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.

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 RM883,837 (2012: RM1,226,300), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

42. 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 2013 and 31 December 2012.

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 2013 and 31 December 2012 were as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Loan and borrowings	353,534,926	342,347,478	9,540,370	11,051,752
Hire purchase payables	500,316	266,658	500,316	266,568
Less: Cash and bank balances	(62,916,678)	(24,939,825)	(51,732,642)	(3,139,467)
Net debts/(cash)	291,118,564	317,674,311	(41,691,956)	8,178,853
Equity attributable to owners of the Company	902,957,347	482,423,734	680,306,493	257,544,050
Less: Foreign currency translation reserve	(11,436,743)	(4,265,469)	-	-
Total capital	891,520,604	478,158,265	680,306,493	257,544,050
Capital and net debts	1,182,639,168	795,832,576	638,614,537	265,722,903
Gearing ratio	25%	40%	n/m	3%

n/m – not meaningful

The Group and certain subsidiaries are required to comply with certain loan-to-value ratio, consolidated net worth, consolidated borrowings to consolidated net worth ratio and interest coverage ratio in respect of the term loans and MTN facilities. The subsidiaries have complied with the capital requirements at the end of the financial year.

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 2013 and 31 December 2012 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 2013 and 31 December 2012 is analysed as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- Realised	299,197,475	341,183,130	81,119,025	(38,018,671)
- Unrealised	333,905	567,103	(6,361,175)	8,346,527
	299,531,380	341,750,233	74,757,850	(29,672,144)
Total share of retained earnings/(accumulated losses) from associates				
- Realised	711,205	(122,264)	-	-
- Unrealised	166,961	-	-	-
Total share of retained earnings from joint ventures				
- Realised	6,079,113	-	-	-
- Unrealised	2,361	-	-	-
Less: Consolidated adjustments	(20,519,059)	(127,441,415)	-	-
Total retained earnings/(accumulated losses)	285,971,961	214,186,554	74,757,850	(29,672,144)

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 2014

Authorised Share Capital	:	RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up Share Capital	:	RM119,311,997.80 comprising 1,193,119,978 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 2014

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	227	9,360	0
100 – 1,000 shares	674	529,650	0.05
1,001 – 10,000 shares	4,112	21,716,729	1.82
10,001 – 100,000 shares	1,535	50,641,621	4.24
100,001 – below 5% of issued shares	493	838,878,368	70.31
5% and above of issued shares	3	281,344,250	23.58
	7,044	**1,193,119,978**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS as at 30 April 2014

No.	Name	Direct Interest		Deemed Interest	
		Shares	%*	Shares	%*
1.	Ezra Holdings Limited	-	-	281,344,250	23.59
2.	EOC Limited	144,661,250	12.13	-	-
3.	Mercury Pacific Marine Pte Ltd	72,166,250	6.05	15,000,000	1.26
4.	Emas Offshore (M) Sdn Bhd	70,683,000	5.93	-	-
5.	HCM Logistics Limited	66,000,000	5.53	-	-
6.	Zainol Izzet Bin Mohamed Ishak	66,000,000	5.53	-	-

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

DIRECTORS' SHAREHOLDINGS as at 30 April 2014

No.	Name	Direct Interest		Deemed Interest	
		Shares	%*	Shares	%*
1.	Zainol Izzet Bin Mohamed Ishak	66,000,000	5.53	-	-
2.	Dato' Yogesvaran A/L T. Arianayagam	3,856,207	0.32	-	-
3.	Chan Feoi Chun	200,000	0.02	-	-
4.	Dato' Dr. Mohamed Ariffin Bin Hj Aton	145,000	0.01	-	-

** 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 2014

No.	Names	No. of Shares held	%*
1	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR EOC LIMITED	144,661,250	12.13
2	UOBM NOMINEES (TEMPATAN) SDN BHD EMAS OFFSHORE (M) SDN BHD	70,683,000	5.92
3	UOBM NOMINEES (ASING) SDN BHD HCM LOGISTICS LIMITED	66,000,000	5.53
4	LYNEAR PLUS LIMITED	51,751,200	4.34
5	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MERCURY PACIFIC MARINE PTE LTD	37,300,000	3.13
6	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	37,115,200	3.11
7	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAINOL IZZET BIN MOHAMED ISHAK	33,400,000	2.80
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	26,342,000	2.21
9	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAINOL IZZET BIN MOHAMED ISHAK	25,000,000	2.10
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	23,221,100	1.95
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)	21,948,000	1.84
12	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL INTERNATIONAL LTD	20,000,000	1.68
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	19,284,400	1.62
14	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	18,350,000	1.54
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	17,300,000	1.45

No.	Names	No. of Shares held	%*
16	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	13,597,700	1.14
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	13,000,000	1.09
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	12,911,500	1.08
19	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MERCURY PACIFIC MARINE PTE LTD (021)	12,000,000	1.01
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	11,698,000	0.98
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	11,335,800	0.95
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	10,925,000	0.92
23	MERCURY PACIFIC MARINE PTE LTD	10,866,250	0.91
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AMB VALUE TRUST FUND (4249)	10,220,000	0.86
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	9,957,600	0.83
26	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PERINTIS MUHIBAH SDN BHD	9,000,000	0.75
27	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	8,444,400	0.71
28	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	7,907,500	0.66
29	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	7,860,000	0.66
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAINOL IZZET BIN MOHAMED ISHAK	7,600,000	0.64
	TOTAL	**769,679,900**	**64.51**

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

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PERISAI

PERISAI PETROLEUM TEKNOLOGI BHD
632811-X

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 Eleventh Annual General Meeting of the Company to be held at **Mahkota Ballroom II, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 19 June 2014** 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				

(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 _____ 2014

_____
Signature/Common Seal

Notes on Appointment of Proxy

1. For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 12 June 2014. Only a depositor whose name appears on the Record of Depositors as at 12 June 2014 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/or a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar. There shall be no restriction as to the qualification of the proxy. 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.
4. A member shall be entitled to appoint more than two (2) proxies to attend 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 Central Depositories Act, it may appoint at least one (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.
7. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
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.

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.

1st Fold Here