ANNUAL REPORT 2017

PERISAI

Vision

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

Mission

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

- Becoming a customer focused organisation in delivering superior services.

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

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

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

14th

Annual General Meeting

Mahkota Ballroom II
Hotel Istana Kuala Lumpur City Centre
73, Jalan Raja Chulan
50200 Kuala Lumpur
Thursday, 23 November 2017 at 10.00 a.m.

Perisai Petroleum Teknologi Bhd. ("Perisai") is a Malaysia-based upstream oil & gas service provider. We offer a host of offshore services and solutions designed to fulfill a wide range of client needs, covering four broad segments.

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Proxy Form

About us

Perisai Petroleum Teknologi Bhd. is a Malaysia-based upstream oil & gas service 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 Rig 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, performing offline activity while drilling, and can be jacked-up with full pre-loading tanks. It is equipped with full service accommodation for 150 personnel.

OFFSHORE PRODUCTION DIVISION

Perisai's Floating, Production, Storage & Offloading ("FPSO") vessel, Perisai Kamelia, is a gas export FPSO that 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Anwarrudin Bin Ahamad Osman
Independent Non-Executive Chairman

Datuk Zainol Izzet Bin Mohamed Ishak
Managing Director

Adarash Kumar A/L Chranji Lal Amarnath
Non-Independent Non-Executive Director

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

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

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 Bin Ahamad Osman
Chan Feoi Chun

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

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

SENIOR INDEPENDENT DIRECTOR IN CHARGE OF SHAREHOLDER COMMUNICATION
Dato' Yogesvaran A/L T. Arianayagam
E-Mail : ayoges@perisai.biz

COMPANY SECRETARIES
Tai Yit Chan
(MAICSA 7009143)
Tan Ai Ning
(MAICSA 7015852)

REGISTERED OFFICE
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111
Website : www.boardroomlimited.com

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

PERISAI
PETROLEUM TEKNOLOGI BHD.

- Perisai Drilling Holdings Sdn Bhd — 100%
- Perisai Production Holdings Sdn Bhd — 100%
  - Perisai Drilling Services Sdn Bhd — 100%
    - Perisai Drilling Operations Sdn Bhd — 100%
    - Perisai Drilling Sdn Bhd — 100%
    - Perisai Pacific 101 (L) Inc — 100%
    - Perisai Pacific 102 (L) Inc — 100%
    - Perisai Pacific 103 (L) Inc — 100%
  - Perisai Production Services Sdn Bhd — 100%
    - Perisai Production Operations Sdn Bhd — 100%
    - Garuda Energy (L) Inc — 100%
    - Emas Victoria (L) Bhd — 51%
    - Victoria Production Services 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%
- 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%
- SJR Marine (L) Ltd — 51%
- Perisai Offshore Sdn Bhd — 51%
- Larizz Energy Services Sdn Bhd — 51%
- Larizz Petroleum Services Sdn Bhd — 40%
- Phoenix Energy Sdn Bhd — 32%

5-YEAR FINANCIAL HIGHLIGHTS

	Audited				
	2012	2013 (Restated)#	2014	2015	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	128,370	111,663	122,133	214,784	275,587
Profit/(loss) after tax	118,826	82,443	27,258	(688,985)	(606,953)
Profit/(loss) attributable to the owners of Company	92,174	71,785	13,726	(706,318)	(560,431)
Total assets	1,129,247	1,452,573	2,514,788	2,273,780	1,718,670
Total borrowings	342,614	354,035	1,158,077	1,341,495	1,317,964
Total equity	564,654	1,003,362	1,291,716	845,214	250,903
Equity attributable to owners of the Company	482,424	902,957	1,170,082	677,614	132,061
Share capital ^	85,178	108,453	119,312	120,461	770,888
Number of ordinary shares in issue * ('000)	851,375	1,084,128	1,192,725	1,204,207	1,260,472
Weighted average number of ordinary shares in issue* ('000)	848,968	983,814	1,163,891	1,193,120	1,241,525
Basic earnings per share/(loss per share) (sen)**	10.86	7.29	1.18	(59.20)	(45.14)
Net assets per share (RM) ***	0.57	0.83	0.98	0.56	0.10
Gearing ratio (times) ****	0.71	0.39	0.99	1.98	9.98

\# Restated - certained comparative figure have been reclassified, the reclassification in respect of down payment for construction of jack-up drilling rigs and other related costs (Audited Financial Statement 2014 Note 43)

^ the new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM640,107,567 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act

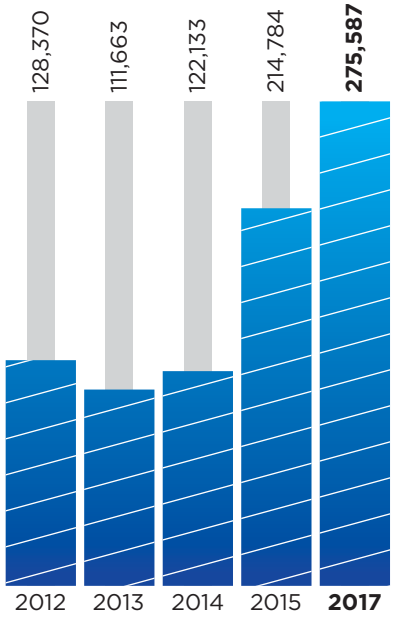
* less treasury share of 400,000

** computed based on weighted average number of ordinary shares in issue as at financial years end

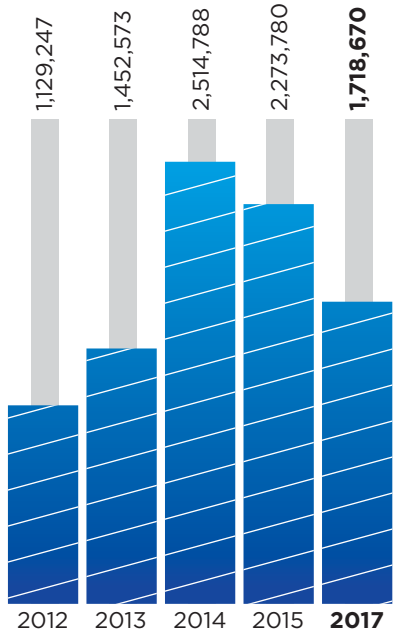
*** computed based on number of ordinary shares in issue as at financial years end

**** computed based on borrowings to equity attributable to owners of the Company

5-YEAR FINANCIAL HIGHLIGHTS

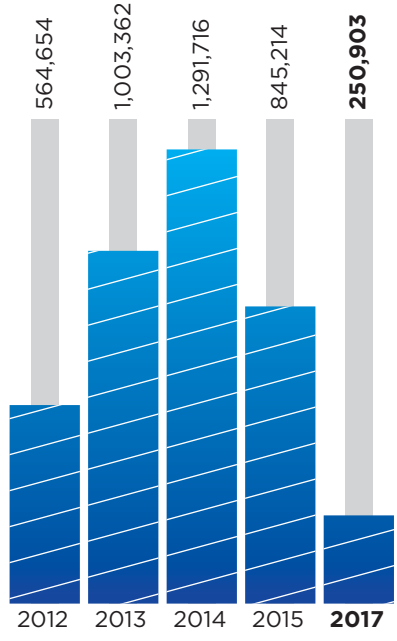


Revenue
(RM'000)



Total assets
(RM'000)

Profit/(loss) attributable to the owners of Company
(RM'000)



Total equity
(RM'000)

DIRECTORS' PROFILE

DATO' ANWARRUDIN BIN AHAMAD OSMAN

Independent Non-Executive Chairman

- **Age** : 74
- **Nationality** : Malaysian
- **Gender** : Male

Qualification
- Bachelor of Arts, University of Malaya

Position on the Board
- Independent Non-Executive Chairman

Date Appointed to the Board
- 1 July 2012

Membership of Board Committees
- Chairman of the ESOS Committee
- 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

Family relationship with any Director and/or any Major Shareholder of the Company
Dato' Anwarrudin has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between Dato' Anwarrudin and the Company.

Conviction for any offences within the past 5 years other than traffic offences
Dato' Anwarrudin has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, he attended all nineteen meetings of the Board.

Shareholdings in the Company
He does not hold any shares in the Company.

