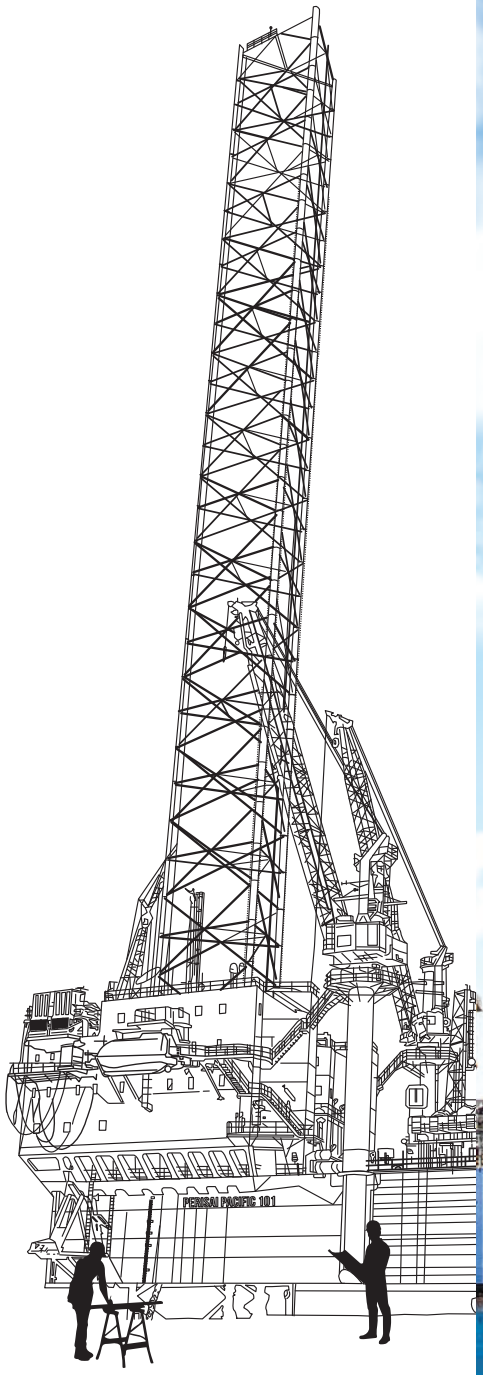
PERISAI



REALISING **STRATEGY** DELIVERING **VALUE**

Annual Report 2014

ABOUT **US**

Perisai Petroleum Teknologi Bhd is a Malaysia-based upstream oil & gas provider and is listed on the Main Market of Bursa Malaysia Securities Berhad.

Following a transformational change of business direction undertaken in 2010, the Perisai Group today owns a fleet of strategic oil & gas vessels and facilities supporting the exploration, development and production phases of offshore oil & gas fields both in and out of Malaysia. Our Group is organised into four business segments, namely:

OFFSHORE DRILLING **DIVISION**

Perisai's first Jack-Up Drilling Rig, Perisai Pacific 101, is a PPL Pacific Class® 400 with technologically advanced drilling capabilities. Perisai Pacific 101 is designed and equipped to drill high pressure and high temperature wells as deep as 30,000 feet. It is also capable of operating in water depths of up to 400 feet, capable of doing offline activity while drilling, ability to be jacked-up with full pre-loading tanks and has full service accommodation for 150 personnel.

There are two more Jack-Up Drilling Rigs of the same specifications as Perisai Pacific 101, under construction.

OFFSHORE PRODUCTION **DIVISION**

Perisai's Floating, Production, Storage & Offloading (FPSO) vessel, Perisai Kamelia, is a gas export FPSO and can support gas export of 175MMscfd @ 2000psi with 275,000 bbls storage capacity.

The Rubicone is an ABS Class Mobile Offshore Production Unit (MOPU), converted in 2011 from a BMC-250 Mat Supported Jack-Up Platform. Weighing 5,113 tonnes, it has a daily production capacity of 165 MMscfd of gas and 7,306 barrels of fluid.

OFFSHORE CONSTRUCTION **DIVISION**

The Enterprise 3, built in 2008, is an ABS Class A1 Derrick Lay Barge capable of installing offshore structures and pipelines.

OFFSHORE SUPPORT **DIVISION**

Perisai owns a fleet of nine Offshore Support Vessels (OSV) supporting the offshore development and production of oil and gas fields. Our fleet comprises three anchor handling tug supply vessels, three anchor handling tugs and three crew boats.

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12th

Annual General Meeting

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

Wednesday, 17 June 2015 at 10.00 a.m

vision

To be the global symbol of excellence across our offered services through safe, efficient and high quality solutions.

mission

01 Ensuring full compliance to the highest standards of health and safety within our operations and workplace.

02 Becoming a customer focused organisation in delivering superior services.

03 Continually improving in all aspects of our business and operations.

04 Developing a high performing workforce with emphasis on the development of local competencies.

05 Meeting the highest standards of corporate governance and international best practices.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting ("12th 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, Malaysia on Wednesday, 17 June 2015 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 2014 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 2014. **(Ordinary Resolution 1)**

3. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Dato' Dr. Mohamed Ariffin Bin Hj Aton **(Ordinary Resolution 2)**
   (b) Datuk Zainol Izzet Bin Mohamed Ishak **(Ordinary Resolution 3)**

4. To re-appoint Dato' Anwarrudin Ahamad Osman who retires pursuant to Section 129 of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 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 percent (10%) of the issued share capital of the Company thereat **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company **AND THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR 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 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 26 May 2015 (the "Circular"), provided that:-

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

(ii) such arrangements and/or transactions undertaken are 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 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 a 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 AGM for which due notice shall have been given.

BY ORDER OF THE BOARD

FINTON TUAN KIT MING (LS 0008941)
HOOI SOOK HAN (MAICSA 7026472)
Company Secretaries

Kuala Lumpur
26 May 2015

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 formal approval of the audited financial statements by the shareholders and hence it is not put forward for voting.

Note B: Explanatory Note on Ordinary Resolution 4:-

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Board has assessed the independence of all its Independent Directors including Dato' Anwarrudin Ahamad Osman who is seeking re-appointment pursuant to Section 129 of the Companies Act, 1965 at the forthcoming 12th AGM. The annual assessment is disclosed in the Statement on Corporate Governance of the Company's 2014 Annual Report.

Note C: Explanatory Notes on Special Business:-

Ordinary Resolution 6

The proposed Ordinary Resolution 6 is to seek the shareholders' approval on the renewal of the general mandate for the issuance of shares by the Company under Section 132D of the Companies Act, 1965. If the resolution is duly passed, it is primarily to give flexibility to the 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 AGM of the Company.

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

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is thus considered appropriate that the Directors be empowered to issuance 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 will provide flexibility to the Company for the allotment of shares for the purposes of funding future investment, working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last AGM of the Company held on 19 June 2014 and accordingly no proceeds were raised.

Ordinary Resolution 7

The proposed Ordinary Resolution 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 basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the non-interested shareholders of the Company.

Please refer to the Circular to Shareholders dated 26 May 2015 which is despatched together with the Company's 2014 Annual Report, for further information.

Note D: 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 10 June 2015. Only a depositor whose name appears on the Record of Depositors as at 10 June 2015 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 need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. 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 proxies to attend and vote at the same meeting.

5. Where a member appoints two 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 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 appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Company's Share Registrar's office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than 48 hours before the time of meeting or any adjournment thereof.

CORPORATE INFORMATION

(as of 30 April 2015)

BOARD OF DIRECTORS

Dato' Anwarrudin Ahamad Osman *Independent Non-Executive Chairman*
(Re-designated to Independent Non-Executive Chairman on 15 April 2015)
Datuk 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*
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *Non-Independent Non-Executive Director*
(Re-designated to Non-Independent Non-Executive Director on 15 April 2015)
Chan Feoi Chun *Non-Independent Non-Executive Director*
D.Y.A.M Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim *Independent Non-Executive Director*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Dato' Yogesvaran A/L T. Arianayagam
(Chairman)
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
D.Y.A.M Raja Puan Muda Perak Dato' Seri
DiRaja Tunku Soraya Binti Tuanku Abdul
Halim

EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

Dato' Anwarrudin Ahamad Osman (Chairman)
(Appointed on 15 April 2015)
Dato' Yogesvaran A/L T. Arianayagam
Datuk Zainol Izzet Bin Mohamed Ishak
Adarash Kumar A/L Chranji Lal Amarnath
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
(Resigned as Chairman on 15 April 2015)
Chan Feoi Chun
D.Y.A.M Raja Puan Muda Perak Dato' Seri
DiRaja Tunku Soraya Binti Tuanku Abdul
Halim *(Appointed on 15 April 2015)*

SENIOR INDEPENDENT DIRECTOR IN CHARGE OF SHAREHOLDER COMMUNICATION

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

COMPANY SECRETARIES

Finton Tuan Kit Ming
(LS 0008941)

Hooi Sook Han
(MAICSA 7026472)

REGISTERED OFFICE

Suite 3A-17, Level 17, Block 3A
Plaza Sentral, Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : 03-2278 1133
Fax : 03-2278 1155

PRINCIPAL PLACE OF BUSINESS

Suite 3A-17, Level 17, Block 3A
Plaza Sentral, Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : 03-2278 1133
Fax : 03-2278 1155
Website : www.perisai.biz
E-Mail : admin@perisai.biz

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

AUDITORS

Baker Tilly AC (AF 001826)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : PERISAI
Stock Code : 0047

CORPORATE STRUCTURE

(as of 30 April 2015)

PERISAI
PETROLEUM TEKNOLOGI BERHAD

- Perisai Drilling Holdings Sdn Bhd — 100%
- Perisai Production Holdings Sdn Bhd — 100%
- Perisai Capital (L) Inc — 100%
- Alpha Perisai Sdn Bhd — 100%
- Corro-Pro (L) Inc — 100%
- Corro-Shield (SEA) Sdn Bhd — 100%
- Romilly (M) Sdn Bhd — 100%
- Intan Offshore Sdn Bhd — 51%
  - Intan Offshore (L) Ltd — 100%
    - 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%
  - Garuda Energy (L) Inc — 100%
    - Emas Victoria (L) Bhd — 51%
    - Victoria Production Services Sdn Bhd — 51%
  - Perisai Drilling Sdn Bhd — 100%
    - Perisai Pacific 101 (L) Inc (f.k.a Perisai (L) Inc) — 100%
    - Perisai Pacific 102 (L) Inc — 100%
    - Perisai Pacific 103 (L) Inc — 100%
- SJR Marine (L) Ltd — 51%
- Perisai Offshore Sdn Bhd — 51%
- Larizz Petroleum Services Sdn Bhd — 40%
- Larizz Energy 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
Datuk Zainol Izzet Bin Mohamed Ishak (Managing Director)
Dato' Anwarrudin Ahamad Osman (Chairman)

From left to right

Adarash Kumar A/L Chranji Lal Amarnath (Executive Director)
Dato' Dr. Mohamed Ariffin Bin Hj. Aton
D.Y.A.M Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim

PROFILE OF DIRECTORS

DATO' ANWARRUDIN AHAMAD OSMAN

Independent Non-Executive Chairman
Age : 72
Nationality : Malaysian

Qualification
Bachelor of Arts, University of Malaya

Position on the Board
Independent Non-Executive Chairman

Date Appointed to the Board
- 1 July 2012
- Re-designated to Independent Non-Executive Chairman on 15 April 2015

Membership of Board Committees
- Chairman of the ESOS Committee (Appointed on 15 April 2015)
- 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

DATUK ZAINOL IZZET BIN MOHAMED ISHAK

Managing Director
Age : 54
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

Datuk Izzet began his career in 1982 as a Consultant with Hymans Robertson & Co., Consulting Actuaries, London. Upon returning to Malaysia in 1985, Datuk 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.

Datuk 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 : 55
Nationality : Malaysian

Qualification
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 : 63
Nationality : Malaysian

Qualifications
Chartered Institute of Management Accountants, UK (CIMA)

Membership of Associations
- Fellow of the Chartered Institute of Management Accountants, UK (FCMA)
- Chartered Accountant with Malaysian Institute of Accountants (CA)
- Associate Member of the Chartered Management Institute, UK (MCMI)
- Member of the Chartered Global Management Accountants, USA (CGMA)

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 Audit Committee
- Chairman of the Remuneration Committee
- Chairman of the Nomination 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 the Head of Corporate Finance with Aseambankers Malaysia Berhad, 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

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

Non-Independent Non-Executive Director
Age : 69
Nationality : Malaysian

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

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 Director

Date Appointed to the Board
- 1 June 2004
- Relinquished his post of Chairman and re-designated to Non-Independent Non-Executive Director on 15 April 2015

Membership of Board Committees
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Member of the ESOS Committee (Resigned as Chairman on 15 April 2015)

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 till his retirement on 1 September 2007.

Directorship of other Public Companies
- Kumpulan Perangsang Selangor Berhad
- HeiTech Padu Berhad
- Khazanah National Berhad Group

CHAN FEOI CHUN

Non-Independent Non-Executive Director
Age : 62
Nationality : Malaysian

Qualifications
- Chartered Institute of Management Accountants, UK (CIMA)
- Institute of Chartered Secretaries and Administrators, UK (ICSA)
- Master of Business Studies (Banking & Finance), University College Dublin, Ireland

Memberships
- Fellow of the Chartered Institute of Management Accountants, UK (FCMA)
- Chairman of CIMA Southeast Asian Regional Board
- Chartered Accountant with Malaysian Institute of Accountants (MIA)
- 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 currently is an Executive Director of Swiss-Garden International Vacation Club Berhad. 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 areas of financial management and business re-engineering.

Directorship of other Public Companies
- IRIS Corporation Berhad
- Versatile Creative Berhad
- Swiss-Garden International Vacation Club Berhad

PROFILE OF DIRECTORS

D.Y.A.M RAJA PUAN MUDA PERAK
DATO' SERI DIRAJA TUNKU SORAYA
BINTI TUANKU ABDUL HALIM

Independent Non-Executive Director
Age : 55
Nationality : Malaysian

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

Membership of Association
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
- Member of the ESOS Committee (Appointed on 15 April 2015)

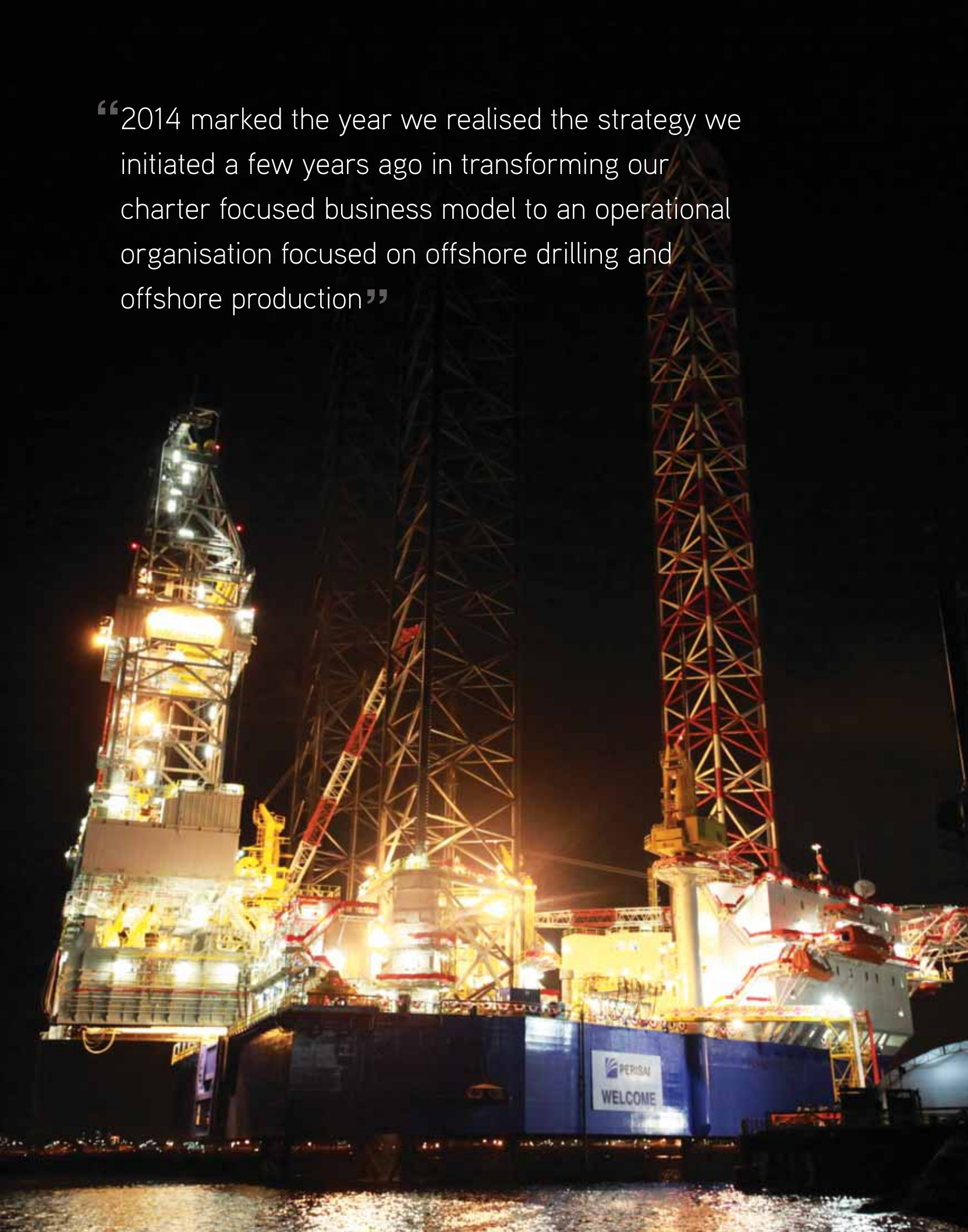
Working Experience and Occupation

D.Y.A.M. 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, D.Y.A.M. Tunku Soraya is the Chairperson of Yayasan Sultanah Bahiyah's principal effort, the "Titan Bistari Project", a project which focuses on children's education.

Directorship of other Public Companies
None

None of the Board Members has any family relationship with any Director and/or any major shareholder of the Company, nor any conflict of interest with the Company. They have never been convicted of any offences within the past 10 years other than traffic offences.

“2014 marked the year we realised the strategy we initiated a few years ago in transforming our charter focused business model to an operational organisation focused on offshore drilling and offshore production”



MANAGEMENT TEAM

From left to right

Teo Hock Choon
Finton Tuan
Yeo Peck Chin

From left to right

Datuk Zainol Izzet Bin Mohamed Ishak *(Managing Director)*
Beram Khan Bin Tambi Khan *(Chief Operating Officer)*
Lai Swee Sim
Abdulah Bin Yunus

PROFILE OF MANAGEMENT TEAM

DATUK ZAINOL IZZET BIN MOHAMED ISHAK

Managing Director

Qualification & Experience

Datuk Izzet is our Managing Director and had joined Perisai in 2010. Datuk 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. Datuk Izzet joined the Sapura Group in 1992 and spent eighteen 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. Datuk 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.

BERAM KHAN BIN TAMBI KHAN

Chief Operating Officer

Qualification & Experience

Beram is our Chief Operating Officer. 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.

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).

FINTON TUAN

Head, Commercial Affairs

Qualification & Experience

Finton is our Head of Commercial Affairs. 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 four years. In 2001, Finton joined the Sapura Group in the Energy Division where he assumed the role of Head of Legal & Corporate Secretarial. Spending ten 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 thirteen 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 a 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 four 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 five 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 2014 (FYE2014) marked our successful entry into the offshore drilling segment as illustrated by the delivery of our first jack-up drilling rig, Perisai Pacific 101 and her subsequent contract to work for Petronas Carigali Sdn Bhd. The strategy which we initiated a few years ago was to transform our charter focused business model to an operational organisation focused on the two key segments of offshore drilling and offshore production. 2014 is significant as a year in which we had realised our strategy.

Beginning with the purchase of the Mobile Offshore Production Unit (MOPU), Rubicone in 2011, and the Floating Production Storage Offloading (FPSO) vessel, Perisai Kamelia a year later, we completed our transformation into an operational company with the delivery of the Perisai Pacific 101.

This transformation process has added value to the organisation, equipping us with a comprehensive range of services to support the requirements of the offshore oil and gas industry.

With this and on behalf of the Board of Directors, it is my honour and privilege to present you with the Annual Report of Perisai for the financial year ended 31 December 2014.

> **"We are proud of being awarded The Edge Billion Ringgit Club Corporate Awards as the Best Profit Growth Company in our applicable sector on Bursa Malaysia Securities Berhad and this award would spur us towards better performance"**

OVERVIEW

For the year in review, there were a number of significant highlights of the transformation of Perisai with the key ones being the delivery and launch of the Perisai Pacific 101, as well as the ongoing construction of our other two rigs, Perisai Pacific 102 and Perisai Pacific 103.

One of the most important highlights of 2014 was the award of the three year contract with Petronas Carigali Sdn Bhd for our maiden rig, Perisai Pacific 101. The project is fully undertaken and performed by the Company's wholly-owned subsidiary, Perisai Drilling Sdn Bhd and managed by Hercules Offshore, a globally recognised and well established drilling contractor.

In readying for the delivery of Perisai Pacific 102, we have stepped up marketing efforts for the rig over a number of potential opportunities and would be closely pursuing and developing them. Our third rig, the Perisai Pacific 103 is now under construction at PPL Shipyard and is on schedule with a contractual delivery date slated to be in the middle of 2016.

Over in our production division, our FPSO, Perisai Kamelia, has been operating well for Hess during the year in review and our work has kept the FPSO well maintained and operating safely and efficiently.

The year in review also saw an increase in the number of vessels in our Offshore Support Vessels ("OSVs") division with the purchase of the Lewek Robin in September 2014 bringing our fleet size to nine OSVs.

We are also proud of another of our achievement where we were awarded The Edge Billion Ringgit Club Corporate Awards as the Best Profit Growth Company in our applicable sector on Bursa Malaysia Securities Berhad. We are proud to have achieved this and the award would spur us towards better performance.

"For financial year ended 31 December 2014, we increased total revenue by RM10.47 million to RM122.13 million mainly due to the start of drilling operations of Perisai Pacific 101 in August 2014"

FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2014, we generated total revenue from continuing operations of RM122.13 million, an increase of RM10.47 million when compared to the amount of RM111.66 million in the corresponding financial year ended 31 December 2013.

The increase in revenue was mainly due to the commencement of drilling operations of the Perisai Pacific 101 in August 2014.

Profit before tax ("PBT") from continuing operations for the financial year ended 31 December 2014 amounted to RM27.87 million, a decrease of RM10.18 million when compared to the PBT amount of RM38.05 million attained in the corresponding financial year ended 31 December 2013.

The decrease in PBT was mainly due to the absence of charters from Rubicone and Enterprise 3 as well as higher finance costs. The amount of decrease was however mitigated by a few factors which included a higher share of contributions from the results of the joint ventures particularly from the FPSO, Perisai Kamelia, higher contributions from the results of associates, as well as the gain on disposal of two cold-stacked vessels and a higher exchange gain as reflected in other income.

Total profit net of tax for the financial year ended 31 December 2014 amounted to RM27.26 million, a decrease of RM55.18 million when compared to the amount of RM82.44 million attained in the corresponding financial year ended 31 December 2013. The decrease was mainly due to the same reasons stated in the immediate paragraph above.

OPERATIONAL REVIEW

Offshore Drilling Division

In the middle of 2014, we took delivery of our inaugural jack-up drilling rig, Perisai Pacific 101 with a symbolic launching ceremony held at PPL Shipyard in Singapore. This significant event was attended by our clients, bankers, analysts and business partners.

In April 2014, Perisai Offshore Sdn Bhd secured a Letter of Award from Petronas Carigali Sdn Bhd for the provision of Perisai Pacific 101 to Petronas Carigali Sdn Bhd for three years. This award, valued at USD158 million is an acknowledgement of our capability as a local organisation to operate alongside major international names in the offshore oil and gas industry. Perisai Pacific 101 commenced her deployment for Petronas Carigali Sdn Bhd in August 2014 and has successfully completed seven wells located in Terengganu, Sabah and Sarawak. We are proud that despite this being her maiden assignment, the Perisai Pacific 101 had performed at more than 95% uptime in 2014.

"We secured a Letter of Award from Petronas Carigali Sdn Bhd in April 2014 for the provision of the Perisai Pacific 101 for a duration of three years. Valued at USD158 million, this is an acknowledgement of our capability to operate alongside major international names in the offshore oil and gas industry"

The award from Petronas Carigali Sdn Bhd is a significant milestone as it signifies the industry's acknowledgment of the establishment of Perisai's drilling division. The expansion of our drilling division is a value addition to our products and services and broadens our presence in the offshore oil and gas value chain.

The Perisai Pacific 102 is under construction and well under way to completion. We are actively exploring opportunities for her deployment upon her delivery.

Our third jack-up rig, Perisai Pacific 103 is currently under construction and progressing well and within contractual schedule. The rig is due for delivery in the middle of 2016.

Both new rigs possess similar specifications as Perisai Pacific 101 which specifications have been tailored to meet industry requirements. The natural development of our drilling division after its inauguration with the Perisai Pacific 101 is to build economies of scale. This will be attained when we take delivery of the Perisai Pacific 102 and Perisai Pacific 103 which will increase our fleet of drilling rigs to three and provide the scale to maximise efficiency in asset utilisation.

This expansion would also facilitate our operational growth beyond the local shores of Malaysia and into the South East Asia region which will elevate our brand presence regionally.

Our newbuilding programmes for our jack-up drilling rigs together with the operational commencement of our drilling division has afforded us the opportunity of developing talent within our organisation. The combination of participating in the building of a jack-up drilling rig and the involvement in her deployment into operations have provided a unique and valuable experience to our employees, particularly the young. This expansive participation from the start of a newbuild to operational deployment would contribute substantially to the pace of the employees' understanding of not just drilling operations but the offshore oil and gas industry itself and would hasten the development of local talent and local competency in Malaysia.

Offshore Production Division

Our FPSO, Perisai Kamelia is now operating well for Hess. Deployed to the North Malay Basin Early Production System since November 2013, she will continue her services there for three years under a primary term and may extend her stay beyond 2016 if extension options of up to three years are exercised by Hess. We are proud to share that the Perisai Kamelia has achieved exemplary operational efficiency close to 100% and Health Safety and Environment (HSE) records with Zero Loss Time Injury until today. We are also proud of the development of our Malaysian employees within the team. The Early Production System within the Kamelia field and the operations and maintenance of the Perisai Kamelia have allowed us to develop a significant number of Malaysian employees in this segment of offshore production and this development would augur well to the broader national emphasis of developing local competency.

Our other production asset, the Rubicone, is a specialised gas production asset which mainly caters for gas producing fields. She is currently inactive and undergoing some maintenance work while we continue to source work for her in this region.

Offshore Construction Division

In our construction division, the Enterprise 3 is currently taking the opportunity to undergo maintenance works while we develop opportunities around the region for her deployment.

Offshore Support Vessels Division

The year in review saw the number of vessels in our OSV division increased to nine vessels with the purchase of Lewek Robin. The acquisition of Lewek Robin was finalised in September 2014, accompanied by a seven year charter underpinning the investment. In addition, we have also successfully secured extensions of the charters of our other vessels within the division. These extensions would provide us with earnings visibility up to 2017.

> "We grew our capital in April 2014 by issuing 108.42 million shares through a private placement raising a total of RM165.9 million. The issue was priced at RM1.53 a share and we are very happy that it was fully subscribed as it reflects the investing public's faith and confidence in the prospects of the Perisai Group"

CORPORATE FINANCE

In April 2014, our share capital grew with 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 faith and confidence in the prospects of the Perisai Group.

At the end of 2014, Perisai completed a refinancing of its loan facilities taken out for the Perisai Pacific 101 during the same year. The loan was refinanced to an Islamic facility which was undertaken to ensure Perisai remains on the Securities Commission's Shariah compliance list which would allow for a broader base of investors.

DIVIDEND

With the Company in a growth phase coupled with the downturn in the oil and gas industry, conserving our financial resources is very important to ensure that we continue to achieve the goals that we set. As such, the Board does not recommend any dividend to be declared for FYE2014.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

ESOS is one of the key ways Perisai demonstrates its appreciation to and how we look after our employees. Since its inception, the ESOS has brought a positive influence on the morale of the employees as it was a way for us to validate and reward the hard work our employees invest towards the success of the Company. We will continue with the ESOS as a tool to reward our employees and also as a measure to attract and retain our key asset, the employees.

HEALTH, SAFETY AND ENVIRONMENT

Perisai operates on the basis of Safety First and a zero tolerance policy towards non-compliance to Health, Safety and Environment ("HSE") rules and guidelines.

In furtherance to this policy, the year in review saw Perisai implement new initiatives and enhance policies to further elevate our HSE best practices to ensure safety in all our daily operations. Throughout the year we introduced policies such as Corporate Health Safety Management Systems (HSMS), Emergency Response Procedure and Quality HSE policy. The HSMS outlines effective HSE practices across all of Perisai's business activities and contain plans, guidelines, SOPs and checklists, while the Emergency Response Plan was created with the purpose of equipping our personnel with the ability to respond to critical or emergency situations.

With the focus on ensuring utmost attention to the highest standards of HSE and with the introduction of policies to enhance such compliances, we are pleased to report that we achieved zero Loss Time Incident (LTI) on all our assets throughout 2014.

> **"Corporate responsibility continues to garner importance in Perisai and this commitment was reinforced this year through activities that focused on the social and economic upliftment of the community as well as enhancing the skill and competency of our staff"**

CORPORATE RESPONSIBILITY

Corporate responsibility continues to garner importance to all of us here in Perisai. For the year in review, we had reinforced this commitment through activities that focused on the social and economic upliftment of the community as well as enhancing the skill and competency of our staff.

A project we undertook was a collaboration with MyKasih Foundation where we provided financial assistance to sixty low income families in Kemaman to assist in their monthly purchase of groceries. It is an initiative that we are hopeful of continuing as this assistance directly contributes to helping the families gain stability in meeting their monthly needs.

In addition to our commitment towards the community, Perisai places significant importance to our most valuable asset, the employees. The continuing development of the skill and competency of the staff remains a high priority. In 2014, training courses were extended to all employees and this training had provided our employees with the knowledge needed to attain their fullest potential and also allowed for the sharing of ideas and perspectives for the collective benefit of the Company. We have also taken advantage of the newbuilding programmes of our jack-up drilling rigs to put in place a mentoring scheme where young engineers within the Group would be able to participate in and learn the process of the building of a jack-up drilling rig and at the same time familiarise themselves with the equipment and facilities on board. This exposure would stand them in good stead when they assume responsibilities and duties when the rigs become operational.

A major part of assuming our corporate responsibility is to ensure diversity within the Group. This commitment extends to ensuring equality across gender, ethnicity, age, nationality and religion and is a tangible expression of our code of conduct.

"2015 would doubtlessly be a very challenging year for Perisai and thus it is our greatest priority to weather the slowdown by being financially more austere with a greater emphasis on cost reduction"

OUTLOOK

Uncertainties in the global oil and gas industry will continue to figure prominently throughout the year with the continuing soft crude oil price stemming from an oversupply in the market and contributing to the decrease in demand for services in the oil and gas industry.

The extent of the slowdown and the pace of its arrival is illustrated by the sharp decrease in the benchmark Brent crude prices plummeting by more than 50% from the last quarter of 2014 and now settling at an average of USD60 a barrel.

The slowdown has impacted the local oil and gas industry along with Petronas's reported plan to cut its capital expenditure by as much as 15% to 20%. As Petronas is the most significant driver of the oil and gas industry in Malaysia, this cutback would greatly impact the industry as a whole and Perisai specifically. We would see as a result, lower demand for our services as well as greater competition for the projects that remain on the cards.

Doubtlessly, it would be a very challenging year for Perisai. It remains our greatest priority in 2015 to weather the slowdown and the very tough operating environment that is gripping the entire industry. In this slowdown, we would be financially more austere with a greater emphasis on cost reduction in order to weather through the uncertainties. We are also hopeful that the process of greater conservationism that we will assume in this period of austerity will lead to an enhancement of our practices, processes and procedures resulting in a stronger foundation readying us for when the industry recovers.

We remain optimistic that the outlook for the global oil and gas sector will gradually improve and a recovery will restore demand for our assets and services going into the year ahead.

We remain committed to enter the year building on the momentum we have created from our past achievements and we will continue to offer exceptional services and deliver greater value to all our stakeholders, irrespective of the industry slowdown.

ACKNOWLEDGMENT AND APPRECIATION

In ending the statement, on behalf of the Board, I would like to acknowledge the contribution of our former Chairman, YBhg Dato' Dr. Mohamed Ariffin Bin Hj Aton, who led the Board so ably for the past ten years. We are fortunate to have been led by him and his Chairmanship has been replete with innovative ideas, strategic thinking and most valuably, his tireless efforts to grow the visibility of Perisai within the industry. The relationships he has fostered with our clients and other stakeholders have paved the way for Perisai to flourish in the years to come. We extend our deepest gratitude to Dato' Ariffin and we thank him for continuing to serve as a member of the Board.

I would like to take this opportunity to record my appreciation to our valued shareholders for their continuing trust and loyalty 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.

The Board of Directors and I would also like to express our deepest appreciation to the management and staff of Perisai for their commitment and unrelenting effort throughout the year. With their continuous dedication, we are confident that Perisai will continue to succeed in the face of the challenges ahead.

My sincere gratitude is also extended to our valued customers, bankers, suppliers and business associates for their unending support and confidence and also to the Malaysian government and various regulatory authorities for their kind understanding, assistance, support and cooperation.

Thank you to my fellow Board members and our senior management team for their leadership and astute counsel throughout FYE2014.

It is an honour to have been appointed Chairman and I look forward to taking on this important role at such a challenging time in the industry. I will work closely with the Board and the leadership team of Perisai in pursuing the vision and mission of the Company. I trust and hope our valued stakeholders will continue to place their confidence in Perisai as we strive to deliver a sustainable performance in the year ahead.

DATO' ANWARRUDIN AHAMAD OSMAN
Chairman

Source :

- *The Star; Perisai Petroleum launches maiden jack-up drilling rig - 17 July 2014*
- *The Star Online; After slashing capex, Petronas plans up to 30% cut in opex - 7 January 2015*
- *Reuters.com ; Oil tops $60 for first time in 2015; oversupply persists - Feb 13, 2015*

CORPORATE CALENDAR 2014

25 – 28 MARCH 2014

Offshore Technology Conference (OTC) at Kuala Lumpur Convention Centre

10 APRIL 2014

Completion of Private Placement exercise with the issuance and allotment of 108,419,998 shares at RM1.53 per share, raising a total of RM165.9 million

16 APRIL 2014

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

24 APRIL 2014

Perisai Petroleum Teknologi Bhd receives a Letter of Award (LOA) from Petronas Carigali Sdn Bhd for the provision of the Perisai Pacific 101 for a period of three years

15 MAY 2014

Release of the Unaudited Financial Results for the 1st Quarter ended 31 March 2014

19 JUNE 2014

11th Annual General Meeting at Hotel Istana Kuala Lumpur City Centre

5 JULY 2014

10th year anniversary of Perisai Petroleum Teknologi Bhd's listing on Bursa Malaysia

16 JULY 2014

Launching ceremony of the Perisai Pacific 101 at PPL Shipyard, Singapore

21 JULY 2014

Perisai's "Buka Puasa" event with its employees at Aloft Hotel Kuala Lumpur Sentral

CORPORATE CALENDAR 2014

28 JULY 2014

Perisai Pacific 101 inaugural sail off to Gayong Field

15 AUGUST 2014

CSR Programme – Perisai collaborates with MyKasih Foundation to assist 60 families in Kemaman Terengganu for one year, under the "Love My Neighborhood", a food-aid program for low income households

17 SEPTEMBER 2014

Completion of the acquisition of Lewek Robin from Lewek Robin Shipping Pte Ltd

4 AUGUST 2014

Perisai was awarded the "The Edge Billion Dollar Club Award" recognised for Best Profit Growth Company In The Industrial Products Sector on Bursa Malaysia

5 NOVEMBER 2014

Release of the Unaudited Financial Results for the 3rd Quarter ended 30 September 2014

13 AUGUST 2014

Launching Ceremony of the Perisai Pacific 102 at PPL Shipyard, Singapore

18 AUGUST 2014

Perisai's Hari Raya Open House at Mandarin Oriental for business partners and staff

10-12 DECEMBER 2014

International Petroleum Technology Conference 2014 at Kuala Lumpur Convention Center

13 AUGUST 2014

Release of the Unaudited Financial Results for the 2nd Quarter ended 30 June 2014

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Perisai ("Board") are committed to ensuring that the highest standards of corporate governance, as laid out in the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 ("Code") are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company. The Board will continue to review and enhance the Group's corporate governance to ensure its relevance and ability in meeting future challenges and to establish long term sustainable shareholders' value. The ensuing paragraphs set out the manner in which the Group has applied the principles of the Code and the extent of its compliance with the best practices recommended by the Code for the year ended 31 December 2014.

1. BOARD OF DIRECTORS

1.1 Board of Directors' Charter and Terms of Reference

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

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

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

1.2 Composition and Balance of the Board

The Board currently consists of two Executive Directors and five Non-Executive Directors, three 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 of the Directors to be independent non-executive directors.

The Board's composition is a mix of knowledge, skills and expertise relevant to the Company's operations which provides strong and effective leadership and control of the Group. The Board, through annual review by the Nomination Committee, is satisfied that the current Board's size and composition is appropriate for the current business operations of the Group. The profiles of the respective Directors are set out on pages 10 to 16 of this Annual Report.

The Independent 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. This is to enable the Independent Non-Executive Directors to discharge their duties and responsibilities effectively and to avoid any conflict of interest situations.