DIRECTORS' PROFILE

DATUK ZAINOL IZZET BIN MOHAMED ISHAK

Managing Director

- **Age** : 56
- **Nationality** : Malaysian
- **Gender** : Male

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

Position on the Board
Managing Director

Date Appointed to the Board
13 April 2010

Membership of Board Committees
- Member of the Remuneration Committee
- Member of the ESOS Committee

Working Experience and Occupation
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
- None

Family relationship with any Director and/or any Major Shareholder of the Company
Datuk Izzet has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between Datuk Izzet and the Company.

Conviction for any offences within the past 5 years other than traffic offences
Datuk Izzet has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, he attended all nineteen meetings of the Board.

Shareholdings in the Company
His shareholdings is disclosed at page 164 of the Annual Report.

DIRECTORS' PROFILE

ADARASH KUMAR A/L CHRANJI LAL AMARNATH

Non-Independent Non-Executive Director

- **Age** : 57
- **Nationality** : Malaysian
- **Gender** : Male

Qualification
- Master Mariner

Position on the Board
Non-Independent Non-Executive Director

Date Appointed to the Board
- 13 April 2010
- Re-designated to Non-Independent Non-Executive Director on 1 June 2017

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
- Emas Offshore Limited (Singapore)

Family relationship with any Director and/or any Major Shareholder of the Company
He has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between Adarash Kumar and the Company.

Conviction for any offences within the past 5 years other than traffic offences
Adarash Kumar has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, he attended thirteen out of nineteen meetings of the Board.

Shareholdings in the Company
He does not hold any shares in the Company.

DIRECTORS' PROFILE

DATO' YOGESVARAN A/L T. ARIANAYAGAM

Independent Non-Executive Director

- **Age** : 65
- **Nationality** : Malaysian
- **Gender** : Male

Qualification
- 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
- Resigned as Chairman of Remuneration Committee on 29 August 2017

Membership of Board Committees
- Chairman of the Audit Committee
- Chairman of the Nomination Committee
- Member of the Remuneration 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, Chief Executive Officer ("CEO") of Sampoorna Holdings Berhad 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

Family relationship with any Director and/or any Major Shareholder of the Company
Dato' Yogesvaran has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between Dato' Yogesvaran and the Company.

Conviction for any offences within the past 5 years other than traffic offences
Dato' Yogesvaran has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, Dato' Yogesvaran attended all nineteen meetings of the Board.

Shareholdings in the Company
His shareholdings is disclosed at page 164 of the Annual Report.

DIRECTORS' PROFILE

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

Non-Independent Non-Executive Director

- Age : 72

- Nationality : Malaysian

- Gender : Male

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

Membership of Board Committees
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Member of the ESOS Committee

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

Directorship of other Public Companies
- HeiTech Padu Berhad

Family relationship with any Director and/or any Major Shareholder of the Company
Dato' Ariffin has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between Dato' Ariffin and the Company.

Conviction for any offences within the past 5 years other than traffic offences
Dato' Ariffin has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, he attended fourteen out of nineteen meetings of the Board.

Shareholdings in the Company
His shareholdings is disclosed at page 164 of the Annual Report.

DIRECTORS' PROFILE

CHAN FEOI CHUN

Non-Independent Non-Executive Director

- **Age** : 64
- **Nationality** : Malaysian
- **Gender** : Male

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 of Associations
- Fellow of the Chartered Institute of Management Accountants, UK (FCMA)
- Chartered Accountant with Malaysian Institute of Accountants (MIA)
- Chartered Global Management Accountants

Position on the Board
Non-Independent Non-Executive Director

Date Appointed to the Board
- 6 June 2005
- Appointed as Chairman of Remuneration Committee on 29 August 2017

Membership of Board Committees
- Chairman of the Remuneration Committee
- Member of the Audit Committee
- Member of the ESOS Committee

Working Experience and Occupation
Mr. Chan currently is an Executive Director of SGI Vacation Club Berhad, a member of OSK Group. He held various senior positions in PJD Holdings Berhad Group of Companies ("PJD Group"). Prior to joining the PJD Group in 1994, he held senior management positions in financial services group of 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. Mr. Chan was a past President of CIMA Malaysia Division and also a past Council Member of MIA. Presently he is also an elected Council Member of CIMA UK.

Directorship of other Public Companies
- IRIS Corporation Berhad
- Versatile Creative Berhad
- SGI Vacation Club Berhad

Family relationship with any Director and/or any Major Shareholder of the Company
He has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between Mr. Chan and the Company.

Conviction for any offences within the past 5 years other than traffic offences
He has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, Mr. Chan attended fifteen out of nineteen meetings of the Board.

Shareholdings in the Company
His shareholdings is disclosed at page 164 of the Annual Report.

DIRECTORS' PROFILE

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

Independent Non-Executive Director

- **Age** : 57
- **Nationality** : Malaysian
- **Gender** : Female

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

Membership of Association
- Yang Di Pertua 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

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 "Projek Titian Bistari", a project which focuses on children's education.

Directorship of other Public Companies
- None

Family relationship with any Director and/or any Major Shareholder of the Company
D.Y.A.M. Tunku Soraya has no family relationship with other Directors or major shareholders of the Company.

Conflict of interest with the Company
There is no conflict of interest between D.Y.A.M. Tunku Soraya and the Company.

Conviction for any offences within the past 5 years other than traffic offences
D.Y.A.M. Tunku Soraya has had no conviction for any offences within the past five years and no public sanctions by any regulatory bodies during the financial period ended 30 June 2017 other than for traffic offences, if any.

Number of Board Meetings Attended from 1 January 2016 to 30 June 2017
During the financial period, Tunku Soraya attended ten out of nineteen meetings of the Board.

Shareholdings in the Company
D.Y.A.M. Tunku Soraya does not hold any shares in the Company.

PERISAI KAMELIA
PERISAI KAMELIA
PORT KELANG

PROFILE OF MANAGEMENT TEAM

DATUK ZAINOL IZZET BIN MOHAMED ISHAK

Managing Director

Nationality	: Malaysian
Age / Gender	: 56 / Male
Date of Appointment	: 21 April 2010

Qualifications & Experience

Datuk Zainol Izzet Bin Mohamed Ishak ("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.

PROFILE OF MANAGEMENT TEAM

BERAM KHAN BIN TAMBI KHAN
Chief Operating Officer

Nationality : Malaysian
Age / Gender : 52 / Male
Date of Appointment : 1 January 2015

Qualifications & Experience

Mr. Beram Khan Bin Tambi Khan ("Beram Khan") is our Chief Operating Officer and Head of Drilling. He joined Perisai in 2012. Beram Khan 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 Khan moved to Crest Petroleum Berhad where he held various positions both domestically and internationally such as Senior Production Technologist of Uzmal Oil, Manager of Drilling & Production of PT Petronusa Bumibakti, Senior Manager of Project Services and Senior Manager of Special Projects (2003-2005). In 2005, Beram Khan left SapuraCrest Petroleum Berhad to join UMW Standard Drilling Sdn Bhd/UMW JDC Drilling Sdn Bhd as Senior General Manager. Beram Khan's last held position in UMW was as Senior General Manager, Group Corporate Development Division. Beram Khan holds a BSc in Petroleum Engineering from University Technology of Malaysia.

Nationality : Malaysian
Age / Gender : 52 / Male
Date of Appointment : 1 July 2008

Qualifications & Experience

Mr. Yeo Peck Chin ("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. He joined Perisai in 2004. Yeo is a fellow member of Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA).

YEO PECK CHIN
Chief Financial Officer

PROFILE OF MANAGEMENT TEAM

LAI SWEE SIM
Head, Corporate Planning

Nationality : Malaysian
Age / Gender : 47 / Male
Date of Appointment : 1 February 2012

Qualifications & Experience

Mr. Lai Swee Sim ("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.

Nationality : Malaysian
Age / Gender : 53 / Male
Date of Appointment : 16 January 2017

Qualifications & Experience

Mr. Daniel Chow Hau Mun ("Daniel") joined Perisai in January 2017 as Head, Legal and Corporate Secretarial. He graduated with LLB (Hons) from the University of Malaya in 1987 and was admitted to the Malaysian Bar in 1988. Daniel has extensive experience in legal practice and also held the position as in-house legal counsel in several corporations e.g. Hong Leong Management Co. Sdn Bhd, Abric Berhad and M3nergy Berhad. Prior to joining Perisai, he served as the Division Head, Corporate Services in Nam Cheong Limited. Daniel has wide ranging experience in legal matters pertaining to international trade, oil & gas and offshore marine services.

CHOW HAU MUN, DANIEL
Head, Legal and Corporate Secretarial

PROFILE OF MANAGEMENT TEAM

TEO HOCK CHOON
Head, Support Services

Nationality : Singaporean
Age / Gender : 65 / Male
Date of Appointment : 16 February 2012

Qualifications & Experience

Mr. Teo Hock Choon ("Teo") is our Head of Support Services. He joined Perisai in 2012. Teo started his career in 1972 with Sea Supply (S) Pte Ltd. as an Accountant rising to the post of Division Controller. In 1980, Teo moved to MidContinent Supply Eastern Hemisphere Co. as its Finance & Administration Manager. Between 1988 and 1989, Teo consulted for Presstek Industries Pte. Ltd. before moving on as Finance & Administration Manager of InterChem Pte Ltd from 1989 to 1991. Thereafter, Teo took on the role of Financial Controller of Offshore Pipelines International Limited/J Ray McDermott S.A for a duration of four years from 1991. From 1995 to 2011, Teo was part of 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.

Nationality : Malaysian
Age / Gender : 62 / Male
Date of Appointment : 1 July 2012

Qualifications & Experience

Encik Abdulah Bin Yunus ("Abdulah") is our Head of Human Resources. He joined Perisai in 2012. Abdulah started his career in 1978 as a Manager in a confectionery 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, human resource and administration. 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.

ABDULAH BIN YUNUS
Head, Human Resources

DECLARATION BY MANAGEMENT TEAM

Directorship of other Public Companies - None
Family relationship with any director and/or any major shareholder of the Company - None
Conflict of interest with the Company - None
Conviction for any offences within the past 5 years and public sanctions or penalty imposed by the relevant bodies during the financial period ended 30 June 2017 other than traffic offences - None

CHAIRMAN'S STATEMENT

Our company's resilience and resolve was certainly tested over the course of 2016 and the first part of 2017. The continuing difficult conditions in the oil and gas industry has seen many oil and gas companies face some of their most challenging times. Our Company has not been spared either.

The uncertainty in the market had also adversely affected the financial industries, in particular those that have invested in and have exposure to the oil and gas industry. Many financial facilities, particularly that of bonds, have seen investors focusing on recovering their investments in a market that continues to be difficult and challenging.

In October 2016, the investors of our S$700 million Multicurrency Medium Term Notes Programme (MTN) facility demanded repayment of a portion of the facility that had become due. Despite early engagement with the lenders in an attempt to work out a deferment of the due date, an agreement could not be reached. Surrounded by the tough conditions of the market, we were left without any ability to repay the amounts due. This resulted in a default of the MTN facility and subsequently led to Perisai being classified as a Practice Note 17 company amongst listed companies on Bursa Malaysia.

Following this serious setback, we have worked with our advisors over the past 12 months to put in place a debt restructuring and regularisation plan with the objective of putting the company on to a path towards viability and sustainability.

With the assistance of the Credit Debt Restructuring Committee, and the protection of the courts through a restraining order, we are well on the way to formulating a restructuring scheme that we hope would be acceptable to all relevant stakeholders.

CHAIRMAN'S STATEMENT

Over the course of the 18 months reporting period, we have had some positive developments. In June 2017, we were successful in extending our drilling contract with Petronas Carigali Sdn Bhd (PCSB). This extension would see our drilling rig, the Perisai Pacific 101, continuing to serve PCSB until early April 2019 and adding up to US$47 million in revenue for us. We are grateful to and thank PCSB in continuing to support and place their confidence in us, particularly during these difficult times.

On the production front, our FPSO, Perisai Kamelia safely concluding her contract with Hess Exploration and Production Malaysia B.V in May 2017. She was first deployed and installed at the Kamelia field, which is part of the North Malay basin located off the coast of Terengganu, in 2012. Throughout her service with the client, the Perisai Kamelia had performed admirably with an uptime of 99%. She would be going into layup mode while we look for her next assignment.

On the financial front, we posted a revenue of RM275.59 million and a pre-tax loss of RM605.98 million over the inaugural 18-month financial period following our change of accounting year end from 31 December to 30 June. The narrower loss compared with the previous year's results arises primarily from less provisioning that had to be made for the period under review. We are hopeful that this will steer us to stability very soon.

During this very challenging past year, many have been called upon to put forth their best performance. Without them stepping up and steering the company through the turbulent period, we would likely not have been able to continue operating. Although we are far from being out of the woods, I am confident that with the continuing unwavering support, we would put ourselves in the best possible position to weather the storm. Here I would like to extend my heartfelt thanks to my fellow Board members for their wisdom and continuing commitment to the company. A lot has been called of the Board members over the last 18 months and for that effort I extend my deepest gratitude and appreciation. I commend the Managing Director and his senior management team in standing with the Board members as we navigate the challenges coming our way. Their professionalism and hard work is evident in getting the company through this difficult period. And to the staff of Perisai, I would like to extend my gratitude in continuing to have faith in the organisation and standing by the company in this period of hardship.

I have no doubt that with this continuing support we would soon turn the corner and head towards stability, viability and sustainability.

Dato' Anwarrudin Ahamad Osman
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Introduction

2016 started as a continuation of the challenging operating conditions that has pervaded the oil and gas industry since 2014. Coming off its high of more than US$100 per barrel in the middle of 2014 to below US$30 in late January 2016, the industry continues to count casualties due to the prolonged contraction.

The weak oil prices had led to oil companies and national oil corporations to delay, and in some instances, cancel exploration, development and production of oil fields. The delayed and cancelled projects have inevitably led to a reduction in spending.

The combination of all these factors has led to a very challenging year for Perisai.

Business Overview

Perisai is an upstream oil and gas service provider supporting the exploration, development and production phases of offshore oil and gas fields. We are structured along 4 business lines, with our drilling and production segments forming our key operational focus. Our other 2 segments are offshore support vessels and offshore construction.

Through our ownership of our fleet of vessels and facilities, we offer a wide range of services and solutions capable of meeting a wide range of client needs.

We currently remain Malaysia focussed, serving the needs of Petronas and its production sharing contractors through our drilling and production business lines being our main operational and business drivers.

MANAGEMENT DISCUSSION & ANALYSIS

Review of Financial Performance

In November 2016, we announced a change to our financial year end from 31 December to 30 June. With this change, we are presenting and reporting our financial performance for a period of 18 months from 1 January 2016 to 30 June 2017.

We changed to a reporting period ending in the middle of the year primarily for better management of resources and avoiding auditing service peak periods as well as to focus on the restructuring and regularisation plans arising from our default of the MTN programme and our subsequent PN17 classification.

For the 18-month financial period ended 30 June 2017, the Group generated total revenue of RM275.59 million. This is an additional RM60.81 million to the RM214.78 million turnover posted in the preceding 12-month financial period ended 31 December 2015. The 18 months top line provides an annualised turnover of RM183.73 million which is a decline of RM31.05 million from 2015's comparable 12 months turnover of RM214.78 million, a comparative year-on-year contraction of 14.46%.

The main reason for the annualised revenue contraction is 2016's full year recognition of the impact of the discount granted to Petronas Carigali Sdn Bhd (PCSB) from the charter of our drilling rig, the Perisai Pacific 101 (PP101) against only ten months in 2015.

The biggest revenue recorded from our business lines for the financial period ended 30 June 2017 was from the FPSO, Perisai Kamelia. This division is a 51% owned joint venture of the Group and the Group does not consolidate its recorded revenue of RM438.58 million. This was followed by revenue from drilling division of RM184.94 million and the sum of RM90.65 million attained by the offshore support vessel (OSV) division held under Intan Offshore Sdn Bhd. There was no work performed by our MOPU, Rubicone and the derrick lay barge, the Enterprise 3, during the period in review.

We posted a narrower pre-tax loss of RM605.98 million in the current 18 month period ended 30 June 2017 as compared to RM688.15 million in the financial year ended 31 December 2015. Although the differing periods compared may not be as reflective as an equal period comparison, the lower loss is mainly attributable to a lower impairment loss on plant and equipment.