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

The Board acknowledges the importance of boardroom diversity as recommended by the Code. The Board has always been in support of non-discrimination in their selection of Directors and in the process of recruitment. Nevertheless, the Board believes that the selection criteria of a Director, guided by the competencies, skills, experience and knowledge of the individual candidate, still remain a priority. Currently, the Company has one female representation on the Board.

1.3 Clear Roles and Responsibilities

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

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

YBhg Dato' Anwarrudin Ahamad Osman who is an Independent Non-Executive Director assumed the Chairmanship of the Board on 15 April 2015 in place of YBhg Dato' Dr. Mohamed Ariffin Bin Hj. Aton who relinquished the Chairmanship on the same day. The Board is now chaired by an Independent Non-Executive Chairman. 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 separate 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 policies and strategies and clarifies matters relating to the Company's business with the Board. The Managing Director's in-depth and intimate knowledge of the Company's affairs contributes significantly towards the direction of the Group 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. They provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined, in the interest of not only the Group, but also of minority shareholders, employees and the business communities in which the Group conducts its business.

On 15 April 2015, YBhg Dato' Dr. Mohamed Ariffin Bin Hj. Aton relinquished his position as Chairman of the Board to YBhg Dato' Anwarrudin Ahamad Osman, who is an Independent Non-Executive Director. As such, YBhg Dato' Anwarrudin Ahamad Osman is now being re-designated as Independent Non-Executive Chairman.

1.4 Board Meetings and Time Commitment

The Board meets at least four times a year at quarterly intervals with additional meetings convened as and when necessary to deliberate and consider a variety of matters, including the quarterly financial results, business plans, budgets and overall direction of the Company. The yearly Board meetings are scheduled in advance before the end of the current financial year to allow the Directors to plan ahead of their schedules. The ample notice that this provides facilitates full attendance at scheduled meetings. Formal agenda accompanied by the relevant Board papers are prepared and submitted in advance to ensure adequate information is available to assist deliberation by the Board members.

All the Directors participate in the discussions at Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during Board meetings. The Directors also observe the requirement that they do not participate in the deliberations of matters in which they are interested and abstain from voting in such matters. All proceedings, deliberations and decisions of the Board are recorded in the minutes of meetings and signed by the Chairman of the meeting in accordance with the provision of Section 156 of the Companies Act, 1965. The draft minutes of meetings are made available to all Board members prior to the confirmation of the minutes at the following Board meeting.

During the financial year 2014, seven Board meetings were held and the attendance record of each Director is as follows:-

Name of Director	Number of Meetings Attended
Dato' Anwarrudin Ahamad Osman *(Independent Non-Executive Chairman)* *(Re-designated on 15 April 2015)*	7/7
Datuk Zainol Izzet Bin Mohamed Ishak *(Managing Director)*	7/7
Adarash Kumar A/L Chranji Lal Amarnath *(Executive Director)*	6/7
Dato' Yogesvaran A/L T. Arianayagam *(Independent Non-Executive Director)*	7/7
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Non-Independent Non-Executive Director)* *(Re-designated on 15 April 2015)*	7/7
Chan Feoi Chun *(Non-Independent Non-Executive Director)*	7/7
DYAM Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim *(Independent Non-Executive Director)*	6/7

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 the Board meetings.

The Directors are aware that they are required to notify the Chairman of the Board prior to accepting any new directorships and to indicate the time expected to be spent on the new appointment. The aforesaid is set out in the Charter.

1.5 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.

Senior Management and external advisers may be invited to attend Board meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items and to provide clarification on issue that may be raised by any Director.

Minutes of proceedings and resolutions passed at each Board and Board Committee meetings are kept in the statutory books 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 legislation relating to the duties and responsibilities of Directors.

1.6 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 from time to time. The Company Secretaries attend and ensure that all Board and Committee meetings are properly convened and all deliberations and decisions made at the meetings are properly minuted and kept.

1.7 Board Committees

The Board delegates specific responsibilities to the Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Option Scheme 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 described in detail below.

Where the Committees have no authority to make decisions on matters reserved for the Board, recommendations would be highlighted to the Board for approval. The ultimate responsibility for the final decision on all matters lies with the Board.

1.7.1 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	Chairman
Dato' Anwarrudin Ahamad Osman	Member
Chan Feoi Chun	Member

The role and functions of the Audit Committee are as set out in the Audit Committee Report on pages 58 to 61 of this Annual Report.

1.7.2 Nomination Committee

The Nomination Committee was established on 15 June 2004 and comprises exclusively of Non-Executive Directors, the majority of whom are Independent. 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
DYAM Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	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 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 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 years.

(g) Subject to the provisions of paragraph (h) below, to ensure that upon the completion of the nine year tenure, an independent director may only continue to serve on the Board subject to the director's re-designation as non-independent director.

(h) May however recommend to the Board that it retains as an independent director, a person who has served in that capacity for more than nine years on condition that it is able to provide strong justification to support the recommendation to enable the Board to justify and seek for 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 2014.

Summary of Activities undertaken by the Nomination Committee

(a) Conducted the annual assessment and the performance evaluation of the Board, 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-designation of an Independent Non-Executive Director who has served in that capacity for a cumulative term of nine years as Non-Independent Director in line with the recommendation of the Code.

(d) Recommended to the Board the changes to the composition of the Nomination Committee and Audit Committee following the abovesaid re-designation in compliance with the Listing Requirements of Bursa Securities.

(e) 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.

1.7.3 Remuneration Committee

The Remuneration Committee was established on 15 June 2004. The current members, comprising a majority of Non-Executive Directors are as follows:-

Name of Member	Designation
Dato' Yogesvaran A/L T. Arianayagam	Chairman
Datuk Zainol Izzet Bin Mohamed Ishak	Member
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	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 policy guidelines/framework.

(b) To advise the Board on the performance of the Managing Director and 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 Company's committees.

The Remuneration Committee met once during the financial year ended 31 December 2014.

1.7.4 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' Anwarrudin Ahamad Osman *(Appointed on 15 April 2015)*	Chairman
Datuk Zainol Izzet Bin Mohamed Ishak	Member
Adarash Kumar A/L Chranji Lal Amarnath	Member
Dato' Yogesvaran A/L T. Arianayagam	Member
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Re-designated on 15 April 2015)*	Member
Chan Feoi Chun	Member
DYAM Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim *(Appointed on 15 April 2015)*	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 thirty calendar days from the date the Employee or the Director accepts the offer, issue an option certificate to the said Employee or Director ("Grantee");

(h) Determine whether the option may be exercised in part and if so, the terms, criteria, procedures and details of such partial exercise;

(i) Suspend, reinstate, vary or cancel the rights of a Grantee where it deems appropriate;

(j) Determine the rate of discount to and the subscription price of the option;

(k) Determine and regulate all procedures in regard to issuance and exercise of the option; and

(l) Hear any dispute raised by any Employee on any matter in relation to the ESOS Scheme and after due consideration, issue its decision.

1.8 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 put in place a formal assessment process to assess annually the effectiveness of the Board as a whole, the performance of the Board Committees and the contribution of each individual Director to ensure the continuous suitability of the Directors. The Nomination Committee has adopted a questionnaire methodology for Board assessment. The criteria used, amongst others, for the assessment of individual Directors include their contribution and performance, participation, quality of input, roles, competency and time commitment whereas for the Board and Board Committees, evaluations are based on composition, functionality, mix of skills and knowledge, decision making, frequency of meetings, risk management and adequacy of information and processes.

The Nomination Committee is also responsible to review the structure, size, balance and composition of the Board. From the assessment of the financial year under review, the Nomination Committee is satisfied that there is an appropriate size and mix of skills, experience and core competencies in the composition of the Board as well as a balance of executive, non-executive and independent Directors.

In line with the recommendations of the Code, the Nomination Committee has also performed an annual review of the independence of Independent Directors. In assessing the independence of Independent Directors, the Nomination Committee will consider whether the director has met the independence guidelines as set out in Paragraph 1.01 of the Listing Requirements 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 and objective judgement at all times and to act in the best interests of the Company.

For the financial year 2014, the Nomination Committee has assessed and concluded that 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.

The Board is also mindful of Recommendation 3.2 of the Code that the tenure of an independent director shall not exceed a cumulative term of nine years. An independent director may continue to serve the Board subject to the re-designation of the independent director as a non-independent director. Accordingly, Mr Chan Feoi Chun, who has been an Independent Director of the Company since 6 June 2005 has been re-designated as a Non-Independent Non-Executive Director on 16 April 2014. In the event the Board intends to retain an independent director to continue serving on the Board as an independent director after a cumulative term of nine years, shareholders' approval will be required.

1.9 Re-Appointment and Re-Election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, directors who are of or over the age of seventy shall retire at every Annual General Meeting ("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 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 shall retire from office provided always that each Director shall retire from office at least once in every three years but shall be eligible for re-election.

The contributions and performance of the Directors who are subject to re-appointment and re-election at the forthcoming 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.

1.10 Directors' Training and Development

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

During the financial year 2014, the Directors have attended the following training programmes :-

Training Programmes

1. Board Chairman Series : The Role of the Chairman
2. Fraud Risk Management – How to Plug The Loopholes and Implications to Listed Issuers
3. New Companies Bill vis-à-vis Malaysian Companies Law
4. Offshore Technology Conference Asia 2014 (OTC 2014)
5. Directors' Continuing Education Programme 2014 - Malaysia and SEA Beverage Consumption Trends, Goods and Services Tax and the ASEAN Economic Community in 2015
6. The Scenario Planning
7. Risk Management and Internal Control : Workshop for Audit Committee Members

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 and to keep abreast of changes in both regulatory and business environments as well as with new developments within the industry in which the Group operates.

The Board, through its annual assessment process, continues to evaluate and determine the training needs of its Directors on an on-going basis to ensure continuing education is made available to Directors in order for them to enhance their effectiveness on the Board and Board Committees. In addition, the Group, in collaboration with external training providers, also organises internal training programmes for its Directors.

2 REMUNERATION

2.1 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. 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.

As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. The remuneration of the Non-Executive Directors will be reviewed by the Remuneration Committee and recommended to the Board thereafter.

The determination of remuneration for each Director is a matter for the Board as a whole and all the Directors concerned shall not participate in the decisions regarding their own remuneration.

All Non-Executive Directors are paid directors' remuneration taking into account any additional responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of Board Committees. In addition, meeting allowance is paid in accordance with the number of Board and Committee Meetings attended by each of them. The directors' fees are approved by the shareholders at the Annual General Meeting in accordance with the Company's Articles of Association.

The aggregate Directors' remuneration for the financial year ended 31 December 2014 are as set out below:-

	Fees RM	Salaries RM	Bonus RM	Share Options Granted under ESOS RM	Benefits-in-kind RM	Others RM	Total RM
Executive Directors	-	1,230,000	240,000	2,160,328	38,350	175,909	3,844,587
Non-Executive Directors	370,000	-	-	1,657,556	-	39,000	2,066,556

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	-	4
RM100,001 – RM150,000	-	1
RM350,001 – RM400,000	1	-
RM1,250,001 – RM1,300,000	1	-

Share Options Granted under ESOS	Executive Directors	Non-Executive Directors
RM200,001 – RM250,000	-	2
RM300,001 – RM350,000	-	1
RM400,001 – RM450,000	-	2
RM950,001 – RM1,000,000	1	-
RM1,150,001 – RM1,200,000	1	-

3 SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

3.1 Shareholders

The Board recognises the importance of maintaining 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 to allow 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 on 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 and is made available online on the Company's website at www.perisai.biz

3.2 Annual General Meeting ("AGM")

The AGM serves as a principal forum for dialogue with shareholders of the Company. The Company recognises that good corporate governance requires active participation of shareholders in the decision making process at the Company's AGM. At the beginning of the AGM, the Chairman will inform the meeting of the voting procedures including procedures on demand for poll voting. A brief presentation on the performance and activities of the Group throughout the year will, if appropriate, be presented to the shareholders during the AGM to allow shareholders to better understand the Group's performance and latest business activities. Questions raised by Minority Shareholder Watchdog Group prior to the AGM, if any, are shared with all shareholders during the AGM together with the Company's replies on the queries.

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.

Recommendation 8.2 of the Code states that the Board should encourage poll voting for substantive resolutions. The Board is of the view that with the current level of shareholders at the AGM, voting by way of a show of hands continues to be effective.

3.3 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.

4 ACCOUNTABILITY AND AUDIT

4.1 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;
- 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.

4.2 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 have 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 has 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 66 to 170 of this Annual Report.

4.3 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 risks 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"), led by the Managing Director and comprising of the heads of department of the finance, corporate planning, legal and operational functions is empowered by its terms of reference on the implementation of risk management and internal control. The ERMC ensures that the accountability for managing the significant risks identified is clearly assigned and that the identified risks are being addressed on an ongoing basis.

During the year, the ERMC met twice and reported to the Board the identified risks and its mitigation plans through a principal risk register report.

The Audit Committee is responsible to review the internal control process and procedures to protect its assets and shareholders' investment. The review covers the financial, operational and compliance controls as well as risk management functions.

The details of the Group's Risk Management Framework and Internal Control System are stated in the Statement on Risk Management and Internal Control in the Annual Report.

4.4 Relationship with the Auditors

The Group, through its Audit Committee, maintain a close, transparent and professional relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia as well as the auditors' professional requirements. The Audit Committee invites external auditors to attend meetings of the Audit Committee, as and when required. In addition, the Audit Committee will also have private meetings with the external auditors without the presence of the Directors and Senior Management. The external auditors would report to the 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 Audit Committee continues reviewing the suitability and independence of the external auditors before recommending them for re-appointment. The Audit Committee also reviews all non-audit services provided by the external auditors to ensure that the independence and objectivity of the external auditors are not compromised and the amount of the fees paid for the non-audit services are not significant when compared to the total fees paid to the external auditors. The external auditors have provided a confirmation of their independence to the Audit Committee that they have been independent throughout the conduct of the audit engagement in accordance with the terms of the relevant professional and regulatory requirements.

The roles of the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 58 to 61 of this Annual Report.

5 CODES AND POLICIES

5.1 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 of Conduct") which is also made available on the Company's website at www.perisai.biz. The Code of Conduct sets out the core values and principles which the Company considers to be of utmost importance.

The Code of Conduct 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 of Conduct 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 of Conduct.

5.2 Whistle Blowing Policy

The Whistle Blowing Policy which forms part of the Code of Conduct, has been adopted by the Board. The Whistle Blowing Policy is applicable to all Directors, officers and employees of Perisai Group as well as to the members of the public, where relevant. The policy provides an avenue for any Director, officer or employees of the 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 Whistle Blowing Policy is posted on the Company's website at www.perisai.biz. Any Director, officer or employee of the Group or member of the public can report any improper conduct by writing to whistle@perisai.biz.

5.3 Sustainability Policy

The Board has formalised and adopted a Sustainability Policy which form part of the Company's Code of Conduct. The Sustainability Policy sets out the manner in which the Company carries on its business, which is undertaken in a socially responsible and holistic manner. It also ensure the Board and the Senior Management are directly involved in the implementation of sustainability practices and monitoring of sustainability performance. 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.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 15 April 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibilities over the risk management and internal control system in the Group, which include the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity, 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 2014 which has been prepared in accordance with the "Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers".

For the purpose of this Statement on Risk Management and Internal Control, the joint ventures and/or associate companies of the Group have not been taken into account. The Group's interests in these joint ventures and/or associate companies are served through representation on the board of the joint ventures and/or associate companies 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 control 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

Whilst the Board has overall responsibility for the establishment of the Group's risk management and internal control system, it has delegated the implementation and monitoring of this system to the Management who will report on identified risks and actions taken to mitigate and/or minimise the risks.

The Audit Committee with the support of the Internal Auditors, assist the Board in reviewing the adequacy, integrity and effectiveness of the risk management and internal control system within the Group. The Internal Auditors conduct an annual review of this system 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 58 to 61 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 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 Board Committees that provide focus and counsel in the areas of:-

- Audit and Risk Management;
- Nomination, continuing training and annual assessment of Directors;
- Remuneration of Directors, both executive and non-executive; and
- 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, Budget and Performance Review

Annual Business Plan and Budget are prepared on a yearly basis and are deliberated and approved by the Board. The Group's Strategic Business Plan maps out the strategic objectives and business direction of the Group. The Group's businesses and financial performance are monitored and measured against the business plan and approved budget. Any major variance will be reviewed and corrective actions are undertaken.

Quarterly financial results are presented to and reviewed by the Audit Committee and the Board to enable them to monitor and evaluate the business and financial performance of the Group.

Limits of Authority ("LOA") and Operating Procedures

The Board's authorities in the approval of certain matters are delegated to the Board Committees and members of Management 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 control 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.

Other internal policies and operating procedures adopted by the Group will be properly documented and communicated so as to ensure clear accountabilities.

Human Capital Management

A formal employee performance appraisal system, guided by key performance indicators to evaluate and measure employee performance and their competency is performed once a year to link performance with appropriate remuneration in order to create a high performance work culture. In addition, training and development programmes are provided to the employees to enhance their knowledge and competency in carrying out their duties and responsibilities towards achieving the Group's objectives as well as to develop internal talents to meet the Group's future talent needs.

Information and Communication Processes

Comprehensive information covering financial performance, business operations, utilisation of funds and cashflow position are provided by the Management to the Board on a quarterly basis.

Independent Assurance Mechanism

Annual assessments are carried out through internal audits to assess the adequacy and integrity of the 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.

The Audit Committee has an active oversight on the internal audit's independence, scope of work and resources. It also reviews the internal audit function, particularly the scope of the annual audit plan and frequency of internal audit activities.

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 track the status of implementation of corrective actions until completion 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 occurrence of any fraud, dishonest practices or conflict of interests.

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.

Emergency Response Plan

During the year under review, the Group has set in place the emergency response measures under an Emergency Response Plan, in the event of a crisis or emergency. The Emergency Response Plan has been prepared to maximise human safety, protect the Company's reputation and image, preserve assets and property, minimise or eliminate danger and assure responsive communication to all appropriate parties, all of which with the objectives to restore normal operations of the Group.

The responsibilities in the event of an emergency are delegated among the Response Team, Incident Management Team and Crisis Management Team. The Response Team will activate the other teams in their areas of responsibility.

Insurance and Physical Safeguard

The Group maintains an appropriate insurance programme in order to provide sufficient insurance coverage on major assets of the Group and lawsuits that could result in material losses to the Group.

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. Risk Management practices are inculcated in the activities of the Group, which require amongst others, establishing risk tolerance thresholds to identify, assess and monitor key risks faced by the Group. The monitoring and management of identified risks are undertaken by the Management and reported to the Board.

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

In providing the oversight of risk management framework, an Executive Risk Management Committee ("ERMC"), chaired by the Managing Director and comprising heads of department of the finance, corporate planning, legal and operational functions of the Group was established to assist the Board to oversee the overall risk management process of the Group. As part of the risk management framework, the following risk management approach has been adopted and applied by ERMC to facilitate the identification, assessment, monitoring, reporting and mitigation of risks within the Group:-

(a) Areas of concern that could adversely impact the achievement of the Group's business objectives are identified and categorised into strategic, financial, operational, legal and compliance risks;

(b) The risks are then assessed using quantitative and qualitative aspects to determine their potential impact on the relevant business objectives and their likelihood of occurrence;

(c) All identified key risks are captured on a Principal Risk Map which map of the level of significance of the risks to the Group and determine the required prioritisation and focus for risk mitigation; and

(d) Identified key risks together with the mitigation plans are reported to the Board through a Principal Risk Register Report.

The Principal Risk Register serves as a tool for the heads of department/business unit in managing key risks applicable to their respective operations. The ERMC meets at least twice a year to assess whether any conditions associated with a particular risk have changed or any new areas are introduced requiring an assessment of risk. The status of mitigation plans and new identified risks are formally reported to the Board to ensure risk exposures are managed and required actions undertake in a timely manner to manage such risks are timely addressed.

The above risk management process facilitates and enhances the ability of the Board and the Management to manage risks within defined risk parameters and risk standards.

CONCLUSION

Based on the processes set out above, the Board, having received assurance from the Managing Director and Chief Financial Officer that the Company's risk management and internal control system are operating adequately and effectively, is of the view that the Group's system of internal control 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 the 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 system of internal control and risk management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2014 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) : Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants and reported that nothing has come to their attention that would cause them to believe that the Statement is 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.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 15 April 2015.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The Audit Committee was established by the Board on 15 June 2004. The Committee presently comprises three Non-Executive Directors, a majority of them are Independent Directors:-

Chairman	:	Dato' Yogesvaran A/L T. Arianayagam *Independent Non-Executive Director*
Members	:	Dato' Anwarrudin Ahamad Osman *Independent Non-Executive Director*
		Chan Feoi Chun *Non-Independent Non-Executive Director*

Dato' Anwarrudin Ahamad Osman was appointed as a member of the Audit Committee with effect from 16 April 2014 to replace Dato' Dr. Mohamed Ariffin Bin Hj Aton who has resigned as a member of the Audit Committee on the same day.

The present Chairman of the Audit Committee and Mr. Chan Feoi Chun are members of the Malaysian Institute of Accountants.

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires the majority of the Audit Committee members to be Independent Directors and at least one member to be a member of the Malaysian Institute of Accountants.

MEETINGS

The Audit Committee met five times during the financial year ended 31 December 2014. The details of the attendance by each member are as follows:-

Members	Number of Meetings Attended
Dato' Yogesvaran A/L T. Arianayagam	5/5
Dato' Anwarrudin Ahamad Osman *(Appointed on 16 April 2014)*	3/3
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Resigned on 16 April 2014)*	2/2
Chan Feoi Chun	5/5

The Managing Director, Senior Management, external auditors and internal auditors were invited to attend the meetings and presented their reports on financial results, audit and other matters for the information and/or approval of the Audit Committee.

The Audit Committee members were provided with the agenda and relevant committee papers before each meeting. The Company Secretaries act as the Secretaries to the Audit Committee.

Minutes of the Audit Committee meetings were distributed to the Board for notation and the Chairman of the Audit Committee reports key issues at each Board meeting.

TERMS OF REFERENCE

The Audit Committee is governed by its written terms of reference, as detailed below:-

1. Membership

- The Audit Committee shall be appointed by the Board of Directors from among their members and shall be composed of not fewer than three members of whom must be non-executive directors, with majority of them being independent directors.

- The members shall elect a chairman from among their members who is an independent director. If a member resigns, dies or for any other reason ceases to be a member, the Board of Directors shall, within three months, appoint new members as may be required to make up the minimum number of three members.

- No alternate Director shall be appointed as a member of the Audit Committee.

- At least one member of the Audit Committee:-

  (a) shall be a member of the Malaysian Institute of Accountants; or

(b) shall have at least three 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 Securities.

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

2. Meetings

- The Audit Committee shall meet at least four times a year with a minimum quorum of two members and the majority of members present shall be the independent directors. Additional meetings may be called at any time at the discretion of the Audit Committee.

- The Audit Committee may require the external auditors and any official of the Company to attend any of its meetings as it determines.

- The Company Secretaries shall be the secretaries of the Audit Committee.

3. Authority

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

(a) investigate any matters within its terms of reference;

(b) have adequate resources which it needs to perform its duties;

(c) have full access to any information which it requires in the course of performing its duties;

(d) have full access to any employee or member of the management;

(e) have direct communication channels with the external and internal auditors (if any) and convene meetings with external auditors and internal auditors or both, excluding the attendance of the other directors and employees of the Company;

(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. 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.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

During the financial year 2014, the activities carried out by the Audit Committee in discharging its functions and duties were as follows:-

1. Financial Reporting and Annual Reporting

(a) Reviewed the quarterly and year-end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities have 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.

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

2. Internal Audit

(a) Reviewed and approved the Annual Internal Audit Plan for the financial year 2014 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 Internal Audit Reports with recommendations from the internal auditors, Management's response and follow up actions taken by the Management.

(c) Reviewed the status report on the corrective actions taken on the outstanding audit issues, submitted by the internal auditors, to ensure that all the key risks and controls have been addressed.

3. **External Audit**

(a) Reviewed the Audit Planning Memorandum with the external auditors together with their scope of work for the year.

(b) Discussed the External Auditor's Reports and their findings and recommendations arising from the audit.

(c) Considered and recommended to the Board for approval the audit fees payable to the external auditors and their re-appointment of services.

4. **Related Party Transactions and Recurrent Related Party Transactions**

(a) Reviewed the related party transactions and recurrent related party transactions as well as conflict of interest situations that may arise within the Company or the Group and ensure that any transaction, procedure or course of conduct occurring in the course of the financial year which raises questions of management integrity were conducted on the Group's normal commercial terms, done in the ordinary course of business and were not detrimental to the interest of minority shareholders.

(b) Reviewed the Circular to Shareholders relating to the renewal of shareholders' mandate and new shareholders' mandate for recurrent related party transactions prior to recommending them for the Board's approval.

5. **Others**

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

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

(c) Met with the external auditors once during the year in the absence of Management.

INTERNAL AUDIT FUNCTION

The internal audit function is independent of the activities or operations of other operating units. Its 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 continues to operate satisfactorily and effectively. It is the responsibility of the internal auditors 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 who carries out its work according to the standards set by professional bodies. The costs incurred for the internal audit function for the financial year ended 31 December 2014 was RM15,000.00.

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

STATEMENT VERIFYING ALLOCATION OF OPTIONS PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Audit Committee has reviewed and verified that the allocation of options pursuant to the Company's Employees' Share Option Scheme ("ESOS") for the financial year ended 31 December 2014 was made in accordance with the criteria set out in the By-Laws of the ESOS and the guidelines governing the ESOS.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 15 April 2015.

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 as at 30 April 2015 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 ("MOPU")	105.0	(105.0)	-
2.	Working capital :			
	• Drilling and/or MOPU operational expenses	45.0	(45.0)	-
	• Management and administrative expenses of the Perisai Group	13.0	(13.0)	-
3.	Estimated listing expenses	2.9	(2.9)	-
	Total	**165.9**	**(165.9)**	**-**

2. SHARE BUYBACKS

There were no sale of shares, cancellation of treasury shares or share buybacks undertaken by the Company during the financial year 2014.

At the end of the financial year 2014, 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 2014, a total of 177,000 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 ten 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 2014	36,332,170
Total options granted in 2014	10,997,900
Total options exercised/cancelled in 2014	(207,000)
Balance outstanding options as at 31 December 2014	47,123,070

Granted to Directors and Senior Management	No. of Options
Total options granted as at 1 January 2014	30,500,000
Total options granted in 2014	8,700,000
Total options exercised in 2014	Nil
Balance outstanding options as at 31 December 2014	39,200,000

Granted to Directors and Senior Management	For the period from 1.1.2014 to 31.12.2014	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	36.47%	36.47%
Actual options granted to Directors and Senior Management as a percentage of the maximum allocation	20%	95.86%

* *As at 31 December 2014, the issued and paid-up share capital of the Company comprised of 1,193,124,978 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 are disclosed on page 69 of the audited financial statements in this Annual Report.

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

4. DEPOSITORY RECEIPTS PROGRAMME

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

5. SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

The Group's non-audit fees payable to the external auditors for the financial year ended 31 December 2014 amounted to RM22,000.

7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not announce or disclose any profit estimate, forecast or projection in any public documents during the financial year ended 31 December 2014.

8. VARIANCE IN RESULTS

There is no significant variance between the profit after tax for the financial year ended 31 December 2014 and the unaudited results previously announced.

9. PROFIT GUARANTEE

The Company did not provide any profit guarantee during the financial year ended 31 December 2014.

10. MATERIAL CONTRACTS

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

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

At the 11th Annual General Meeting of the Company held on 19 June 2014, the Company had obtained shareholders' mandate to allow the Company and its subsidiaries 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 19 June 2014 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 2014 is presented on pages 155 to 159 of the audited financial statements in this Annual Report.

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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 2014.

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 15, 16 and 17 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/(Loss) for the financial year	27,258,125	(169,644)
Profit/(Loss) attributable to:		
Owners of the Company	13,725,932	(169,644)
Non-controlling interests	13,532,193	-
	27,258,125	(169,644)

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.

DIRECTORS' REPORT

ISSUE OF SHARES

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

(i) 108,419,998 new ordinary shares of RM0.10 each for cash at an issue price of RM1.53 per ordinary share through private placement; and

(ii) 177,000 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.

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 2014, the Company held as treasury shares a total of 400,000 ordinary shares of its 1,193,124,978 issued ordinary shares. Such treasury shares are held at a carrying amount of RM230,795 and further relevant details are disclosed in Note 21(c) to the financial statements.

DIRECTORS

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

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON
D.Y.A.M. RAJA PUAN MUDA PERAK DATO' SERI DIRAJA TUNKU SORAYA BINTI TUANKU ABDUL HALIM
DATO' YOGESVARAN A/L T. ARIANAYAGAM
DATO' ANWARRUDIN AHAMAD OSMAN
DATUK ZAINOL IZZET BIN MOHAMED ISHAK
ADARASH KUMAR A/L CHRANJI LAL AMARNATH
CHAN FEOI CHUN

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 1.1.2014	Exercise of ESOS/ Bought	Sold	At 31.12.2014
Direct interest				
Dato' Yogesvaran A/L T. Arianayagam	3,856,207	-	(850,000)	3,006,207
Datuk Zainol Izzet Bin Mohamed Ishak	66,000,000	-	-	66,000,000
Chan Feoi Chun	616,300	300,000	(416,300)	500,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	305,000	-	(220,000)	85,000

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

	Number of ordinary shares of RM1 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Direct interest				
Datuk Zainol Izzet Bin Mohamed Ishak	49,000	-	-	49,000

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

	Number of options			
Name	Balance as at 1.1.2014	Granted	Exercised	Balance as at 31.12.2014
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	900,000	300,000	-	1,200,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	400,000	400,000	-	800,000
Dato' Yogesvaran A/L T. Arianayagam	1,200,000	300,000	-	1,500,000
Chan Feoi Chun	300,000	300,000	-	600,000
Datuk Zainol Izzet Bin Mohamed Ishak	5,600,000	1,400,000	-	7,000,000
Adarash Kumar A/L Chranji Lal Amarnath	4,800,000	1,200,000	-	6,000,000
Dato' Anwarrudin Ahamad Osman	900,000	300,000	-	1,200,000

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, Datuk 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 19 June 2014 granted 10,997,900 share options under the ESOS to eligible directors and employees of the Group. The options granted expire on 1 July 2022.

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	1.400	10,997,900

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 10 February 2015 from having to disclose in this report the names of option holders who have been granted options to subscribe in aggregate for less than 300,000 unissued ordinary shares of RM0.10 each.

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

The names of option holders granted options to subscribe for 300,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

Name	Exercise Price (RM)	Grant date	Expiry date	Number of options Granted	Exercised
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	1.400	19.6.2014	1.7.2022	300,000	-
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	1.400	19.6.2014	1.7.2022	400,000	-
Dato' Yogesvaran A/L T. Arianayagam	1.400	19.6.2014	1.7.2022	300,000	-
Chan Feoi Chun	1.400	19.6.2014	1.7.2022	300,000	-
Datuk Zainol Izzet Bin Mohamed Ishak	1.400	19.6.2014	1.7.2022	1,400,000	-
Adarash Kumar A/L Chranji Lal Amarnath	1.400	19.6.2014	1.7.2022	1,200,000	-
Dato' Anwarrudin Ahamad Osman	1.400	19.6.2014	1.7.2022	300,000	-
Yeo Peck Chin	1.400	19.6.2014	1.7.2022	700,000	-
BeramKhan Bin TambiKhan	1.400	19.6.2014	1.7.2022	1,000,000	-
Teo Hock Choon	1.400	19.6.2014	1.7.2022	700,000	-
Lai Swee Sim	1.400	19.6.2014	1.7.2022	700,000	-
Finton Tuan Kit Ming	1.400	19.6.2014	1.7.2022	700,000	-
Abdulah Bin Yunus	1.400	19.6.2014	1.7.2022	700,000	-

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event 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 15 April 2015.

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

DATUK 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 75 to 169 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 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 170 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 15 April 2015.

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

DATUK 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 75 to 169 and the supplementary information as set out on page 170 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 15 April 2015

YEO PECK CHIN

Before me
YM Tengku Fariddudin Bin Tengku Sulaiman (No. W533)
Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' 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 2014 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 75 to 169.

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 2014 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.

INDEPENDENT AUDITORS' REPORT

To The Members of Perisai Petroleum Teknologi Bhd.
(Incorporated 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 the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 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 170 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
15 April 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Continuing Operations					
Revenue	4	122,132,918	111,662,898	7,251,123	120,603,354
Direct costs	5	(94,656,514)	(46,804,892)	-	-
Gross profit		27,476,404	64,858,006	7,251,123	120,603,354
Other income		8,360,909	5,994,583	31,230,982	55,313,002
Administrative expenses		(28,434,651)	(28,921,903)	(23,989,109)	(25,469,553)
Other expenses		(1,804,343)	-	(18,626)	(40,524,833)
		(30,238,994)	(28,921,903)	(24,007,735)	(65,994,386)
Profit from operations		5,598,319	41,930,686	14,474,370	109,921,970
Finance costs	6	(24,254,403)	(11,601,770)	(14,798,595)	(5,491,976)
Share of results of associates, net of tax		3,938,375	1,640,630	-	-
Share of results of joint ventures, net of tax		42,582,944	6,081,474	-	-
Profit/(Loss) before tax	7	27,865,235	38,051,020	(324,225)	104,429,994
Tax (expense)/credit	10	(607,110)	(84,957)	154,581	-
Profit/(Loss) for the financial year from continuing operations		27,258,125	37,966,063	(169,644)	104,429,994
Discontinued Operation					
Profit for the financial year from discontinued operation	11	-	44,477,265	-	-
Profit/(Loss) for the financial year		27,258,125	82,443,328	(169,644)	104,429,994

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences arising during the financial year		85,877,867	23,228,674	-	-
Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiary or/and repayment of inter-company balances		3,363,477	14,703,522	-	-
Cash flow hedge					
- fair value changes during the financial year		(3,246,492)	(1,443,290)	(3,246,492)	(1,443,290)
- reclassification adjustments for amounts recognised in profit or loss		2,499,641	811,797	2,499,641	811,797
Other comprehensive income/(loss) for the financial year, net of tax		88,494,493	37,300,703	(746,851)	(631,493)
Total comprehensive income/(loss) for the financial year		115,752,618	119,744,031	(916,495)	103,798,501
Profit/(Loss) attributable to:					
Owners of the Company		13,725,932	71,785,407	(169,644)	104,429,994
Non-controlling interests		13,532,193	10,657,921	-	-
		27,258,125	82,443,328	(169,644)	104,429,994
Total comprehensive income/(loss) attributable to:					
Owners of the Company		94,523,824	101,569,671	(916,495)	103,798,501
Non-controlling interests		21,228,794	18,174,360	-	-
		115,752,618	119,744,031	(916,495)	103,798,501

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Earnings per share attributable to owners of the Company (sen per share)	12				
- Basic:					
- from continuing operations		1.18	2.77		
- from discontinued operation		-	4.52		
- from continuing operations and discontinued operation		1.18	7.29		
- Diluted:					
- from continuing operations		1.17	2.74		
- from discontinued operation		-	4.46		
- from continuing operations and discontinued operation		1.17	7.20		

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 2014

		Group			Company	
	Note	2014 RM	2013 RM	As at 1.1.2013 RM	2014 RM	2013 RM
ASSETS						
Non-current assets						
Plant and equipment	13	1,403,239,897	548,216,292	549,102,538	711,211	803,626
Intangible asset	14	75,000	75,000	-	75,000	75,000
Investments in subsidiaries	15	-	-	-	620,358,124	826,893,439
Investments in associates	16	1,654,725	1,315,786	315,356	340,000	300,000
Investments in joint ventures	17	567,166,778	488,697,863	-	93,918,740	93,918,740
Prepayments	18	324,475,270	288,249,577	127,218,213	-	-
Other receivables	20	-	-	-	546,681,101	-
		2,296,611,670	1,326,554,518	676,636,107	1,262,084,176	921,990,805
Current assets						
Trade receivables	19	48,345,826	20,386,057	41,117,589	-	-
Other receivables and deposits	20	70,972,398	39,994,895	2,136,748	78,234,349	39,363,477
Prepayments	18	4,547,084	2,468,941	2,805,972	353,490	349,385
Tax recoverable		203,057	251,609	377,540	129,977	178,530
Deposits, cash and bank balances		94,108,149	62,916,678	24,939,825	67,387,176	51,732,642
		218,176,514	126,018,180	71,377,674	146,104,992	91,624,034
Assets of disposal group classified as held for sale		-	-	381,233,295	-	-
TOTAL ASSETS		2,514,788,184	1,452,572,698	1,129,247,076	1,408,189,168	1,013,614,839

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		Group			Company	
	Note	2014 RM	2013 RM	As at 1.1.2013 RM	2014 RM	2013 RM
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	21	119,312,498	108,452,798	85,177,540	119,312,498	108,452,798
Share premium	21	638,406,505	486,025,067	198,268,309	638,406,505	486,025,067
Treasury shares	21	(230,795)	(230,795)	(230,795)	(230,795)	(230,795)
Retained earnings	22	299,697,893	285,971,961	214,186,554	74,588,206	74,757,850
Other reserves	23	112,896,250	22,738,316	8,266,609	19,914,764	11,301,573
Reserve of disposal group classified as held for sale		-	-	(23,244,483)	-	-
Equity attributable to owners of the Company		1,170,082,351	902,957,347	482,423,734	851,991,178	680,306,493
Non-controlling interests		121,633,363	100,404,569	82,230,209	-	-
Total equity		1,291,715,714	1,003,361,916	564,653,943	851,991,178	680,306,493
Non-current liabilities						
Loans and borrowings	26	1,022,713,289	271,632,210	264,533,792	-	-
Hire purchase payables	27	276,395	390,918	175,103	276,395	390,918
Derivative liability	29	4,689,781	1,443,290	-	4,689,781	1,443,290
Other payables	25	8,566,425	-	-	-	-
		1,036,245,890	273,466,418	264,708,895	4,966,176	1,834,208
Current liabilities						
Trade payables	24	15,667,137	543,323	2,509,679	-	-
Other payables and accruals	25	35,561,503	93,149,264	70,609,530	551,117,291	321,824,370
Loans and borrowings	26	134,973,290	81,902,716	77,813,686	-	9,540,370
Hire purchase payables	27	114,523	109,398	91,555	114,523	109,398
Tax payable		510,127	39,663	19,510	-	-
		186,826,580	175,744,364	151,043,960	551,231,814	331,474,138
Liabilities of disposal group classified as held for sale		-	-	148,840,278	-	-
Total liabilities		1,223,072,470	449,210,782	564,593,133	556,197,990	333,308,346
TOTAL EQUITY AND LIABILITIES		2,514,788,184	1,452,572,698	1,129,247,076	1,408,189,168	1,013,614,839