Shareholders' funds stand at RM 132.06 million as at 30 June 2017 as compared to RM677.62 million as at 31 December 2015. The decrease of RM 545.56 million arises mainly from losses incurred as a result of impairments over the last 18 months from the end of the last financial year. Net assets per share is RM0.10 as at 30 June 2017 as compared to RM0.56 18 months ago.

As at 30 June 2017 our gearing ratio is at 9.98 times with total borrowings amounting to RM1,317.96 million. Despite the reduction in the total borrowings, the gearing ratio has increased compared to the financial year ended 31 December 2015. The increase is as a result of significant reduction in the shareholders' funds, mainly arising from the losses incurred during the 18 months' period.

Cash and bank balances as at 30 June 2017 amount to RM16.39 million as compared to the sum of RM39.65 million 18 months ago at the end of financial year 31 December 2015. Our cash reserves have more than halved during this period depleted mainly because of prepayments made for our 2 jack up drilling rigs with PPL Shipyard (PPL), Perisai Pacific 102 (PP102) and Perisai Pacific 103 (PP103) as well as expenses from the corporate exercises required following the MTN default and PN17 classification.

Our falling cash reserves illustrate one of our most serious risk that we face, as liquidity and funding are crucial to sustaining continuing operations. With the company's classification as a PN17 company, access to funds has grown much more limited. We are also experiencing challenges in maintaining liquidity from operating cashflow. This arises because charter rates continue to be compressed.

To address this risk, we have undertaken extensive efforts in managing cost. Amongst some of these are the elimination of non-critical expenses, re-examining cost structures and reviewing vendor and supplier prices. We have also not committed to any capital expenditure for 2017 and would likely continue without such expenditure going into 2018.

We are also focused on formulating a restructuring plan that would have the key objective of ensuring operational sustainability and business viability.

Going forward, we would continue to be diligent in closely managing our liquidity and cashflow to sustain our operations by remaining engaged with our clients, financiers, and our suppliers and contractors.

Default of MTN Bonds & PN17 classification

Despite early and careful planning in managing the settlement of our financial commitments, the extent of the industry contraction and the contagion effects of the slowdown have put paid to our plans. While we had spent most of 2016 engaged with investors of the sum of S$125 million of the MTN programme issued by our wholly owned subsidiary, Perisai Capital (L) Inc (Perisai Capital), a consensus could not be reached to restructure the MTN and the 3 October 2016 due date for the repayment of a portion of the facility.

MANAGEMENT DISCUSSION & ANALYSIS

This eventually led to a default in repayment of amounts due under the MTN. Our default triggered the provisions of the rules of Bursa Malaysia relating to solvency, resulting in the company being classified as a PN17 company.

The default on the MTN facility had also led to a winding up petition filed by an investor of the bond facility. Presented to the High Court in October 2016, the petition sought to wind up Perisai Capital as issuer of the MTN and Perisai Petroleum as guarantor under the MTN facility.

The mounting liabilities looming over Perisai posed a serious threat to our ability to remain a going concern. It required considerable focus and effort of our Board of Directors, senior management and advisors of the company to devise viable solutions to these issues.

Over the past 12 months from the MTN default, we have been under the purview of the Corporate Debt Restructuring Committee (CDRC) and CDRC has assisted in mediating the restructuring of our debts with our lenders. CDRC is a Malaysian Government sponsored platform for resolution of corporate debt through feasible debt resolutions. This initiative facilitates the consideration of all available avenues to assist distressed corporations in resolving their debt obligations without having to resort to legal proceedings. We have to date held 4 meetings with our lenders under CDRC's auspices, where a debt restructuring solution has been formulated and is being negotiated with lenders. With their mediation effort and the cooperation of the financiers, we hope to finalise the debt restructuring scheme by the end of this year.

As the formulation of the debt restructuring scheme progresses, we have continued to keep the MTN investors abreast of the key terms of the scheme. Their feedback and viewpoints have been sought through 3 meetings which we have had with them since the default of the facility. We will continue to remain engaged with the investors and provide them updates periodically.

Simultaneous with the development of the debt restructuring scheme, we sought the protection of the courts through a filing for a restraining order (RO) against all actions against the company. The application for the RO is to provide a conducive environment for the company to formulate and to eventually seek a court sanctioned Scheme of Arrangement (SOA). On 3 August 2017, we announced that the High Court of Malaya extended the RO until May 2018. The 9-month extension provides us a runway free from disruptive litigation so that we are able to formulate, finalise and file the SOA to court. The debt restructuring scheme is expected to form the basis of the SOA and we are planning to submit the SOA to court by the middle of 2018.

There was a winding-up petition filed by an investor of the MTN in October 2016 and the Company had submitted an application to strike out the winding up request. Both the winding up petition and the application to strike out were however withdrawn in June 2017. The withdrawal allows all parties concerned to focus on the SOA without the threat of winding up. Both we and the investor retain our right to reinitiate our respective applications.

Following on from our classification as a PN17 company in October 2016, a regularisation plan is required to be submitted to Bursa Malaysia. The regularisation plan is expected to be based on the debt restructuring scheme and the SOA and if accepted by Bursa Malaysia, will start the process of the upliftment of Perisai's PN17 status. The regularisation plan is required to be submitted to Bursa Malaysia by October 2017, which is within a year from the Company's PN17 classification. The Company had submitted an application for an extension of time to submit the regularisation plan and is now awaiting the decision of Bursa Malaysia on this request.

Dividend

The Board has not resolved any dividend policy to be implemented. The main focus of the Board at this moment in time is to ensure that the group remains a going concern.

Share Performance

Over the 18-month period under review, the share price of Perisai has fallen from a high of RM0.29 in early 2016 to a low of RM0.04 during the months of October and November 2016. The low point of the share price was at about the time of Perisai's default of the MTN and PN17 classification.

MANAGEMENT DISCUSSION & ANALYSIS

The performance of our shares as at the end of 30 June 2017 compared to the last audited year end of 31 December 2015 is set out in the table below.

Perisai Share Price	30 June 2017 (RM)	31 December 2015 (RM)
Year High	0.295	0.725
Year Low	0.040	0.240
Year Close	0.055	0.280
Market Capitalisation (at year end closing)	69.3 million	337.3 million

Corporate Development

Over the course of 2016, a major focus of the group has been on the realisation of the put option over our 51% stake in SJR Marine (L) Ltd (SJR). The option was granted to us in 2012 as part of our purchase of the 51% stake in the FPSO, Perisai Kamelia. The put option allows us to dispose our remaining shareholdings in SJR to Emas Offshore Limited (EOL), a member of the Ezra Group, for a consideration sum of approximately US$43 million. This is in line with our strategy of focusing on our drilling and production segments. The offshore construction segment is a business line upon which we have planned a disposal and exit for a number of years now. We had exercised the put option in December 2016 and required EOL to honour the terms of the option. EOL had however raised allegations of invalidity of the option which we did not agree with. In order to avoid protracted dispute over the matter, Perisai and EOL entered into a settlement agreement on 23 December 2016. The settlement provides a payment of a sum of US$20 million to Perisai with the balance deferred over a period of years subject to various preconditions. However, prior to entering into the settlement agreement both parties put forward their positions as follows: -

- EOL alleged that Perisai had defaulted on the shareholders agreement,
- Perisai exercised the Put Option for approximately USD 43 million which is the full amount due from EOL for the disposal of the Company's 51% stake in SJR .

The terms of the agreement allow for Perisai and EOL to revert to their previous respective position in the event the settlement agreement is no longer valid.

However, given that the settlement agreement has lapsed in August 2017 and is no longer valid, both parties have acted in accordance with positions taken prior to execution of the settlement agreement.

Following the lapse of the settlement agreement, 2 major developments have arisen from this dispute with EOL.

Firstly, on 31 August 2017, EOL announced that it had made an application to the High Court of the Republic of Singapore for a restructuring that it plans to undergo. The application includes a restraint on legal proceedings against EOL.

Secondly, on 27 September 2017, EOL had written to Perisai raising the point that Perisai had an obligation to sell Perisai's 51% shares in SJR to EOL at a price of US$1.00. The position that EOL had taken had already been disputed by Perisai through our letter in December 2016 and we maintain our disagreement with EOL's stated position.