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

		Attributable to owners of the Company								
				Non-distributable			Distributable			
	Note	Share capital RM	Treasury shares RM	Share premium 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
2013										
At 1 January 2013		85,177,540	(230,795)	198,268,309	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		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	(230,795)	486,025,067	22,738,316	-	285,971,961	902,957,347	100,404,569	1,003,361,916

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

		Attributable to owners of the Company								
		Non-distributable					Distributable			
	Note	Share capital RM	Treasury shares RM	Share premium 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
2014										
At 1 January 2014		108,452,798	(230,795)	486,025,067	22,738,316	-	285,971,961	902,957,347	100,404,569	1,003,361,916
Comprehensive income										
Profit for the financial year		-	-	-	-	-	13,725,932	13,725,932	13,532,193	27,258,125
Other comprehensive income										
Foreign currency translation differences		-	-	-	81,544,743	-	-	81,544,743	7,696,601	89,241,344
Cash flow hedge		-	-	-	(746,851)	-	-	(746,851)	-	(746,851)
Total comprehensive income for the financial year		-	-	-	80,797,892	-	13,725,932	94,523,824	21,228,794	115,752,618
Transactions with owners										
Share options exercised		17,700	-	121,245	-	-	-	138,945	-	138,945
Share options granted under ESOS	8	-	-	-	9,437,922	-	-	9,437,922	-	9,437,922
Shares issuance pursuant to private placement	38	10,842,000	-	155,040,597	-	-	-	165,882,597	-	165,882,597
Share issuance expenses		-	-	(2,858,284)	-	-	-	(2,858,284)	-	(2,858,284)
Transfer to share premium for share options exercised		-	-	77,880	(77,880)	-	-	-	-	-
Total transactions with owners		10,859,700	-	152,381,438	9,360,042	-	-	172,601,180	-	172,601,180
At 31 December 2014		119,312,498	(230,795)	638,406,505	112,896,250	-	299,697,893	1,170,082,351	121,633,363	1,291,715,714

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 2014

	Note	← Non-distributable → Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Distributable (Accumulated loss)/ Retained earnings RM	Total equity RM
2013							
At 1 January 2013		85,177,540	(230,795)	198,268,309	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		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		-	-	(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	(230,795)	486,025,067	11,301,573	74,757,850	680,306,493

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Note	Share capital RM	Treasury shares RM	← Non-distributable → Share premium RM	Other reserves RM	Distributable Retained earnings RM	Total equity RM
2014							
At 1 January 2014		108,452,798	(230,795)	486,025,067	11,301,573	74,757,850	680,306,493
Comprehensive income							
Loss for the financial year		-	-	-	-	(169,644)	(169,644)
Other comprehensive loss							
Cash flow hedge		-	-	-	(746,851)	-	(746,851)
Total comprehensive loss for the financial year		-	-	-	(746,851)	(169,644)	(916,495)
Transactions with owners							
Share options exercised		17,700	-	121,245	-	-	138,945
Share options granted under ESOS	8	-	-	-	9,437,922	-	9,437,922
Shares issuance pursuant to private placement	38	10,842,000	-	155,040,597	-	-	165,882,597
Share issuance expenses		-	-	(2,858,284)	-	-	(2,858,284)
Transfer to share premium for share options exercised		-	-	77,880	(77,880)	-	-
Total transactions with owners		10,859,700	-	152,381,438	9,360,042	-	172,601,180
At 31 December 2014		119,312,498	(230,795)	638,406,505	19,914,764	74,588,206	851,991,178

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax from:					
- continuing operations		27,865,235	38,051,020	(324,225)	104,429,994
- discontinued operation		-	44,583,956	-	-
Adjustments for:-					
Impairment loss on:					
- investments in subsidiaries		-	-	-	29,009,000
- trade receivables		1,796,494	-	-	-
Depreciation of plant and equipment		47,034,052	38,868,958	231,813	198,425
Deposit written off		6,200	-	-	-
(Gain)/Loss on disposal of plant and equipment		(1,442,081)	55,237	-	55,237
Plant and equipment written off		1,649	-	1,649	-
Interest expense:					
- continuing operations		24,254,403	11,601,770	14,798,596	5,491,976
- discontinued operation		-	3,316,802	-	-
Dividend income		-	-	(3,786,000)	(118,407,424)
Gain on disposal of a subsidiary	11	-	(9,712,013)	-	(46,095,859)
Interest income		(419,019)	(460,815)	(9,590,586)	(460,815)
Net unrealised (gain)/loss on foreign exchange		(2,886,184)	(333,905)	(19,404,224)	6,361,175
Reversal of impairment loss on amount due from subsidiaries		-	-	-	(8,470,944)
Share of results of associates		(3,938,375)	(1,640,630)	-	-
Share of results of joint ventures		(42,582,944)	(6,081,474)	-	-
Share options granted under ESOS		9,437,922	9,231,611	9,437,922	9,231,611
Operating profit/(loss) before working capital changes		59,127,352	127,480,517	(8,635,055)	(18,657,624)
Change in receivables		(29,829,456)	(27,352,358)	156,930	(55,487)
Change in payables		30,764,147	(22,881,975)	(1,734,486)	(24,776,113)
Cash from/(used in) operations		60,062,043	77,246,184	(10,212,611)	(43,489,224)
Interest paid		(29,601,966)	(13,532,581)	(7,326,332)	(858,969)
Interest received		414,563	460,815	407,732	460,815
Dividend received		-	-	3,786,000	640,200
Tax paid		(392,033)	(108,986)	(68,268)	(68,311)
Tax refunded		271,400	145,600	271,400	-
Net cash from/(used in) operating activities, balance carried down		30,754,007	64,211,032	(13,142,079)	(43,315,489)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Balance brought down		30,754,007	64,211,032	(13,142,079)	(43,315,489)
Cash Flows from Investing Activities					
Acquisition of joint ventures		-	(51)	-	-
Subscription of additional shares in joint venture		-	(178,449)	-	-
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	15	-	-	-	(200,000)
Subscription of shares in an associate	16	(40,000)	-	(40,000)	-
Proceeds from disposal of plant and equipment		1,540,421	195,500	44,899	195,500
Repayment from/(Advance to) an associate		18	(18)	18	(18)
Advances to joint ventures		(26,567,648)	(1,129,053)	(26,567,648)	975,791
Advances to subsidiaries		-	-	(313,935,569)	(73,448,604)
Prepayment of plant and equipment		(229,704,556)	(75,237,283)	-	-
Purchase of plant and equipment	13	(665,129,537)	(313,537)	(185,946)	(160,727)
Net cash used in investing activities		(919,901,302)	(70,889,154)	(340,684,246)	(72,713,058)
Cash Flows from Financing Activities					
Payments of hire purchase		(109,398)	(345,342)	(109,398)	(345,342)
Advances from subsidiaries		-	-	214,303,748	76,871,888
Net proceeds from share issuance pursuant to private placement					
- Gross proceeds		165,882,597	87,691,625	165,882,597	87,691,625
- Share issue expenses		(2,858,284)	(1,609,763)	(2,858,284)	(1,609,763)
Proceeds from share issuance pursuant to ESOS		138,945	2,318,757	138,945	2,318,757
Proceeds from issuance of Medium Term Notes		263,425,646	59,558,500	-	-
Payment of debts issue costs and incidental costs		-	(2,288,112)	-	-
Drawdown of term loans		570,699,855	-	-	-
Repayments of term loans		(73,334,359)	(116,878,596)	-	-
Net cash from financing activities		923,845,002	28,447,069	377,357,608	164,927,165
Net increase in cash and cash equivalents		34,697,707	21,768,947	23,531,283	48,898,618
Effect of exchange rate changes		6,034,134	1,173,354	1,663,621	1,205,849
		40,731,841	22,942,301	25,194,904	50,104,467
Cash and cash equivalents at beginning of the financial year		53,376,308	30,434,007	42,192,272	(7,912,195)
Cash and cash equivalents at end of the financial year	31	94,108,149	53,376,308	67,387,176	42,192,272

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 2014

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 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 its subsidiaries. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 15, 16 and 17. 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 15 April 2015.

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

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

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

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

2. BASIS OF PREPARATION (cont'd)

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

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

New IC Int

IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company.

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs 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 MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
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 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/1 January 2016
MFRS 119	Employee Benefits	1 July 2014/1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs 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 MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement
MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment
MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting
MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

2. BASIS OF PREPARATION (cont'd)

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

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

MFRS 15 Revenue from Contracts with Customers (cont'd)

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

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.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

2. BASIS OF PREPARATION (cont'd)

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

(ii) New MFRSs and Amendments/Improvements to MFRSs 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 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 *Business Combinations*, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not remeasured if the joint operator retains joint control.

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 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

2. BASIS OF PREPARATION (cont'd)

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

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

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 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 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

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 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 *Business Combinations*. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

(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.

2. BASIS OF PREPARATION (cont'd)

(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 Jack-up rig, 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 30 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 previous 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.

(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 15, 16 and 17) – 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 19 and 20) – 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

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) Drilling revenue

Drilling revenue is recognised when services are rendered.

(iii) Interest income

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

(iv) Management fee

Management fee is recognised when services are rendered.

(v) Rental income

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

(vi) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Employee benefits (cont'd)

(ii) Employees' share option scheme

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

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

(iii) Termination benefits

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

(f) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(iii) Operating lease – the Group as lessor

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

(h) Tax expense

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Tax expense (cont'd)

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

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

(i) Discontinued operations

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

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

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.

(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%
Jack-up rig, MOPU, marine vessels and equipment	3 – 30 years

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Plant and equipment (cont'd)

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

(l) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial assets (cont'd)

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

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 treasury 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 and loans and borrowings.

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.

(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 remeasured 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Dividend income from:				
- subsidiaries	-	-	-	117,767,224
- associate	-	-	3,786,000	640,200
Management fee	-	8,630,397	3,465,123	2,195,930
Charter income	44,665,979	103,032,501	-	-
Drilling revenue	77,466,939	-	-	-
	122,132,918	111,662,898	7,251,123	120,603,354

5. DIRECT COSTS

	Group	
	2014 RM	2013 RM
Cost of services rendered	94,656,514	46,804,892

NOTES TO THE FINANCIAL STATEMENTS
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6. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expense on:				
- Bank overdraft	323,225	835,608	323,225	835,608
- Hire purchase	19,434	23,362	19,434	23,362
- Loans from subsidiaries	-	-	13,216,206	4,633,006
- Medium term notes	9,633,500	1,036,347	280,742	-
- Revolving credit	50,865	1,216	495,532	-
- Term loans	13,726,897	9,705,237	-	-
Bank guarantee commission	37,026	-	-	-
Commitment fee	463,456	-	463,456	-
	24,254,403	11,601,770	14,798,595	5,491,976

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Group				
Auditors' remuneration:				
- statutory audit:				
- current	148,600	117,600	-	18,642
- over provision in prior financial year	(6,500)	-	-	-
- other services	22,000	176,000	-	-
Deposit written off	6,200	-	-	-
Depreciation of plant and equipment	47,034,052	38,868,958	-	-
Employee benefits expense (including key management personnel) (Note 8)	20,285,800	18,950,279	-	-
Impairment loss on trade receivables	1,796,494	-	-	-
(Gain)/Loss on disposal of plant and equipment	(1,442,081)	55,237	-	-
Plant and equipment written off	1,649	-	-	-
Gain on disposal of subsidiary	-	-	-	(9,712,013)
Interest income	(419,019)	(460,815)	-	-
Interest expense	24,254,403	11,601,770	-	3,316,802
Net (gain)/loss on foreign exchange:				
- realised	(2,332,253)	(4,471,244)	-	(37,289)
- unrealised	(2,886,184)	(333,905)	-	-
Rental of office	1,645,982	1,398,375	-	-
Rental of office equipment	22,390	15,220	-	-
Sub-rental income on office	(951,551)	(675,234)	-	-
Share of results of associates	(3,938,375)	(1,640,630)	-	-
Share of results of joint ventures	(42,582,944)	(6,081,474)	-	-

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	
	2014 RM	2013 RM
Company		
Auditors' remuneration:		
- statutory audit:		
- current	60,000	55,000
- over provision in prior financial year	(3,000)	-
- other services	8,000	26,000
Depreciation of plant and equipment	231,813	198,425
Employee benefits expense (including key management personnel) (Note 8)	18,650,510	18,841,799
Gain on disposal of subsidiary	-	(46,095,859)
Loss on disposal of plant and equipment	-	55,237
Plant and equipment written off	1,649	-
Impairment loss on:		
- investment in subsidiaries (Note 15)	-	29,009,000
Interest income from:		
- subsidiaries	(9,175,667)	-
- others	(414,919)	(460,815)
Interest expense	14,798,596	5,491,976
Net foreign exchange (gain)/loss:		
- realised	(1,931,465)	5,154,658
- unrealised	(19,404,224)	6,361,175
Rental of office	773,760	773,760
Rental of office equipment	22,390	15,220
Reversal of impairment loss on		
- amount due from subsidiaries	-	(8,470,944)
Sub-rental income on office	(281,243)	(285,238)

NOTES TO THE FINANCIAL STATEMENTS
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8. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages and salaries	9,454,422	8,671,300	8,010,335	8,575,300
Defined contribution plan and social security contribution	1,031,991	978,846	855,177	966,366
Share options granted under ESOS	9,437,922	9,231,611	9,437,922	9,231,611
Other benefits	361,465	334,826	347,076	334,826
	20,285,800	19,216,583	18,650,510	19,108,103

Included in employees benefits expense are directors' remuneration of the Group and of the Company amounting to RM5,920,253 (2013: RM6,747,904) and RM5,872,793 (2013: RM6,700,444) respectively.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors' remuneration:				
- Salaries and bonus	1,512,000	2,104,000	1,470,000	2,062,000
- Other emoluments	181,369	252,900	175,909	247,440
- Share options granted under ESOS	2,160,328	2,181,607	2,160,328	2,181,607
	3,853,697	4,538,507	3,806,237	4,491,047
Non-executive directors' remuneration:				
- Fee	370,000	370,000	370,000	370,000
- Other emoluments	39,000	22,500	39,000	22,500
- Share options granted under ESOS	1,657,556	1,816,897	1,657,556	1,816,897
	2,066,556	2,209,397	2,066,556	2,209,397
Total directors' remuneration	5,920,253	6,747,904	5,872,793	6,700,444

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group and the Company amounted to RM38,350 (2013: RM nil).

10. TAX EXPENSE/(CREDIT)

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Continuing operations				
Current tax:				
Malaysian				
- current financial year	761,691	41,184	-	-
- (over)/under provision in prior financial year	(154,581)	43,773	(154,581)	-
Tax expense/(credit) attributable to continuing operations	607,110	84,957	(154,581)	-
Tax expense attributable to discontinued operation (Note 11)	-	106,691	-	-
Total tax expense/(credit) recognised in profit or loss	607,110	191,648	(154,581)	-

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Profit/(Loss) before tax from:				
- continuing operations	27,865,235	38,051,020	(324,225)	104,429,994
- discontinued operation	-	44,583,956	-	-
Accounting profit/(loss) before tax	27,865,235	82,634,976	(324,225)	104,429,994

10. TAX EXPENSE/(CREDIT) (cont'd)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax at the Malaysian statutory income tax rate of 25%	6,966,300	20,658,700	(81,100)	26,107,500
Effect of changes in tax rate	-	55,100	-	55,100
Effect of share of results of associates	(984,600)	(410,200)	-	-
Effect of share of results of joint ventures	(10,645,700)	(1,520,400)	-	-
Tax effect of non-deductible expenses	13,551,091	8,258,475	5,315,100	8,507,100
Tax effect of non-taxable income	(128,200)	(2,588,000)	(5,155,800)	(35,991,300)
Effect of different tax rate in foreign jurisdiction	71,800	(121,000)	-	-
Different tax rates in offshore companies *	(7,990,800)	(23,888,600)	-	-
Deferred tax asset not recognised during the financial year	-	1,321,600	-	1,321,600
Utilisation of deferred tax assets not recognised previously	(78,200)	(1,617,800)	(78,200)	-
(Over)/Under provision in prior financial years:				
- current tax	(154,581)	43,773	(154,581)	-
Total tax expense/(credit) recognised in profit or loss	607,110	191,648	(154,581)	-

* 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% (2013: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the previous 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.

As at 31 December 2014, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM54,834,854 (2013: RM50,736,389) and RM832,054 (2013: RM683,342) carried forward available for set-off against future taxable profits.

As at 31 December 2014, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM22,672,400 (2013: RM18,573,936) and RM148,712 (2013: RM nil) respectively carried forward available for set-off against future taxable profits.

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 EMAS Offshore Limited (formerly known as EOC Limited). 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 EMAS Offshore Limited (formerly known as EOC Limited) 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.

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 profit or loss disclosure

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

	Group 2013 RM
Revenue	43,009,786
Direct costs	(93,973)
Gross profit	42,915,813
Other income	37,289
Administrative expenses	(4,764,357)
Profit from operations	38,188,745
Finance costs	(3,316,802)
Profit before tax	34,871,943
Tax expense (Note 10)	(106,691)
Profit from operating activities, net of tax	34,765,252
Gain on disposal of discontinued operation (including fair value gain on remeasurement of RM4,953,127 for the remaining interest)	9,712,013
Profit for the financial year	44,477,265

The profit from discontinued operation of RM44,477,265 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
Operating activities	33,939,727
Financing activities	(44,516,250)
Net cash outflows	(10,576,523)

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	
	2014 RM	2013 RM
Profit attributable to owners of Company		
- from continuing operations	13,725,932	27,308,142
- from discontinued operation	-	44,477,265
	13,725,932	71,785,407

	Group/Company	
	2014 Number of shares ("000")	2013
Weighted average number of ordinary shares for basic earnings per share computation	1,163,891	983,814
Effect of dilution:		
- share options	9,453	12,478
Weighted average number of ordinary shares for diluted earnings per share computation	1,173,344	996,292

There have been no transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

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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	Jack-up rig, MOPU, Marine vessels and equipment RM	Total RM
Group							
Costs							
At 1.1.2014	620,106	210,846	229,443	54,050	518,782	641,986,852	643,620,079
Additions	-	48,773	2,620	-	191,736	865,903,143	866,146,272
Disposal	-	(5,220)	-	-	(72,120)	(9,826,500)	(9,903,840)
Written off	-	(4,300)	-	-	-	-	(4,300)
Reversal for overbilling	-	-	-	-	-	(155,443)	(155,443)
Exchange differences	-	586	-	5,082	26,466	42,309,301	42,341,435
At 31.12.2014	620,106	250,685	232,063	59,132	664,864	1,540,217,353	1,542,044,203
Accumulated depreciation							
At 1.1.2014	103,351	58,750	65,228	37,603	403,758	94,735,097	95,403,787
Charge for the financial year	124,021	23,125	22,966	5,479	80,064	46,778,397	47,034,052
Disposal	-	(580)	-	-	(29,372)	(9,826,493)	(9,856,445)
Written off	-	(2,651)	-	-	-	-	(2,651)
Reversal for overbilling	-	-	-	-	-	(21,589)	(21,589)
Exchange differences	-	112	-	3,909	23,170	6,219,961	6,247,152
At 31.12.2014	227,372	78,756	88,194	46,991	477,620	137,885,373	138,804,306
Net carrying amount							
At 31.12.2014	392,734	171,929	143,869	12,141	187,244	1,402,331,980	1,403,239,897

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	Jack-up rig, 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							
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

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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 1.1.2014	620,106	135,783	149,802	274,428	1,180,119
Additions	-	2,620	42,785	140,541	185,946
Disposal	-	-	(2,320)	(72,120)	(74,440)
Written off	-	-	(4,300)	-	(4,300)
At 31.12.2014	620,106	138,403	185,967	342,849	1,287,325
Accumulated depreciation					
At 1.1.2014	103,353	59,578	54,149	159,413	376,493
Charge for the financial year	124,021	13,600	17,006	77,186	231,813
Disposal	-	-	(169)	(29,372)	(29,541)
Written off	-	-	(2,651)	-	(2,651)
At 31.12.2014	227,374	73,178	68,335	207,227	576,114
Net carrying amount					
At 31.12.2014	392,732	65,225	117,632	135,622	711,211
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

13. PLANT AND EQUIPMENT (cont'd)

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

	Group/Company	
	2014 RM	2013 RM
Net carrying amount	392,732	516,753

(b) Plant and equipment pledged as securities for bank guarantee and credit facilities granted to certain subsidiaries as mentioned in Note 26 are as follows:

	Group	
	2014 RM	2013 RM
Jack-up rig, MOPU and Marine vessels Net carrying amount	1,402,331,980	547,251,755

(c) During the financial year, the Group and the Company acquired plant and equipment with an aggregate cost of RM866,146,272 (2013: RM892,537) and RM185,946 (2013: RM739,727) respectively which are satisfied as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash payments	665,129,537	313,537	185,946	160,727
Transfer from prepayments	201,016,735	-	-	-
Finance lease arrangement	-	579,000	-	579,000
	866,146,272	892,537	185,946	739,727

Included in the above prepayments are capitalised borrowing costs amounting to RM6,718,315 (2013: RM nil).

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14. INTANGIBLE ASSET

	Group/Company Golf club membership	
	2014 RM	2013 RM
Cost		
At 1 January/31 December	75,000	75,000
Net carrying amount		
At 31 December	75,000	75,000

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost		
At 1 January	302,706,753	272,766,567
Additions	-	29,940,186
Transferred to subsidiaries (Note 15(b))	(220,907,860)	-
At 31 December	81,798,893	302,706,753
Less: Accumulated impairment losses		
At 1 January	36,303,784	7,294,784
Additions (Note 7)	-	29,009,000
At 31 December	36,303,784	36,303,784
	45,495,109	266,402,969
Quasi loans	574,863,015	560,490,470
	620,358,124	826,893,439

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

15. 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 2014	2013
^	Romilly (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%
●#	Perisai Pacific 101 (L) Inc. (Formerly known as Perisai (L) Inc.)	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	-	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	Provision of operations and maintenance services for jack-up rigs	-	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 industry	-	100%
#	Perisai Capital (L) Inc.	Labuan, Malaysia	A special purpose vehicle for the procurement of funds	100%	100%
	Perisai Production Holdings Sdn. Bhd.	Malaysia	Investment holding	100%	100%
	Perisai Drilling Holdings Sdn. Bhd.	Malaysia	Investment holding	100%	100%
	Intan Offshore Sdn. Bhd.	Malaysia	Investment holding	51%	51%

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15. 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 2014	2013
	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 of Perisai Drilling Holdings Sdn. Bhd.				
●^	Perisai Drilling Sdn. Bhd.	Malaysia	Operations and maintenance service for jack-up rig	100%	-
●#	Perisai Pacific 101 (L) Inc. (Formerly known as Perisai (L) Inc.)	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	-
#	Perisai Pacific 102 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	-
#	Perisai Pacific 103 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	-
	Subsidiaries of Perisai Production Holdings Sdn. Bhd.				
●#	Garuda Energy (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	-

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

\# 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.
^ In the previous 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.
● Change of shareholder pursuant to the internal reorganisation exercise of the Group.

(a) Incorporation of subsidiaries

On 22 April 2014, Perisai Drilling Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company incorporated Perisai Pacific 102 (L) Inc. and Perisai Pacific 103 (L) Inc. in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990, with issued share capital of USD1,000 comprising 1,000 ordinary shares in each of the subsidiaries.

In the previous financial year, the Company incorporated Perisai Capital (L) Inc., with issued and paid-up share capital of USD1,000 comprising 1,000 ordinary shares on 18 July 2013, 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.

(b) Internal reorganisation

On 8 August 2014, the Company obtained approval from the Labuan Financial Services Authority dated 7 August 2014 for the transfer of the Company's 100% equity interest in Garuda Energy (L) Inc. ("Garuda") to its wholly-owned subsidiary, Perisai Production Holdings Sdn. Bhd. for a total cash consideration of RM220,076,060. Consequently Garuda became an indirect wholly-owned subsidiary of the Company.

On 28 August 2014, the Company transferred its 100% equity interest in Perisai Drilling Sdn. Bhd. ("Perisai Drilling") to its wholly-owned subsidiary, Perisai Drilling Holdings Sdn. Bhd., for a total cash consideration of RM828,000. Consequently, Perisai Drilling became an indirect wholly-owned subsidiary of the Company.

On 24 September 2014, the Company obtained approval from Labuan Financial Services Authority dated 23 September 2014 for the transfer of the Company's 100% equity interest in Perisai Pacific 101 (L) Inc. (formerly known as Perisai (L) Inc.) ("Perisai Pacific 101") to its wholly-owned subsidiary, Perisai Drilling Holdings Sdn. Bhd. for a total cash consideration of RM3,800. Consequently, Perisai Pacific 101 became an indirect wholly-owned subsidiary of the Company.

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	Intan Offshore Sdn. Bhd. and its subsidiaries RM	Individually immaterial subsidiary RM	Total RM
2014			
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	121,073,097	560,266	121,633,363
Profit allocated to NCI	13,028,747	503,446	13,532,193
Total comprehensive income allocated to NCI	20,689,086	539,708	21,228,794
2013			
NCI percentage of ownership interest and voting interest	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/(loss) allocated to NCI	18,175,683	(1,323)	18,174,360

15. 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:-

	Intan Offshore Group	
	2014 RM	2013 RM
Assets and liabilities		
Non-current assets	256,709,631	232,413,812
Current assets	131,846,515	111,269,469
Non-current liabilities	(114,037,648)	(109,775,107)
Current liabilities	(27,430,545)	(29,042,846)
Net assets	247,087,953	204,865,328
Results		
Revenue	44,665,979	42,128,712
Profit for the financial year	26,589,279	21,753,559
Total comprehensive income	42,222,625	37,093,230
Cash flows from operating activities	30,869,002	21,246,001
Cash flows used in investing activities	(24,047,877)	(379,597)
Cash flows used in financing activities	(9,436,354)	(23,033,316)
Net decrease in cash and cash equivalents	(2,615,230)	(2,166,912)
Dividends paid to NCI	-	-

(e) The covenants of the bank term loans taken by Perisai Pacific 101 (L) Inc. (formerly known as Perisai (L) Inc.), 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 RM15,044,553 (2013: RM9,876,723).

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16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares, at cost				
At 1 January	17,676,000	17,676,000	17,676,000	17,676,000
Additions	40,000	-	40,000	-
At 31 December	17,716,000	17,676,000	17,716,000	17,676,000
Share of post-acquisition profit/(loss)				
At 1 January	(16,360,214)	(17,360,644)	-	-
Additions	3,938,375	1,640,630	-	-
Dividend	(3,786,000)	(640,200)	-	-
At 31 December	(16,207,839)	(16,360,214)	-	-
Share of exchange differences				
At 1 January	-	-	-	-
Changes during the financial year	146,564	-	-	-
At 31 December	146,564	-	-	-
Less: Accumulated impairment losses				
At 1 January	-	-	17,376,000	17,376,000
Additions	-	-	-	-
At 31 December	-	-	17,376,000	17,376,000
	1,654,725	1,315,786	340,000	300,000

Pheonix Energy (M) Sdn. Bhd., an associate of the Company, has impaired its intangible assets and accounted for the adjustment retrospectively to reflect the fair value of the intangible assets. Accordingly, the Group's share of post-acquisition profit or loss and accumulated impairment losses were restated as follows:

	2013 Group		As at 1.1.2013 Group	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
Share of post-acquisition profit/(loss)	(16,360,214)	878,166	(17,360,644)	(122,264)
Accumulated impairment losses	-	(17,238,380)	-	(17,238,380)

The above adjustments did not have any impact on the profit for the financial year and earnings per share of the Group.

16. INVESTMENTS IN ASSOCIATES (cont'd)

Details of the associates are as follows:

	Name of company	Principal place of business/ Country of incorporation	Principal activities/ nature of the relationship	Effective of ownership interest/ Voting rights 2014	2013	Financial year end
	Held by the Company					
@	Phoenix Energy (M) 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 an agent for the Group	40%	40%	31 December
	Larizz Energy Services Sdn. Bhd.	Malaysia	Provision of upstream oil and gas services and other services in the oil and gas sectors and is an agent for the Group	40%	-	31 December

@ Based on unaudited management financial statements.

On 19 March 2014, Larizz Energy Services Sdn. Bhd. was incorporated in which the Company holds a 40% equity interest whilst the remaining 60% is held by Datuk Zainol Izzet bin Mohamed Ishak, the Managing Director of the Company.

All associates are accounted for using the equity method in the consolidated financial statements.

The Group has not recognised losses related to Pheonix Energy (M) Sdn. Bhd. totalling RM77,211 (2013: RM80,952) in the current financial year and RM298,097 (2013: RM220,886) cumulatively, since the Group has no obligation in respect of these losses.

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

	Larizz Petroleum Services Sdn. Bhd. RM
2014	
Assets and liabilities	
Non-current assets	200,021
Current assets	117,193,692
Current liabilities	(113,286,193)
Net assets	4,107,520
Results	
Revenue	13,349,681
Profit for the financial year	9,916,645
Total comprehensive income	10,176,636

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16. INVESTMENTS IN ASSOCIATES (cont'd)

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

	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

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

	Larizz Petroleum Services Sdn. Bhd. RM	Individually immaterial associates RM	Total RM
2014			
Group's share of net assets	1,643,008		
Carrying amount in the consolidated statement of financial position	1,643,008	11,717	1,654,725
Share of results of the Group, representing total comprehensive income for the financial year	3,966,658	(28,283)	3,938,375
Dividend received from associates	3,786,000	-	3,786,000

16. INVESTMENTS IN ASSOCIATES (cont'd)

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

	Larizz Petroleum Services Sdn. Bhd. RM	Individually immaterial associates RM	Total RM
2013			
Group's share of net assets	1,315,786		
Carrying amount in the consolidated statement of financial position	1,315,786	-	1,315,786
Share of results of the Group, representing total comprehensive income for the financial year	1,640,630	-	1,640,630
Dividend received from associates	640,200	-	640,200

17. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares, at cost				
At 1 January	485,302,776	-	93,918,740	-
Additions	-	485,302,776	-	93,918,740
At 31 December	485,302,776	485,302,776	93,918,740	93,918,740
Share of post-acquisition profits				
At 1 January	6,081,474	-	-	-
Additions	42,582,944	6,081,474	-	-
At 31 December	48,664,418	6,081,474	-	-
Share of exchange differences				
At 1 January	(2,686,387)	-	-	-
Changes during the financial year	35,885,971	(2,686,387)	-	-
At 31 December	33,199,584	(2,686,387)	-	-
	567,166,778	488,697,863	93,918,740	93,918,740

17. INVESTMENTS IN JOINT VENTURES (cont'd)

Included in additions of investment in joint ventures of the Group in the previous financial year are:

(a) the remaining interest remeasured 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 EMAS Offshore Limited (formerly known as EOC Limited) 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 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.

Details of the joint ventures are as follows:

	Name of company	Principal place of business/ Country of incorporation	Principal activities/ nature of the relationship	Effective of ownership interest/ Voting rights 2014	2013	Financial year end
	Held by the Company					
@	SJR Marine (L) Ltd.	Labuan, Malaysia	Provision of vessels, barges and equipment on vessels charter services.	51%	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%	51%	31 December
	Victoria Production Services Sdn. Bhd.	Malaysia	Operations and maintenance service for Floating, Production, Storage and Offloading ("FPSO")	51%	51%	31 December

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

17. INVESTMENTS IN JOINT VENTURES (cont'd)

Simultaneous with the disposal of 49% equity interest in SJR Marine, on 5 December 2012, the Company and EMAS Offshore Limited (formerly known as EOC Limited) entered into the following supplementary agreement to the Share Sale Agreement:

(i) the Company grants EMAS Offshore Limited (formerly known as EOC Limited) the right to acquire all of the Company's remaining equity interest in SJR Marine (the "Call Option Shares") from the Company, and EMAS Offshore Limited (formerly known as EOC Limited) 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) EMAS Offshore Limited (formerly known as EOC Limited) grants the Company the right ("Put Option") to sell all of its remaining equity interest in SJR Marine ("Put Option Shares"), to EMAS Offshore Limited (formerly known as EOC Limited), and EMAS Offshore Limited (formerly known as EOC Limited) 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.

At the reporting date, the management is of the opinion that the fair value of the options could not be estimated reliably as the options are linked to an unquoted equity instrument with many unobservable factors.

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
2014				
Asset and liabilities				
Non-current assets	1,480,782,569	644,419	402,185,798	1,883,612,785
Current assets	139,074,568	28,169,314	10,470,856	177,714,739
Non-current liabilities	(620,775,801)	-	(64,335,600)	(685,111,401)
Current liabilities	(241,951,005)	(23,986,192)	(92,721,739)	(358,658,936)
Net assets	757,130,331	4,827,541	255,599,315	1,017,557,187

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17. INVESTMENTS IN JOINT VENTURES (cont'd)

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

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2014				
Included in the assets and liabilities are:				
Cash and cash equivalents	94,810,066	9,749,102	10,441,306	115,000,474
Non-current financial liabilities (excluding trade and other payables and provisions)	620,775,801	-	64,335,600	685,111,401
Current financial liabilities (excluding trade and other payables and provisions)	232,773,016	1,422,922	88,931,349	323,127,287
2014				
Results				
Revenue	233,747,315	62,840,028	-	296,587,343
Depreciation	77,935,804	127,547	20,207,322	98,270,673
Interest expense	30,764,099	-	2,336,989	33,101,088
Income tax expense/(credit)	58,719	1,942,586	(76,348)	1,924,957
Profit/(Loss) for the financial year	107,714,586	3,402,826	(27,621,443)	83,495,969
Other comprehensive income	53,311,627	311,149	16,741,873	70,364,649
Total comprehensive income/(loss)	161,026,213	3,713,975	(10,879,570)	153,860,618
2014				
Group's share of net assets	386,136,469	2,462,050	130,355,650	518,954,169
Goodwill	43,367,818	30,110	4,814,681	48,212,609
Carrying amount in the consolidated statement of financial position	429,504,287	2,492,160	135,170,331	567,166,778
Share of results by the Group for the financial year	54,934,438	1,735,442	(14,086,936)	42,582,944

17. INVESTMENTS IN JOINT VENTURES (cont'd)

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

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2013				
Asset and liabilities				
Non-current assets	1,464,036,367	232,839	383,967,883	1,848,237,089
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	601,478,847	1,117,146	267,075,583	869,671,576
2013				
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	93,793,544	254,470,465
2013				
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/(loss) for the financial year	11,566,839	792,326	(434,707)	11,924,458
Other comprehensive income/(loss)	(3,424,278)	30,286	(1,873,433)	(5,267,425)
Total comprehensive income/(loss)	8,142,561	822,612	(2,308,140)	6,657,033
2013				
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

17. INVESTMENTS IN JOINT VENTURES (cont'd)

Significant restrictions

The above joint ventures cannot distribute their profits or repay advances made by the Company unless 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 Claims"). 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. On 20 August 2014, SJR Marine and the Respondent entered into a Deed of Settlement. The Deed of Settlement settled fully and finally the arbitration proceedings between SJR Marine and the Respondent pertaining to the Claims, in the following manner:

(a) SJR Marine discontinued its Claim against the Respondent in the arbitration; and

(b) The Respondent discontinued its Claims against SJR Marine in the arbitration.

18. PREPAYMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current	324,475,270	288,249,577	-	-
Current	4,547,084	2,468,941	353,490	349,385
	329,022,354	290,718,518	353,490	349,385

Non-current prepayments of the Group represent down payments for construction of jack-up drilling rigs and other related costs. The balance of the capital commitment is disclosed in Note 35. Included in non-current prepayments are capitalised borrowing costs during the financial year amounting to RM2,803,116 (2013: RM nil).

19. TRADE RECEIVABLES

	Group	
	2014 RM	2013 RM
Trade receivables	50,264,820	20,386,057
Less: Allowance for impairment loss	(1,918,994)	-
	48,345,826	20,386,057

Included in trade receivables is an amount of RM17,986,214 (2013: RM6,239,828) due from an affiliated company on normal credit term.

Trade receivables are non-interest bearing and generally on credit terms ranging from 30 to 120 days (2013: 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	
	2014 RM	2013 RM
Neither past due nor impaired	12,559,601	239,501
1 to 30 days past due not impaired	20,946,782	1,282,031
31 to 60 days past due not impaired	1,190,139	1,311,445
61 to 90 days past due not impaired	1,190,139	3,107,729
91 to 120 days past due not impaired	12,459,165	7,153,692
More than 120 days past due not impaired	-	7,291,659
	35,786,225	20,146,556
Impaired	1,918,994	-
	50,264,820	20,386,057

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 RM35,786,225 (2013: RM20,146,556) 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.