MANAGEMENT DISCUSSION & ANALYSIS

Review of Operations

Drilling

Our drilling division remained active over the course of 2016 and the first half of 2017. Anchored by the PP101, we continued to perform our obligations to PCSB under a 3 year contract which we signed in May 2014.

In June 2017, we announced that we had signed a supplementary agreement with PCSB extending the drilling contract for an additional 20 months. The duration of the extension was determined based on a formula agreed with PCSB. The value of the extension is US$47 million and would see the PP101 working for PCSB until April 2019. We appreciate the confidence and faith shown by PCSB in agreeing to the extension of the contract.

Over the course of the 18 months spanning this financial period, the PP101 had successfully completed 20 wells located off the east coast of Peninsular Malaysia as well as off the coast of Sarawak with 91% uptime.

On 31st August 2017, we were informed of the termination of the contracts we have with PPL for the construction of two of our jack up drilling rigs, PP102 and PP103.

Under the contracts signed with PPL Shipyard in 2013, Perisai had ordered the PP102 and PP103 for the price of US$208mil and US$211.5mil respectively.

The industry slowdown has not spared our drilling division. The severe cutback in oil and gas spending has led to a major contraction in the contractual pipeline. Although the rigs are completed but owing to the difficulties of the industry, the delivery of the rigs were deferred to 31 August 2017 to allow the parties to find opportunities for the rigs. Unfortunately, this extension has allowed neither the yard nor us to find a viable solution with regards taking delivery of the rigs.

The termination of the contracts had led to a forfeiture of the deposits placed, amounting to about US$84 million. The deposits have been fully impaired during the financial period ended 30 June 2017.

The termination of the build contracts also releases us from having to pay the balance of the price of the rigs amounting to US$335.6 million. The contractual terms also limit our liability to only the deposits giving us clarity and containment of our total liability on this matter.

Going forward we will continue to focus on operating the PP101 and strengthening the competency of team members in our drilling division to ensure PP101 maintains its' high operational performance. For more than a year, we have been operating on our own drilling management system as part of our plan to build an independent drilling company. We remain one of only two Malaysian jack-up drilling operators.

Our localisation efforts have also led to the appointment of Malaysian employees for positions previously occupied by expatriates. We will continue to develop and train our local talents through programmes to help achieve this Malaysianisation plan. At the same time, we would implement programmes to help retain talented Malaysian key personnel.

The drilling market would remain highly competitive with total global jack up units of 521 units and another 100 coming onstream over the next few years. We expect the drilling market to continue to be oversupplied and charters to remain depressed.

MANAGEMENT DISCUSSION & ANALYSIS

Internally, we would face challenges in building a competitive edge given the single asset stable of the division. Building cost efficiencies would be a difficult endeavour without the economies of scale that a fleet of assets would provide.

The single asset in the division also heightens risk to revenue continuity as a loss or damage to the asset would result in significant adverse impact on turnover and earnings.

Our sparse rig fleet also curtails our ability to capitalise on opportunities that comes our way as work needs to be structured consecutively around the availability of a single asset.

Production Division

Our Production division is made up of our two assets, the FPSO, Perisai Kamelia and the MOPU, Rubicone.

The Perisai Kamelia recently completed her work for Hess at the Kamelia field in a contract which started in 2012. The performance of Perisai Kamelia while in service to Hess has been sterling, with an almost 100% up-time record. This is attributed to the exemplary work of the team working on the project and we take this opportunity to thank each and every one of them for their dedication and hard work.

The FPSO has departed the field and has arrived at the layup location in Johor, Malaysia. Closing out works are being undertaken at the offshore site and is expected to be completed within schedule by early November 2017. We plan to have the FPSO laid up with preservation and scheduled maintenance works while we pursue opportunities for her next assignment. We will work closely with our joint venture partner, EOL and other marketing agents to approach opportunities available in the market for the FPSO's next assignment.

Our MOPU, the Rubicone is currently laid up at Tanjung Uncang in Batam, Indonesia. We continue to source for work for her and are considering all options for this gas MOPU, including a sale at the right price.

As of 2017, there are 166 FPSOs in operation worldwide with 25 units laid up. Production units are bespoke customised solutions which are designed for a particular field. This contributes to the generally longer duration required to return a FPSO to work following the end of a contract. New opportunities for FPSOs are also usually burdened with regulatory requirements relating to the age of the asset, hull design and construction, and local content requirements. These will all pose challenges to the search for new work.

We would be redoubling our efforts to pursue opportunities for her as the risk of idle time of assets of this nature could prove to be costly with degradation of the condition of the asset.

Offshore Support Vessels

We house our 9 OSVs under Intan Offshore Sdn Bhd, our 51% joint venture with EOL. The fleet within the division comprises 6 anchor handling tugs and 3 crew boats, all of which have been on bareboat charter to Emas Offshore, a member of the Ezra Group. The bareboat charters of 8 of the vessels recently came to an end in August 2017 with the remaining bareboat of the AHT, Lewek Robin expiring in the third quarter of 2021.

OSV utilisation and demand is closely tied to rig count as OSVs are marine support assets. With exploration and production (E&P) companies drastically reducing their rig counts, demand for OSV services has plunged, with the anchor-handling tug segment amongst the hardest hit.

Total global E&P spending on OSVs has declined from USD $18.1 billion in 2014 to USD $11.9 billion in 2016 representing a staggering 34% decline in just two years. Due to this decline, rates for OSVs are down 60% in some markets, while utilisation rate has reduced by 40%.

We expect that the OSV segment will continue to experience lower demand, shorter charter contracts, and reduced day-rates as it grapples with oversupply.

With 8 of our OSVs coming off charter amidst a heavily dampened market, we would be evaluating all options available in charting the direction of this business division. We would look to evaluate potential charter opportunities for the vessels both locally and within the region. At the same time, we would consider a sale of the division and its assets in the right set of circumstances and at acceptable prices.

MANAGEMENT DISCUSSION & ANALYSIS

Offshore Construction

We hold our offshore construction business line under SJR which is a joint venture with EOL. SJR Marine is the owner of the derrick lay barge, the Enterprise 3 which is currently laid up at Tg Belungkur, Johor.

SJR is also the subject of the put option that we have exercised to sell our 51% shareholding to EOL. As earlier described, we intend to realise our investment in SJR by disposing our stake to EOL based on the option that had been granted to us. Upon the conclusion of this disposal, we would no longer have this division within our business lines.

Safety

Despite the industry downturn, one aspect of operations that continue to receive our highest attention is the safety of our work environment and the health of those who work for us. Operating in an environment which is inherently dangerous, we realise our commitment in providing for the safest working conditions for our employees and contractors.

We are pleased to report that up to June 2017, we recorded no lost time injuries for the operations on our OSVs, the Enterprise 3 and the Rubicone, as well as for our corporate division.

For our drilling division, which has operated the PP101 since August 2014, we recorded 1 lost time incident (LTI) measured up to June 2017 within an accumulated manhours of 1.3 million hours.

Over at our FPSO division, we are pleased to report that from first gas date of 11 November 2013 until 31 May 2017, 1298 LTI free operation days were recorded within a total accumulated manhours of 1.15 million hours.

We will continue to set the highest priority on safety and health at the workplace as it keeps our employees safe, and at the same time increases productivity and efficiency.

Sustainability Efforts

Despite challenging conditions, we count ourselves fortunate to be able to continue to contribute in our own small way. For the past 3 years, we have been part of a programme focused on bettering communities. In partnership with the MyKasih Foundation, we have contributed financial aid to a total of 60 low income families in Kemaman, Terengganu since 2014.

This programme helps with the families' financial commitments through monthly contributions channelled as credits to participating outlets. These outlets are carefully selected and ensures that the contributions are used for the purchase of groceries and essential food items.

We plan to continue this initiative for the coming year in a manner that is affordable to us. We believe that this is our own small way to give back to the communities in the areas that we work in.

MANAGEMENT DISCUSSION & ANALYSIS

Outlook and Key Focus

Oil prices have averaged US$50 a barrel over the 6 months of 2017, hitting a high of US$57 in January. The buoyancy in the first few months stemmed from the production cuts agreed between OPEC and non-OPEC producers at the end of 2016. The agreed production cut took 1.8 million barrels of oil a day off the market and was largely expected to remove the glut which was dampening oil prices. The production cuts have recently been extended to March 2018 after the initial efforts have not shown much results in tightening the market. It is the industry's general consensus that this extension merely lengthens the uncertainty surrounding the direction of oil. Without a more concrete exit strategy from OPEC, which include deepening cuts, it is not expected that oil prices would firm up significantly for the remainder of the year.