19. TRADE RECEIVABLES (cont'd)

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	Group	
	2014 RM	2013 RM
At 1 January	-	-
Provision for the financial year	1,796,494	-
Exchange differences	122,500	-
At 31 December	1,918,994	-

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

20. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current				
Non-trade				
Amounts due from subsidiaries	-	-	546,681,101	-
Current				
Non-trade				
Sundry receivables	2,524,876	2,497,919	253,413	458,249
Interest receivable from subsidiaries	-	-	9,472,679	-
Amount due from associate	118,743	118,743	118,743	118,743
Less: Allowance for impairment loss	(118,725)	(118,725)	(118,725)	(118,725)
	2,524,894	2,497,937	9,726,110	458,267
Amounts due from subsidiaries	-	-	386,820	1,637,078
Amounts due from joint ventures	68,013,309	37,184,202	68,013,309	37,184,202
Deposits	434,195	312,756	108,110	83,930
	70,972,398	39,994,895	78,234,349	39,363,477
	70,972,398	39,994,895	624,915,450	39,363,477

20. OTHER RECEIVABLES AND DEPOSITS (cont'd)

Non-current:
The amounts due from subsidiaries are non-trade in nature, unsecured, not expected to be repayable within the next 12 months and bear interests at rates ranging from 3.15% to 6.88% (2013: nil) per annum.

Current:
The amounts 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	
	2014 RM	2013 RM
At 1 January	118,725	118,725
Charge for the financial year (Note 7)	-	-
At 31 December	118,725	118,725

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

Functional currency of Group entities

	Group Ringgit Malaysia	
	2014 RM	2013 RM
United States Dollar	68,013,309	37,184,202

	Company Ringgit Malaysia	
	2014 RM	2013 RM
United States Dollar	624,167,089	37,184,202

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21. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group/Company					
	Number of ordinary shares of RM0.10 each		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 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 January 2014	1,084,527,980	400,000	108,452,798	486,025,067	594,477,865	(230,795)
Share options exercised	177,000	-	17,700	121,245	138,945	-
Share issuance pursuant to private placement	108,419,998	-	10,842,000	155,040,597	165,882,597	-
Share issuance expenses	-	-	-	(2,858,284)	(2,858,284)	-
Transfer to share premium for share options exercised	-	-	-	77,880	77,880	-
At 31 December 2014	1,193,124,978	400,000	119,312,498	638,406,505	757,719,003	(230,795)

	Number of ordinary shares of RM0.10 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised Share Capital				
At 1 January	5,000,000,000	1,000,000,000	500,000,000	100,000,000
Created during the financial year	-	4,000,000,000	-	400,000,000
At 31 December	5,000,000,000	5,000,000,000	500,000,000	500,000,000

21. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

(a) Share capital

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

During the financial year, the following issues of shares were made by the Company:

(i) 108,419,998 new ordinary shares of RM0.10 each for cash at an issue price of RM1.53 per ordinary share through private placement; and

(ii) 177,000 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.

22. RETAINED EARNINGS

The Finance Act 2007 introduced a single-tier company income tax system with effect from year of assessment 2008. The Company may distribute dividends out of its entire retained earnings under the single-tier system.

23. OTHER RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Share options reserve	21,293,108	11,933,066	21,293,108	11,933,066
Foreign currency translation reserve	92,981,486	11,436,743	-	-
Cash flow hedge reserve	(1,378,344)	(631,493)	(1,378,344)	(631,493)
	112,896,250	22,738,316	19,914,764	11,301,573

(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.

24. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (2013: 30 to 90 days).

25. OTHER PAYABLES AND ACCRUALS

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current					
Amount due to an affiliated company	(a)	8,566,425	-	-	-
Current					
Sundry payables	(b)	26,636,862	87,666,267	10,461,849	9,441,967
Interest payable to subsidiaries		-	-	12,660,199	4,584,331
Amounts due to subsidiaries	(c)	-	-	525,896,568	303,593,143
Accruals		8,768,562	5,326,918	2,075,675	4,181,929
Deposits received	(d)	156,079	156,079	23,000	23,000
		35,561,503	93,149,264	551,117,291	321,824,370

(a) The amount due to an affiliated company in respect of acquisition of plant and equipment. This amount is unsecured, interest free and repayable in year 2020 by cash.

(b) Included in sundry payables of the Group are:

(i) an amount of RM nil (2013: RM68,130,400) being remaining deposit due to a vendor for the construction of a jack-up drilling rig. This amount bore interest at rate of 4.26% per annum and repayable within six months from invoice date;

(ii) an amount of RM10,173,085 (2013: RM9,207,757) due to EMAS Offshore Limited (formerly known as EOC Limited), a joint venture partner of which RM9,829,010 (2013: RM9,207,757) bears interest at rate of 4% (2013: 4%) per annum;

(iii) an amount of RM nil (2013: RM5,865,785) due to an affiliated company in respect of acquisition of plant and equipment;

(iv) an amount of RM nil (2013: RM1,049,595) due to a former director of a subsidiary; and

Include in sundry payables of the Company is an amount of RM10,173,085 (2013: RM9,207,757) due to EMAS Offshore Limited (formerly known as EOC Limited), a joint venture partner of which RM9,829,010 (2013: RM9,207,757) bears interest at rate of 4% (2013: 4%) per annum.

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.

(c) The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and no fixed term of repayment except for an amount of RM428,331,314 (2013: RM158,509,500) which bear interest at rates ranging from 3.15% to 6.88% (2013: 3.17% to 6.88%) per annum.

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25. OTHER PAYABLES AND ACCRUALS (cont'd)

(d) Included in deposits are rental deposits of:

(i) RM23,000 (2013: RM23,000) received by the Group and the Company from an affiliated company; and

(ii) RM133,079 (2013: RM133,079) received by the Group from a joint venture company.

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

	Group	
Functional currency of Group entities	2014 United States Dollar RM	2013 RM
Ringgit Malaysia	41,188	316,401

	Group		Company	
Functional currency of Group entities	2014 Ringgit Malaysia RM	2013 RM	2014 Ringgit Malaysia RM	2013 RM
Singapore Dollar	-	-	322,231,537	56,672,681
United States Dollar	18,739,510	9,207,757	212,186,786	243,921,268

26. LOANS AND BORROWINGS

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Current					
Secured bank overdrafts		-	9,540,370	-	9,540,370
Secured term loans					
- United States Dollar ("USD")	28	134,973,290	72,362,346	-	-
		134,973,290	81,902,716	-	9,540,370

26. LOANS AND BORROWINGS (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current					
Secured term loans					
- United States Dollar ("USD")	28	697,037,432	214,361,822	-	-
Unsecured Medium Term Notes					
- Singapore Dollar ("SGD")		325,675,857	57,270,388	-	-
		1,022,713,289	271,632,210	-	-
		1,157,686,579	353,534,926	-	9,540,370

The bank overdrafts of the Group and of the Company in the previous financial year bore interest at rates ranging from 8.10% to 8.35% per annum. The bank overdrafts were secured against the plant and equipment.

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 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. On 18 July 2014, PCLI issued additional MTN amounting to SGD102,000,000, maturing on 3 October 2016 bearing interest rate of 6.88% per annum. The MTNs 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.

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27. HIRE PURCHASE PAYABLES

	Group/Company	
	2014 RM	2013 RM
Total installment payable	418,682	547,514
Less: Future finance charges	(27,764)	(47,198)
Present value of hire purchase payables	390,918	500,316
Current liabilities		
Payable within 1 year		
Total installment payable	128,832	128,832
Less: Future finance charges	(14,309)	(19,434)
	114,523	109,398
Non-current liabilities		
Payable after 1 year but not later than 5 years		
Total installment payable	289,850	418,682
Less: Future finance charges	(13,455)	(27,764)
	276,395	390,918
	390,918	500,316

The hire purchase bears an effective interest rate at 6.54% (2013: 6.54%) per annum.

28. TERM LOANS

	Group	
	2014 RM	2013 RM
Current liabilities: (Note 26)		
Secured short-term loans	134,973,290	72,362,346
Non-current liabilities: (Note 26)		
Secured term loans		
More than 1 year but less than 2 years	135,036,634	72,362,346
More than 2 year but less than 5 years	558,220,381	141,999,476
More than 5 years	3,780,417	-
	697,037,432	214,361,822
	832,010,722	286,724,168

28. TERM LOANS (cont'd)

The term loans of the Group, which are denominated in United States Dollar, bear interest at rates ranging from 2.40% to 3.16% (2013: 2.42% to 3.21%) per annum and are secured and supported as follows:-

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

29. DERIVATIVE LIABILITY

	2014			2013		
	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	62,661,000	-	4,689,781	59,558,500	-	1,443,290

In the previous 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.

30. DEFERRED TAXATION

Deferred tax assets and deferred tax liabilities presented after appropriate offsetting as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets	768,200	32,200	768,200	32,200
Deferred tax liabilities	(768,200)	(32,200)	(768,200)	(32,200)
	-	-	-	-

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30. DEFERRED TAXATION (cont'd)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets				
Unabsorbed capital allowances	37,200	32,200	37,200	32,200
Unutilised tax losses	731,000	-	731,000	-
	768,200	32,200	768,200	32,200
Deferred tax liabilities				
Differences between the carrying amount of plant and equipment and its tax base	51,500	(32,200)	51,500	(32,200)
Taxable temporary differences in respect of income	716,700	-	716,700	-
	768,200	(32,200)	768,200	(32,200)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deductible temporary differences in respect of expenses	-	1,663,878	-	1,663,878
Unutilised tax losses	51,910,578	50,736,389	19,748,125	18,573,936
Unabsorbed capital allowances	683,342	683,342	-	-
	52,593,920	53,083,609	19,748,125	20,237,814

31. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits with licensed bank	13,588,400	-	13,588,400	-
Cash on hand and at bank	80,519,749	62,916,678	53,798,776	51,732,642
Bank overdrafts (Note 26)	-	(9,540,370)	-	(9,540,370)
	94,108,149	53,376,308	67,387,176	42,192,272

Deposits with licensed bank bear interest at rates ranging from 0.30% - 3.60% (2013: nil) per annum and have a maturity periods ranging from 13 – 22 days (2013: nil).

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

	Group	
Functional currency of Group entities	2014 United States Dollar RM	2013 RM
Singapore Dollar	66,498	26,996
Ringgit Malaysia	1,606,681	4,213

	Group/Company	
Functional currency of Group entities	2014 Ringgit Malaysia RM	2013 RM
United States Dollar	3,396,378	45,670,808
Singapore Dollar	59,890,091	-

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, 25 June 2013 and 19 June 2014, granted 25,818,000, 14,068,000 and 10,997,900 new options 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.

32. EMPLOYEE BENEFITS (cont'd)

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

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 fulfills 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.

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:

	2014		2013	
	No.	WAEP (RM)	No.	WAEP (RM)
At 1 January	36,932,170	1.034	25,818,000	0.785
Granted during the financial year	10,997,900	1.400	14,068,000	1.440
Exercised during the financial year	(177,000)	0.785	(2,953,830)	0.785
Outstanding at 31 December	47,753,070		36,932,170	
Exercisable at 31 December	22,617,860		12,157,000	

The weighted average fair value of options granted during the financial year RM0.69 (2013: RM0.80).

32. EMPLOYEE BENEFITS (cont'd)

The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.64 (2013: RM1.58).

Share option outstanding at the end of financial year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price per share option RM	Share Option 2014 unit	Share Option 2013 unit
4 July 2012	1 July 2022	0.785	22,687,170	22,864,170
25 June 2013	1 July 2022	1.440	14,068,000	14,068,000
19 June 2014	1 July 2022	1.400	10,997,900	-
			47,753,070	36,932,170

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 2014 and 31 December 2013:

	Black-Scholes	
	2014	2013
Expected volatility (%)	25%	40%
Risk free interest rate (%)	4.02%	3.75%
Expected life of option	8 years	9 years
Weighted average share price (RM)	1.56	1.58
Expected dividend yield (%)	nil	nil
Weighted average exercise price (RM)	1.40	1.44

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

(a) 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Future rental payments:-				
Not later than one year	1,366,782	1,689,182	451,360	773,760
Later than one year and not later than five years	228,856	1,595,638	-	451,360
	1,595,638	3,284,820	451,360	1,225,120

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.

(b) Operating lease arrangements – the Group as lessor

The Group entered into non-cancellable operating lease arrangements for the sub-rental of premises and parking lots. The lease has a tenure of three years with an option of renewal upon expiry. There are no restrictions placed upon the Group by entering into this lease.

The future minimum rental receivables under non-cancellable operating lease at the reporting date but not recognised as receivables, are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Future rental receivables:-				
Not later than one year	640,872	640,872	-	-
Later than one year and not later than five years	160,218	801,090	-	-
	801,090	1,441,962	-	-

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) Drilling Units - Operations and maintenance service and provision of offshore assets which are primarily for oil and gas offshore drilling.

(ii) Production Units - Operations and maintenance service and provision of offshore assets which are primarily for oil and gas offshore production.

(iii) Marine vessels - Provision of vessels, barges and equipment on vessels charter services.

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.

(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:

	2014 RM	2013 RM
Malaysia	107,940,871	96,734,405
Singapore	14,192,047	14,928,493
	122,132,918	111,662,898

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

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34. SEGMENT INFORMATION (cont'd)

Segment revenue and results

	Drilling Units RM	Production Units RM	Marine vessels RM	Others RM	Discontinued operation RM	Elimination RM	As per consolidation RM
2014							
Revenue							
External revenue	77,466,939	-	44,665,979	-	-	-	122,132,918
Inter-segment revenue	-	-	-	7,251,123	-	(7,251,123)	-
Total segment revenue	77,466,939	-	44,665,979	7,251,123	-	(7,251,123)	122,132,918
Results							
Operating results	18,877,857	(26,393,869)	31,819,524	(19,124,212)	-	-	5,179,300
Interest expense	(10,428,551)	(3,888,997)	(4,108,975)	(5,827,880)	-	-	(24,254,403)
Interest income	-	-	-	419,019	-	-	419,019
Share of results of associates	-	-	-	3,938,375	-	-	3,938,375
Share of results of joint ventures	-	-	-	42,582,944	-	-	42,582,944
Segment results	8,449,306	(30,282,866)	27,710,549	21,988,246	-	-	27,865,235
Tax expense							(607,110)
Profit for the financial year							27,258,125

34. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

	Drilling Units RM	Production Units RM	Marine vessels RM	Others RM	Discontinued operation RM	Elimination RM	As per consolidation RM
2013							
Revenue							
External revenue	-	60,903,788	48,983,179	1,775,931	43,009,786	-	154,672,684
Inter-segment revenue	-	-	-	118,076,186	-	(118,076,186)	-
Total segment revenue	-	60,903,788	48,983,179	119,852,117	43,009,786	(118,076,186)	154,672,684
Results							
Operating results	-	33,194,928	31,296,437	(23,021,494)	47,900,758	-	89,370,629
Interest expense	-	(5,182,928)	(4,522,309)	(1,896,533)	(3,316,802)	-	(14,918,572)
Interest income	-	-	-	460,815	-	-	460,815
Share of results of associates	-	-	-	1,640,630	-	-	1,640,630
Share of results of joint ventures	-	-	-	6,081,474	-	-	6,081,474
Segment results	-	28,012,000	26,774,128	(16,735,108)	44,583,956	-	82,634,976
Tax expense							(191,648)
Profit for the financial year							82,443,328

34. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

Other segment information	Drilling Units		Production Units		Marine vessels		Others		Elimination		As per consolidation	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Depreciation of plant and equiment	9,649,275	-	22,289,399	20,818,205	14,848,308	17,837,510	247,070	213,243	-	-	47,034,052	38,868,958
Impairment loss on:												
- trade receivable	-	-	1,796,494	-	-	-	-	-	-	-	1,796,494	-
Share options granted under ESOS	-	-	-	-	-	-	9,437,922	9,231,611	-	-	9,437,922	9,231,611

Major customers

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

	2014			2013			
	Drilling units segment RM	Production units segment RM	Marine vessels segment RM	Drilling units segment RM	Production units segment RM	Marine vessels segment RM	Discontinued operation RM
Major customers							
- Customer A	-	-	30,473,932	-	-	27,200,220	-
- Customer B	77,466,939	-	-	-	60,903,788	-	-
- Customer C	-	-	14,192,047	-	-	14,928,493	-
- Customer D	-	-	-	-	-	-	43,009,786

35. CAPITAL COMMITMENTS

	Group	
	2014 RM	2013 RM
Approved and contracted for:		
- Plant and equipment	1,173,425,400	1,779,579,150

36. CORPORATE GUARANTEE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Corporate guarantee given for borrowings and other banking facilities of:				
- Subsidiaries	-	-	1,157,686,578	346,282,668
- Joint ventures	504,293,202	534,266,611	504,293,202	534,266,611
	504,293,202	534,266,611	1,661,979,780	880,549,279

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.

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37. RELATED PARTY DISCLOSURES (cont'd)

(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	
	2014 RM	2013 RM
Affiliated companies		
Charter income from:		
- Emas Offshore Pte. Ltd. *	14,192,047	14,928,493
- Emas Offshore (M) Sdn. Bhd. *	30,473,932	27,200,220
Rental of office income from:		
- Bayu Emas Maritime Sdn. Bhd. *	287,730	285,327
Vessel maintenance expenses to:		
- Emas Offshore Services Pte. Ltd. *	-	170,048
- Emas Offshore Services (M) Sdn. Bhd. *	234,699	855,664
Purchase of vessel from:		
- Lewek Robin Shipping Pte. Ltd. *	24,475,500	-
Interest payable to:		
- EMAS Offshore Limited (f.k.a. EOC Limited) ^	344,075	-
Acquisition of 51% equity interest in Emas Victoria (L) Bhd. and Victoria Production Services Sdn. Bhd.		
- EMAS Offshore Limited (f.k.a. EOC Limited) ^	-	343,228,263
Proceeds from disposal of 49% equity interest in SJR Marine (L) Ltd.		
- EMAS Offshore Limited (f.k.a. EOC Limited) ^	-	136,331,512
Joint venture		
Secondment of the Company personnel to Victoria Production Services Sdn. Bhd. #	391,461	282,864

37. RELATED PARTY DISCLOSURES (cont'd)

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

	Group/Company	
	2014 RM	2013 RM
Associate		
Agency fee to:		
- Larizz Petroleum Services Sdn. Bhd. **	180,000	180,000
- Larizz Energy Services Sdn. Bhd. **	75,000	-
Dividend received from:		
- Larizz Petroleum Services Sdn. Bhd. **	3,786,000	640,200

	Company	
	2014 RM	2013 RM
Subsidiaries		
Agency fee paid or payable ***	(110,760)	(110,760)
Disposal of subsidiaries	220,907,860	-
Disposal of plant and equipment	44,899	-
Dividend received	-	117,767,224
Interest paid or payable	(13,216,206)	(4,584,331)
Interest received or receivable	9,175,667	-
Management fee income	3,465,123	2,195,930
Settlement of amount due from subsidiaries by way of issuance of ordinary shares by the subsidiaries	-	29,737,000

* The companies are subsidiaries of EMAS Offshore Limited (formerly known as EOC Limited).
^ EMAS Offshore Limited (formerly known as EOC Limited) is a subsidiary of Ezra Holdings Limited.
\# A joint venture between the Company and EMAS Offshore Limited (formerly known as EOC Limited).
** 60% equity interest of the company is owned by Datuk Zainol Izzet Bin Mohamed Ishak, the Managing Director of the Company.
*** 49% equity interest of the Company is owned by Datuk 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 19, 20 and 25.

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors' remuneration:				
- Short term employee benefits (including estimated monetary value of benefits-in-kind)	1,550,350	2,104,000	1,508,350	2,062,000
- Post employment benefits	181,369	252,900	175,905	247,440
- Share options granted under ESOS	2,160,328	2,181,607	2,160,328	2,181,607
	3,892,047	4,538,507	3,844,583	4,491,047
Non-executive directors' remuneration:				
- Fee and emoluments	409,000	392,500	409,000	392,500
- Share options granted under ESOS	1,657,556	1,816,897	1,657,556	1,816,897
	2,066,556	2,209,397	2,066,556	2,209,397
Total directors' remuneration	5,958,603	6,747,904	5,911,139	6,700,444
Other key management personnel				
- Short term employee benefits	3,305,258	3,961,534	3,305,258	3,961,534
- Post-employment benefits	309,395	360,472	309,395	360,472
- Share options granted under ESOS	3,415,687	3,664,600	3,415,687	3,664,600
	7,030,340	7,986,606	7,030,340	7,986,606
	12,988,943	14,734,510	12,941,479	14,687,050

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.

37. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

Directors' interest in employees' share option scheme

During the financial year,

(i) 2,600,000 (2013: 2,600,000) share options were granted to two of the Company's executive directors under the existing ESOS plan at an exercise price of RM1.40 (2013: RM1.44) each; and

(ii) 1,600,000 (2013: 2,800,000) share options were granted to five (2013: five) of the Company's non-executive directors under the existing ESOS plan at an exercise price of RM1.40 (2013: RM1.44) each.

No (2013: 2,100,000) 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 18,300,000.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(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. ("LRSPL") for the acquisition of an anchor handling tug "Lewek Robin" for a total consideration of USD7,000,000. The transaction was completed during the financial year. Simultaneously with the completion of the acquisition, "Lewek Robin" was chartered to Emas Offshore (M) Sdn. Bhd., a related company of LRSPL on a bareboat basis for a period of 7 years, at a charter rate of USD2,600 per day.

(b) On 19 March 2014, Larizz Energy Services Sdn. Bhd. was incorporated in which the Company holds a 40% equity interest whilst the remaining 60% is held by Datuk Zainol Izzet bin Mohamed Ishak, the Managing Director of the Company.

(c) On 10 April 2014, 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.

(d) On 22 April 2014, Perisai Drilling Holdings Sdn Bhd, a wholly-owned subsidiary of the Company incorporated two wholly-owned subsidiaries namely Perisai Pacific 102 (L) Inc., and Perisai Pacific 103 (L) Inc. in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990, with issued share capital of USD1,000 comprising 1,000 ordinary shares in each of the subsidiaries.

(e) On 23 June 2014, Perisai Drilling Sdn. Bhd. ("Perisai Drilling"), the operator of the jack-up drilling rig, Perisai Pacific 101 ("PP101"), entered into an Agency Agreement with Perisai Offshore Sdn. Bhd. ("Perisai Offshore"), the Company's 51%-owned subsidiary, appointing Perisai Offshore as its agent for the provision of PP101 to Petronas Carigali Sdn. Bhd. ("Perisai Carigali").

(f) On 18 July 2014, Perisai Drilling entered into a Bareboat Charter Contract with Perisai Pacific 101 (L) Inc. (formerly known as Perisai (L) Inc.) ("Perisai Pacific 101") for the charter of Perisai Pacific 101's jack-up drilling rig, PP101, for a duration of 3 years.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

(g) On 8 August 2014, the Company obtained approval from the Labuan Financial Services Authority dated 7 August 2014 for the transfer of the Company's 100% equity interest in Garuda Energy (L) Inc. ("Garuda") to its wholly-owned subsidiary, Perisai Production Holdings Sdn. Bhd. for a total cash consideration of RM220,076,060. Consequently Garuda became an indirect wholly-owned subsidiary of the Company.

(h) On 28 August 2014, the Company transferred its 100% equity interest in Perisai Drilling Sdn. Bhd. ("Perisai Drilling") to its wholly-owned subsidiary, Perisai Drilling Holdings Sdn. Bhd., for a total cash consideration of RM828,000. Consequently, Perisai Drilling became an indirect wholly-owned subsidiary of the Company.

(i) On 24 September 2014, the Company obtained approval from Labuan Financial Services Authority dated 23 September 2014 for the transfer of the Company's 100% equity interest in Perisai Pacific 101 (L) Inc. (formerly known as Perisai (L) Inc.) ("Perisai Pacific 101") to its wholly-owned subsidiary, Perisai Drilling Holdings Sdn. Bhd. for a total cash consideration of RM3,800. Consequently, Perisai Pacific 101 became the indirect wholly-owned subsidiary of the Company.

(j) On 20 November 2014, the Company's 51% subsidiary Intan Offshore Sdn. Bhd. and its subsidiaries ("Intan Offshore Group") had received a notice from Emas Offshore Pte. Ltd. ("EOPL") in respect of EOPL exercising its option to extend the charter period of the following offshore support vessels for a further period of 2 years, to be expiring on 31 August 2017:-

(i) Lewek Emerald;
(ii) Bayu Intan;
(iii) Lewek Eagle;
(iv) Lewek Mallard; and
(v) Lewek Swift.

(k) On 29 December 2014, Perisai Offshore entered into a Contract with Petronas Carigali for the provision of the services of PP101 to Petronas Carigali, taking effect from 8 August 2014 value at USD158 million for a duration of 3 years.

39. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 2 March 2015, Intan Offshore Group received a notice from EOPL in respect of EOPL exercising its option to extend the charter period of the following offshore support vessels for a further period of 2 years, to be expiring on 31 August 2017:-

(i) Sarah Gold;
(ii) Sarah Jade; and
(iii) Bayu Pearl.

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		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Financial assets				
Loans and receivables				
Trade receivables	48,345,826	20,386,057	-	-
Other receivables and deposits	70,972,398	39,994,895	624,915,450	39,363,477
Deposits, cash and bank balances	94,108,149	62,916,678	67,387,176	51,732,642
	213,426,373	123,297,630	692,302,626	91,096,119
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	15,667,137	543,323	-	-
Other payables and accruals	44,127,928	93,149,264	551,117,291	321,824,370
Loans and borrowings	1,157,686,579	353,534,926	-	9,540,370
Hire purchase payables	390,918	500,316	390,918	500,316
	1,217,872,562	447,727,829	551,508,209	331,865,056

(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 bank 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.

40. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments (cont'd)

(ii) Borrowings (cont'd)

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
2014				
Financial liabilities				
Hire purchase payables	390,918	422,935	390,918	422,935
MTN, excluding transaction costs	330,887,500	320,133,656	-	-
2013				
Financial liabilities				
Hire purchase payables	500,316	547,536	500,316	547,536
MTN, excluding transaction costs	59,588,500	59,588,500	-	-

(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

40. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

(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:

	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2014				
Group				
Derivative financial instruments				
- cross currency interest rate swaps	4,689,781	-	4,689,781	-
Hire purchase payables	422,935	-	422,935	-
MTN, excluding transaction costs	320,133,656	320,133,656	-	-
Company				
Derivative financial instruments				
- cross currency interest rate swaps	4,689,781	-	4,689,781	-
Hire purchase payables	422,935	-	422,935	-
2013				
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	-

During the financial year ended 31 December 2014, 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 three (2013: 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 19.

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 of the Group and the Company to credit risk amounts to RM504,293,202 (2013: RM534,266,611) and RM1,661,979,780 (2013: RM880,549,279) respectively 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 their 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.

In the previous 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 Company holds cash at banks denominated in foreign currencies for working capital purposes (mainly in USD and SGD) amounting to RM63,286,469 (2013: RM45,670,808).

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	
	2014 RM	2013 RM
USD/RM		
- strengthened 5% (2013: 5%)	2,608,257	1,823,153
- weakened 5% (2013: 5%)	(2,608,257)	(1,823,153)
SGD/RM		
- strengthened 2% (2013: nil)	1,197,802	-
- weakened 2% (2013: nil)	(1,197,802)	-

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

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	After five years RM
Group					
2014					
Financial liabilities:					
Trade payables	15,667,137	15,667,137	15,667,137	-	-
Other payables and accruals	44,127,928	44,127,928	35,561,503	-	8,566,425
Loans and borrowings	1,157,686,579	1,288,294,050	182,032,917	1,102,375,435	-
Hire purchase payable	390,918	418,682	128,832	289,850	-
Derivative liability (net settled)					
- Cross currency interest swaps	4,689,781	-	-	4,689,781	-
	1,222,562,343	1,348,507,797	233,390,389	1,107,355,066	8,566,425
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 swaps	1,443,290	-	-	1,443,290	-
	449,171,119	477,418,576	187,526,547	291,335,319	-

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	After five years RM
Company					
2014					
Financial liabilities:					
Other payables and accruals	551,117,291	551,117,291	551,117,291	-	-
Hire purchase payables	390,918	418,682	128,832	289,850	-
Derivative liability (net settled)					
- Cross currency interest swaps	4,689,781	-	-	4,689,781	-
	556,197,990	551,535,973	551,246,123	4,979,631	-
2013					
Financial liabilities:					
Other payables and accruals	321,824,370	321,824,370	321,824,370	-	-
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 swaps	1,443,290	-	-	1,443,290	-
	333,308,346	331,912,254	331,493,572	1,861,972	-

(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 RM832,010,722 (2013: RM296,264,538) and RM nil (2013: RM9,540,370) respectively at floating rate expose the Group and the Company to cash flow interest rate risk whilst hire purchase payables and Medium Term Notes of RM326,066,775 (2013: RM57,770,704) 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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

As at the reporting date, a change of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity of the Group and consolidated profit for the financial year by approximately RM2,080,027 (2013: RM740,661), 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 2014 and 31 December 2013.

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 2014 and 31 December 2013 were as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loan and borrowings	1,157,686,579	353,534,926	-	9,540,370
Hire purchase payables	390,918	500,316	390,918	500,316
Less: Deposits, cash and bank balances	(94,108,149)	(62,916,678)	(67,387,176)	(51,732,642)
Net debts/(cash)	1,063,969,348	291,118,564	(66,996,258)	(41,691,956)
Equity attributable to owners of the Company	1,170,082,351	902,957,347	851,991,178	680,306,493
Less: Foreign currency translation reserve	(92,981,486)	(11,436,743)	-	-
Total capital	1,077,100,865	891,520,604	851,991,178	680,306,493
Capital and net debts	2,141,070,213	1,182,639,168	784,994,920	638,614,537
Gearing ratio	50%	25%	n/m	n/m

n/m – not meaningful

42. CAPITAL MANAGEMENT (cont'd)

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.

43. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year's presentation:

	2013 Group		As at 1.1.2013 Company	
	As reclassified RM	As previously reported RM	As reclassified RM	As previously reported RM
Non-current assets				
Prepayments	288,249,577	142,238,013	127,218,213	-
Current assets				
Prepayments	2,468,941	148,480,505	2,805,972	130,024,185

The above reclassification is in respect of down payment for construction of jack-up drilling rigs and other related costs.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

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 as at 31 December 2014 and 31 December 2013 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 2014 and 31 December 2013 is analysed as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	289,364,553	301,552,185	55,183,982	81,119,025
- Unrealised	19,493,725	(6,340,595)	19,404,224	(6,361,175)
	308,858,278	295,211,590	74,588,206	74,757,850
Total share of retained earnings/(accumulated losses) from associates				
- Realised	(16,271,788)	(16,522,775)	-	-
- Unrealised	63,949	162,561	-	-
Total share of retained earnings from joint ventures				
- Realised	48,209,905	6,114,862	-	-
- Unrealised	454,513	(33,388)	-	-
Less: Consolidated adjustments	(41,616,964)	1,039,111	-	-
Total retained earnings	299,697,893	285,971,961	74,588,206	74,757,850

The disclosure of realised and unrealised profits or losses 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 2015

Authorised Share Capital	**: RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each**
Issued & Paid-up Share Capital	**: RM119,312,497.80 comprising 1,193,124,978 ordinary shares of RM0.10 each**
Class of Share	**: Ordinary shares of RM0.10 each**
Voting Rights	**: 1 vote per ordinary share**

DISTRIBUTION OF SHAREHOLDINGS

As at 30 April 2015

Size of Shareholdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	231	9,562	0.00
100 – 1,000 shares	866	661,232	0.05
1,001 – 10,000 shares	7,482	45,445,300	3.81
10,001 – 100,000 shares	5,301	176,793,461	14.82
100,001 - less than 5% of issued shares	765	617,266,473	51.74
5% and above of issued shares	3	352,948,950	29.58
TOTAL	**14,648**	**1,193,124,978**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

As at 30 April 2015

No.	Name of Shareholders	No. of Ordinary Shares Held			
		Direct Interest	% *	Deemed Interest	% *
1	Ezra Holdings Limited	-	-	281,344,250 [1]	23.59
2	EMAS Offshore Limited *(formerly known as EOC Limited)*	144,661,250	12.13	-	-
3	HCM Logistics Limited	136,683,000	11.46	-	-
4	Lembaga Tabung Haji	79,876,300	6.70	-	-
5	Datuk Zainol Izzet Bin Mohamed Ishak	66,000,000	5.53	-	-

Notes:

[1] *Deemed interested by virtue of the company's interest in EMAS Offshore Limited (formerly known as EOC Limited) and HCM Logistics Limited pursuant to Section 6A of the Companies Act, 1965*

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

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015

DIRECTORS' SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE OPTION SCHEME

As at 30 April 2015

No.	Name of Directors	No. of Ordinary Shares Held				No. of
		Direct Interest	% *	Deemed Interest	% *	Options Held
1	Datuk Zainol Izzet Bin Mohamed Ishak	66,000,000	5.53	-	-	7,000,000
2	Dato' Yogesvaran A/L T. Arianayagam	3,006,207	0.25	-	-	1,500,000
3	Chan Feoi Chun	500,000	0.04	-	-	600,000
4	Dato' Dr. Mohamed Ariffin Bin Hj. Aton	85,000	0.01	-	-	800,000
5	Adarash Kumar A/L Chranji Lal Amarnath	-	-	-	-	6,000,000
6	D.Y.A.M Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	-	-	-	-	1,200,000
7	Dato' Anwarrudin Ahamad Osman	-	-	-	-	1,200,000

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

THIRTY (30) LARGEST SHAREHOLDERS

As at 30 April 2015

No.	Name of Shareholders	No. of Ordinary Shares Held	% *
1	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD (MAYBANK KIM ENG SECURITIES PTE LTD FOR DNB ASIA LTD) #	144,661,250	12.13
2	UOBM NOMINEES (ASING) SDN BHD (HCM LOGISTICS LIMITED)	136,683,000	11.46
3	LEMBAGA TABUNG HAJI	71,604,700	6.00
4	LYNEAR PLUS LIMITED	49,830,800	4.18
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (EMPLOYEES PROVIDENT FUND BOARD)	46,869,000	3.93
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR DATUK ZAINOL IZZET BIN MOHAMED ISHAK [8113247])	36,900,000	3.09
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR DATUK ZAINOL IZZET BIN MOHAMED ISHAK)	25,500,000	2.14
8	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. [SINGAPORE BCH])	18,200,000	1.53
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND)	16,881,300	1.41
10	AMANAHRAYA TRUSTEES BERHAD (PUBLIC ISLAMIC SELECT TREASURES FUND)	12,636,500	1.06
11	CITIGROUP NOMINEES (ASING) SDN BHD (CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES)	12,252,600	1.03
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD (MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT CM SHARIAH FLEXI FD [270785])	10,549,900	0.88
13	AMANAHRAYA TRUSTEES BERHAD (PUBLIC ISLAMIC OPPORTUNITIES FUND)	9,850,000	0.83
14	CITIGROUP NOMINEES (ASING) SDN BHD (CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC)	9,168,200	0.77
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD (MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND [240218])	8,458,200	0.71
16	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION [U.S.A.])	6,647,836	0.56
17	MAYBANK NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR MERCURY PACIFIC MARINE PTE. LTD.)	6,500,000	0.54
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (EMPLOYEES PROVIDENT FUND BOARD [AM INV])	6,182,500	0.52
19	CIMB COMMERCE TRUSTEE BERHAD (PUBLIC FOCUS SELECT FUND)	6,099,100	0.51
20	NG CHAI GO	5,610,500	0.47
21	RHB INVESTMENT BANK BERHAD (CLEARING (G) FOR CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD)	5,499,100	0.46

THIRTY (30) LARGEST SHAREHOLDERS

As at 30 April 2015

No.	Name of Shareholders	No. of Ordinary Shares Held	% *
22	AMANAHRAYA TRUSTEES BERHAD (AMANAH SAHAM NASIONAL 2)	5,476,500	0.46
23	AMANAHRAYA TRUSTEES BERHAD (PUBLIC STRATEGIC SMALLCAP FUND)	5,375,000	0.45
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD (EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT) [475391])	5,370,000	0.45
25	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSGROWTH FUND)	5,221,000	0.44
26	MAYBANK NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL INTERNATIONAL LTD)	5,000,000	0.42
27	PM NOMINEES (TEMPATAN) SDN BHD (FOR BANK KERJASAMA RAKYAT MALAYSIA BERHAD)	5,000,000	0.42
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB FOR LIM SIEW SEE [PB])	4,566,700	0.38
29	NG CHAI GO	4,197,300	0.35
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (EMPLOYEES PROVIDENT FUND BOARD [KIB])	4,160,900	0.35
	TOTAL	**690,951,886**	**57.93**

 # Beneficially held by EMAS Offshore Limited (formerly known as EOC Limited)

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

FORM OF PROXY

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

CDS Account No.	No. of Shares Held

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

I/We _____ NRIC/Passport/Company 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 Twelfth 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, Malaysia on Wednesday, 17 June 2015 at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:-

NO.	ORDINARY RESOLUTIONS	FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
1	Proposed payment of Directors' Fees				
2	Re-election of Dato' Dr. Mohamed Ariffin Bin Hj Aton as a Director of the Company				
3	Re-election of Datuk Zainol Izzet Bin Mohamed Ishak as a Director of the Company				
4	Re-appointment of Dato' Anwarrudin Ahamad Osman as a Director of the Company				
5	Re-appointment of Messrs Baker Tilly AC as Auditors of the Company				
6	Proposed renewal of authority to issue shares pursuant to Section 132D of the Companies Act, 1965				
7	Proposed renewal of shareholders' mandate for the recurrent related party transactions of a revenue or trading nature				

Please indicate with a "√" or "X" in the spaces 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 2015

.....
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 10 June 2015. Only a depositor whose name appears on the Record of Depositors as at 10 June 2015 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 need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. 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 proxies to attend and vote at the same meeting.
5. Where a member appoints two 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 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 appointing a Proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Company's Share Registrar's office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than 48 hours before the time of meeting or any adjournment thereof.

1st Fold here

Affix
Stamp

PERISAI PETROLEUM TEKNOLOGI BHD (632811-X)
c/o Mega Corporate Services Sdn. Bhd. (187984-H)
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Then fold here

Fold this flap for sealing

PERISAI PETROLEUM TEKNOLOGI BHD
(632811-X)

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