In Malaysia, we have seen some positive signs through an uptick in bidding activities heralding the return of some stability in the industry.

The health of the industry is invariably tied to the price of oil as that is the single most significant motivator to spur an increase in activity. We do not anticipate any significant increase in activity levels for the remainder of the year as there are no industry related catalyst in the horizon. Consequently, we expect that the market would remain oversupplied, dampening day rates and utilisation, and demand for our assets is expected to be competitive and challenging.

While our attention is shared with monitoring the state of the industry, our focus remains steadfast on two crucial internal issues. At the most urgent and important of these issues is the need to ensure the continuity and sustainability of our current operations. Our drilling and production divisions would have our undivided attention as we deploy resources and time in pursuing visibility to asset utilisation. The PP101 would see her working for PCSB until early 2019 but that would not reduce our efforts or urgency in seeking her next assignment. The assets within our production division poses more challenges as they are not generic assets and need to fit to a particular field. The Perisai Kamelia and the Rubicone are production assets that are currently equipped to handle gas and that would guide us pursuing opportunities for these assets.

Our next key focus is to formulate a debt restructuring scheme that is accepted by key stakeholders. Crafting a scheme that has the consensus of all key stakeholders is crucial to its successful implementation. With the assistance of the CDRC and the cooperation of our key financiers, progress on the scheme is going well. We are hopeful that the scheme would be finalised by the fourth quarter of the year. The scheme would form the foundation for the SOA and the regularisation plan that is the requirement for the uplift of the PN17 status.

Appreciation

It would not be an exaggeration to say that the past 18 months has been the most challenging period for many amongst the members of the Board, senior management and staff. The pace and the intensity of the troubles that had inundated the company would have discouraged and defeated the most capable and competent corporate leaders and staff. And yet, we remain to help steer the company towards stability and eventually health. None of this would have been possible without the unwavering commitment and loyalty of all in Perisai.

First and foremost, I would like to thank my fellow Board members for their continuing commitment and stewardship of the Group and continuing to impart wisdom as we weather our most serious challenge. To the members of management and staff, I extend my heartfelt gratitude for your hard work, loyalty, dedication and commitment to our group in what has been a very challenging and uncertain time.

I would also like to thank our clients, in particular Petronas and PCSB for their continuing faith in us as shown by the extension of the charter for the PP101.

In closing, I would like to thank all of our stakeholders for the trust that they have placed on us to lead the company though this trying time. I would like to assure that this trust is not taken lightly and we hold our responsibility very seriously as we continue to work to secure stability back to Perisai.

Datuk Izzet Ishak
Managing Director

Source

"Offshore supply vessel companies running out of options" - AlixPartners study, July 2017
"JP Morgan Slashes Its 2018 Oil Price Forecast By $11", 7 June 2017
Over 20% of the jack-up rig fleet needs to be scrapped: Rystad Energy, 28 July 2017
Energy Maritime Associates – Floating Production Industry 2017- 2021 Outlook
Short-Term Energy Outlook – March 2017, U.S. Energy Information Administration

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Perisai is 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 ("the Code") are practised 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. This Statement sets 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 financial period ended 30 June 2017.

1. BOARD OF DIRECTORS

1.1 Board Charter

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

The Board will review its Charter regularly to ensure that it remains consistent with the Board's objectives and all relevant standards of corporate governance.

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

1.2 Composition and Diversity Balance of the Board

The Board currently consists of one Executive Director and six 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 8 to 14 of this Annual Report.

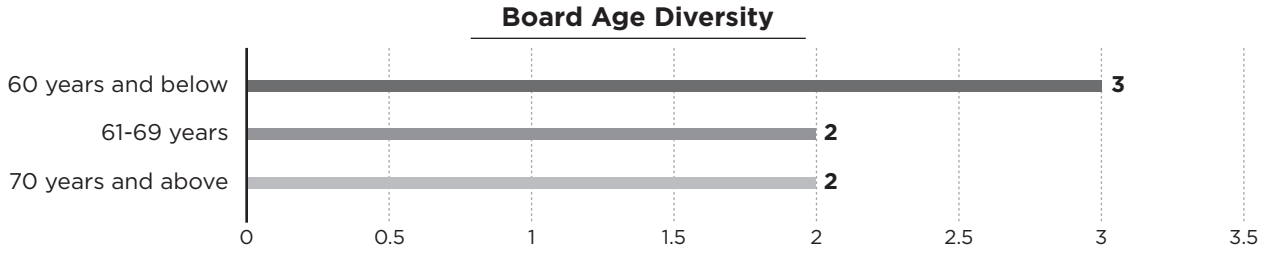
The Independent Non-Executive Directors are not involved in the day-to-day management of the Company and are not party to any business dealings or any other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement. This is to enable the Independent Non-Executive Directors to discharge their duties and responsibilities effectively and to avoid any conflict of interest situations.

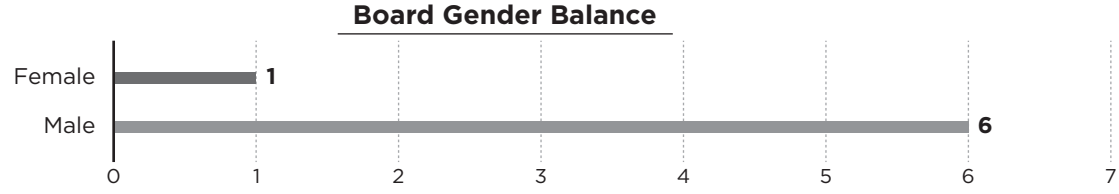
The Board has identified and appointed YBhg Dato' Yogesvaran A/L T. Arianayagam as the Senior Independent Non-Executive Director, to whom shareholders may direct any query or concern in respect of the Group. Any query can be directed to his email : ayoges@perisai.biz.

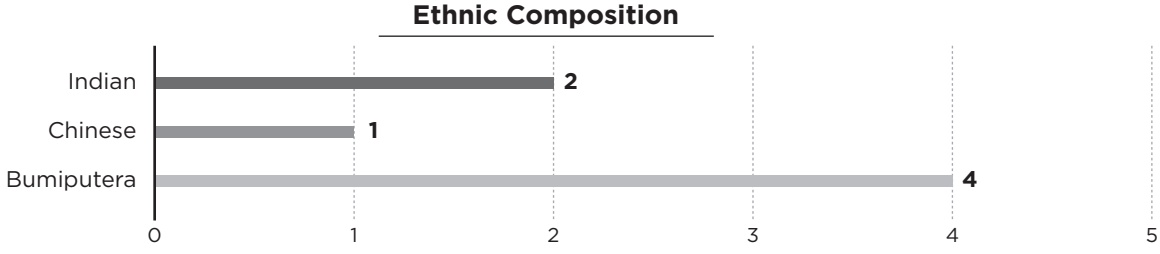
The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of the Code in relation to the establishment of boardroom diversity policy. Hence, the Board has adopted a boardroom diversity policy for the Company on 24 March 2016. Nevertheless, the Board has not set any diversity target on the composition of its Board members as the Board believes that the selection of a Director shall be guided by the competency, skills, experience and knowledge of the individual candidate. The Board currently has one female Director who serves to bring value to Board discussions from the different perspectives and approaches of the female Director.

STATEMENT ON CORPORATE GOVERNANCE

The diversity of the Board in terms of gender, age and ethnic composition is currently as follows:







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 Management is authorised by the Board to approve business, operational and administrative decisions, review business strategies and operations and ensure adherence to policies and strategies approved by the Board. The Directors, collectively, have a wide range of relevant experience to enable them to discharge their responsibilities effectively.

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

STATEMENT ON CORPORATE GOVERNANCE

The Managing Director oversees the day-to-day running of the business including organisational effectiveness, developing, coordinating and 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 of the Group, but also of minority shareholders, employees and the business communities in which the Group conducts its business.

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 343(3) of the Companies Act, 2016. 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 period ended 30 June 2017, nineteen (19) Board meetings were held and the attendance record of each Director is as follows:

Name of Director	Number of meetings attended
Dato' Anwarrudin Bin Ahamad Osman *(Independent Non-Executive Chairman)*	19/19
Datuk Zainol Izzet Bin Mohamed Ishak *(Managing Director)*	19/19
Adarash Kumar A/L Chranji Lal Amarnath *(Non-Independent Non-Executive Director)*	13/19
Dato'Yogesvaran A/L T.Arianayagam *(Independent Non-Executive Director)*	19/19
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Non-Independent Non-Executive Director)*	14/19
Chan Feoi Chun *(Non-Independent Non-Executive Director)*	15/19
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim *(Independent Non-Executive Director)*	10/19

STATEMENT ON CORPORATE GOVERNANCE

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.

For the financial period under review, no Director holds more than five directorships in public listed companies.

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 distributed to the Directors seven days in advance 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 legislations relating to the duties and responsibilities of Directors.

1.6 Qualified and Competent Company Secretary

During the financial period under review, the corporate secretarial function of the Group has been outsourced to an external professional firm, Boardroom Corporate Services (KL) Sdn Bhd ("Boardroom"). The Board is supported by experienced and competent Company Secretaries from Boardroom. The main responsibilities of the Company Secretaries, among others, are provision of secretarial services and keeping the Board abreast and appraised of regulatory legislations and corporate governance guidelines from time to time. The Board has unrestricted access to the advice and services of the Company Secretaries.

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 Board 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 Board Committees are described in detail below.

Where the Board 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.

STATEMENT ON CORPORATE GOVERNANCE

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 *(Independent Non-Executive Director)*	Chairman
Dato' Anwarrudin Bin Ahamad Osman *(Independent Non-Executive Chairman)*	Member
Chan Feoi Chun *(Non-Independent Non-Executive Director)*	Member

The Terms of Reference of the Audit Committee is published on the Company's website at www.perisai.biz.

1.7.2 Nomination Committee

The Nomination Committee ("NC") 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 *(Independent Non-Executive Director)*	Chairman
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Non-Independent Non-Executive Director)*	Member
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim *(Independent Non-Executive Director)*	Member

The NC assumes the following responsibilities:

(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 ("AGM"), 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 (3) years.

(b) To review annually the structure, size and composition (including skills, knowledge, experience and diversity) of the Board, including core competencies which non-executive Directors should bring to the Board and the appropriateness and fulfillment of the diversity representation of the Board which diversity includes gender, age, experience and ethnicity 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 Managing Director or Executive Director of Perisai shall be for a fixed term not exceeding three (3) years at any one time with power to re-appoint, remove or dismiss thereafter.

STATEMENT ON CORPORATE GOVERNANCE

(f) Subject to the provisions of paragraph (h) below, to ensure that the tenure of any independent Director should not exceed a cumulative term of nine (9) years.

(g) Subject to the provisions of paragraph (h) below, to ensure that upon the completion of the nine (9) years, an independent Director may only continue to serve on the Board subject to the Director's re-designation as a non-independent Director.

(h) May however consider and recommend to the Board that it retains as an independent Director, a person who has served in that capacity for more than nine (9) years on condition that it is able to provide strong justification to support the recommendation to enable the Board to justify and seek 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. In making its recommendations, NC shall assess and consider the candidates':-

(i) skills, knowledge, expertise and experience;
(ii) commitment (including time commitment) to effectively discharge his/her role as a Director;
(iii) professionalism;
(iv) boardroom diversity including gender, age, professional background and ethnicity diversity;
(v) character, integrity, commitment (including time commitment) and competence; and
(vi) in the case of candidates for the position of independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from independent non-executive Directors.

(j) Review the Board's succession plans.

(k) Recommend to the Board the company's gender, age, experience and ethnicity diversity policies, targets and discuss measures to be taken to meet those targets.

(l) To review and recommend to the Board, candidates for the position of chief executive officer.

(m) Review the character, experience, integrity, competence and time to effectively discharge the roles of chief executive and chief financial officer.

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

(o) To assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessment and evaluations carried out by the NC in the discharge of all its functions shall be properly documented and disclosed in the annual report.

(p) To assess annually the continued independence of independent Directors.

(q) Consider and recommend the Directors for re-election/re-appointment at each AGM.

(r) Assess annually the term of office and performance of the audit committee and each of its members to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

The NC met once during the financial period ended 30 June 2017.

Summary of Activities undertaken by the NC

(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 level of independence of the independent Non-Executive Directors.

(c) Assessed the Directors' training needs to ensure all Directors receive appropriate continuously training.

(d) Made recommendations to the Board for the re-election and re-appointment of the Directors who are subject to re-appointment and retirement at the forthcoming AGM.

(e) Reviewed and made recommendation to the Board for the adoption of the revised Terms of Reference of the NC.

(f) Reviewed the size of composition of the Board.

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
Chan Feoi Chun *(Non-Independent Non-Executive Director)* *(Appointed as Chairman on 29 August 2017)*	Chairman
Datuk Zainol Izzet Bin Mohamed Ishak *(Managing Director)*	Member
Dato' Dr. Mohamed Ariffin Bin Hj. Aton *(Non-Independent Non-Executive Director)*	Member
Dato' Yogesvaran A/L T. Arianayagam *(Independent Non-Executive Director)* *(Resigned as Chairman on 29 August 2017)*	Member

The duties and responsibilities of Remuneration Committee are as follows:-

a) To set the remuneration policy for all executive Directors;

b) In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;

c) To review and recommend to the Board the remuneration of executive Directors, non-executive Directors in all forms;

d) To review the remuneration package for the non-executive Directors and the committees to be aligned with their responsibilities and contribution;

e) To review at least once a year the performance of the executive Directors and the Managing Director/chief executive officer and recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year;

f) To ensure that the remuneration packages are determined on the basis of the Directors' merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics;

g) To ensure that the level of remuneration to be aligned with the business strategy and long-term objectives of the Company, complexity of the Company' activities, and reflects the experience and level of responsibilities undertaken by the Directors; and

h) To recommend the engagement of external professional advisors to assist and/or advise the Remuneration Committee, on remuneration matters, where necessary.

The Remuneration Committee met twice during the financial period ended 30 June 2017.

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 Bin Ahamad Osman	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	Member
Chan Feoi Chun	Member
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	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 NC 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 NC.

The NC 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 NC has adopted a questionnaire methodology for Board assessment. Assessment of the Board and Board Committees are performed on a self-assessment basis whilst the assessment of individual Director is performed on a peer review basis. The Company Secretaries assists in compiling the assessment results and a summary of the assessment is furnished to the NC for review. 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 NC is also responsible to review the structure, size, balance and composition of the Board. From the assessment of the financial period under review, the NC is satisfied that the Board's size is conducive for effective discussion and decision making and that the Board has an appropriate number of Independent Non-Executive Directors. The Board also has the right balance of expertise, skills, knowledge, experience and diversity in terms of gender, age and ethnicity.

In line with the recommendations of the Code, the NC has also performed an annual review of the independence of independent Directors. In assessing the independence of independent Directors, the NC 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 NC 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 period ended 30 June 2017, none of the three independent Directors have served on the Board for more than nine (9) years and the NC 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.

STATEMENT ON CORPORATE GOVERNANCE

1.9 Re-Appointment and Re-Election of Directors

In accordance with the Company's Constitution, one-third of the Directors including the Managing Director for the time being, or, if the number is not a multiple of three, the number nearest to one-third shall retire from office at every AGM of the Company provided always that each Director shall retire from office at least once every three years but shall be eligible for re-election.

The NC had assessed two (2) Directors namely Dato' Yogesvaran A/L T. Arianayagam, an independent Director and Mr. Chan Feoi Chun, a non-independent Director standing for re-election pursuant to Article 93 of the Company's Constitution.

The NC also assessed the re-appointment of two (2) Directors namely Dato' Anwarrudin Bin Ahamad Osman, the Chairman and Dato' Dr. Mohamed Ariffin Bin Hj Aton, a non-independent Director who retired and re-appointed as Directors at the last AGM held on 24 June 2016 pursuant to Section 129(2) of the Companies Act, 1965 ("CA 1965"), With the repeal of the CA 1965, the Directors of or over the age of seventy (70) years is not required to retire and seek re-appointment at AGM. However, as their re-appointment at the last AGM was for a term ending at the conclusion of the forthcoming AGM, they have consented to seek shareholders' approval for re-appointment as Directors of the Company at the Fourteenth AGM to be held on 23 November 2017. Subsequent thereof, they will be subject to retirement by rotation and re-election in accordance with the Company's Constitution.

The NC agreed that the abovementioned four (4) Directors met the criteria of character, experience and knowledge, integrity, competence and time commitment to effectively discharge their respective roles as Directors and recommended to the Board for endorsement of the Directors for re-election and re-appointment at the forthcoming Fourteenth 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 period ended 30 June 2017, the Directors have, collectively or individually, attended the following training programmes :-

Training Programmes

1. In-house training on Companies Act 2016.

2. MIA International Accountants Conference 2016.

3. What does Brexit mean to the Accounting & Finance profession and how does it affect the movement of professionals global.

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 Directors have been updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, Internal Auditors and Company Secretaries during the Board and/or Committee meetings.

The Board, through its NC, 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.

STATEMENT ON CORPORATE GOVERNANCE

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 AGM in accordance with the Company's Constitution.

The number of Directors for each band of total remuneration received for the financial period ended 30 June 2017 is as set out below:-

Remuneration Band (RM) (excluding Share Options Granted under ESOS)	**Number of Executive Directors**	**Number of Non-Executive Directors**
Up to 50,000	-	1
100,001 – 150,000	-	5
500,001 – 550,000	1	-
1,800,001 – 1,850,000	1	-

Share Options Granted under ESOS (RM)	**Number of Executive Directors**	**Number of Non-Executive Directors**
Up to 50,000	-	1
100,001 – 150,000	-	5
650,001 – 700,000	1	-
800,001 – 850,000	1	-

STATEMENT ON CORPORATE GOVERNANCE

The aggregate Directors' remuneration of the Company and the Group for the financial period ended 30 June 2017 are as set out below:-

The Company	Fees (RM)	Benefits (RM)	Salaries and other emoluments (RM)	Bonus (RM)	Share Options Granted under ESOS (RM)	Benefits-in-kind (RM)	EPF (RM)	Total (RM)
Executive Directors	-	-	1,785,000	-	1,511,524	39,595	327,458	3,663,577
Non-Executive Directors	556,050	97,000	-	-	606,891	-	-	1,259,941
The Group								
Executive Directors	-	-	1,989,000	-	1,511,524	39,595	353,978	3,894,097
Non-Executive Directors	556,050	97,000	-	-	606,891	-	-	1,259,941

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 under 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

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 meeting, raise questions and seek clarification on the agenda items and on the performance of the Group and communicate their expectations and concerns.

STATEMENT ON CORPORATE GOVERNANCE

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, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia, that give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:-

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

The Directors have the responsibility in ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure the financial statements comply with the Companies Act, 2016.

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, 2016 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 including supplementary information are presented on pages 58 to 162 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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 financial period, the ERMC convened three meetings to review and deliberate on the Group's significant risks as well as to update the risk exposure of the Group to the Board.

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 of Risk Management and Internal Control in the Annual Report.

4.4 Relationship with the Auditors

The Group, through the Audit Committee, maintains 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 Executive Directors and Senior Management. During the financial period in review, one meeting was held with the External Auditors but without the presence of the Executive 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 has considered, amongst others, the adequacy of experience and resources of the External Auditors, the professional staff assigned to the audit and its independence. From the assessment, the Audit Committee is satisfied with the External Auditors' technical competency and audit independence.

The Audit Committee has also considered the provision of non-audit services by the External Auditors during the financial period and concluded that the provision of these services did not comprise the External Auditors' independence and objectivity. In support of the assessment on independence, the External Auditors have further 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 49 to 55 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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 is 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 forms 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 that the Board and the Senior Management are directly involved in the implementation of sustainability practices and the 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.

5.4 Workplace Diversity Policy

The Board recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organisation. The Board is committed to leveraging the diverse backgrounds, experiences and perspectives of its employees in order to create a harmonious and effective workforce that finds its foundation in diversity. Hence, a Workplace Diversity Policy was adopted by the Board on 24 March 2016. The Board's commitment in recognising the importance of diversity extends to all areas of its business including recruitment, talent development, skills enhancement, retention and compensation benefits as well as other relevant aspects of employment.

The Statement on Corporate Governance is made in accordance with the resolution of the Board dated 3 October 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibilities over the risk management and internal control system in the Group, which includes 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 period ended 30 June 2017 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.

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 covers 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 Management is responsible to identify and manage risks. Management meetings are held, where necessary to address significant issues as faced by the Group to ensure that such risks are closely monitored and appropriately addressed, managed, mitigated or eliminated. All significant risks of the Group are reported to the Board. Twice a year, the Management prepares a report detailing the significant risks, the status of risk reviews and the status of implementation of action plans, for review by the Board.

The Audit Committee with the support of the Internal Auditor, assist the Board in reviewing the adequacy, integrity and effectiveness of the risk management and internal control system within the Group. The Internal Auditor conducts 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 49 to 55 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 authority 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 staff 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 additional, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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 requires 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. 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 including both internal and external factors 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 mapping 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 financial period 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.

During the financial period under review, the ERMC convened three meetings to review and deliberate on the Group's significant risks as well as to update the risk exposure of the Group.

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 period ended 30 June 2017 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" nor is the same factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 3 October 2017.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The Audit Committee ("AC") was established by the Board on 15 June 2004. The AC 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 Bin Ahamad Osman
Independent Non-Executive Director

Chan Feoi Chun
Non-Independent Non-Executive Director

The composition of the AC complies with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires the majority of the AC members to be Independent Directors and at least one member to be a member of the Malaysian Institute of Accountants ("MIA").

MEETINGS

The AC met eight times during the financial period ended 30 June 2017. The details of the attendance by each member are as follows:-

Members	Number of Meetings Attended
Dato' Yogesvaran A/L T. Arianayagam	8/8
Dato' Anwarrudin Bin Ahamad Osman	7/8
Chan Feoi Chun	7/8

The Managing Director, Senior Management, External Auditors and Internal Auditors were invited, when appropriate, to attend the meetings and presented their reports on financial results, audit and other matters for the information and/or approval of the AC.

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

Minutes of the AC meetings were distributed to the Board for notation. Significant issues are highlighted by the AC Chairman at each Board meeting for further discussion and deliberation, and where applicable, for the Board's approval thereof.

TERMS OF REFERENCE

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

1. Membership

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

- The members shall elect a chairman from among their members who are an independent director. The Chairman of the Board shall not be the Chairman of the AC. The Chairman elected shall be subject to endorsement by the Board.

AUDIT COMMITTEE REPORT

- If a member of the AC including Chairman 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 AC.

- All members of the AC should be financially literate and at least one member of the AC:-

  (a) must be a member of the MIA; or

  (b) if he is not a member of the MIA, he must have at least three years' working experience and:-

    (i) passed the examination specified in Part I of the First 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 First Schedule of the Accountants Act, 1967; or

    (iii) fulfills such other requirements as prescribed or approved by Bursa Securities and/or other relevant authorities from time to time.

- For engagement of a former key audit partner as member, there is a cooling-off period of at least two years before being appointed as member of AC.

- The term of office and performance of the AC and each of its members must be reviewed by the Board via Nomination Committee annually to determine whether the AC and members have carried out their duties in accordance with its terms of reference.

2. Notice of Meeting and Attendance

- The agenda for AC meetings shall be circulated before each meeting to members of the AC.

- The AC shall meet at least four times a year with a minimum quorum of two members who are both independent non-executive directors. Additional meetings may be called at any time at the discretion of the AC. However, at least once a year the AC shall meet with the External Auditors without executive Board members and management present.

- The Company Secretary or his/her representative shall act as the Secretary of the AC.

- Only members of the AC have the right to attend AC meetings. However, the finance director, head of internal audit and external audit lead partner will be invited to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

- By invitation of the AC, the Managing Director/Chief Executive Officer and other appropriate officer(s) may be invited to attend the AC, where their presence are considered appropriate as determined by the AC Chairman.

- Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members.

- The AC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

AUDIT COMMITTEE REPORT

3. Rights and Authority

The AC assists, supports and implements the Board's responsibilities 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 unrestricted access to all employees of the Company;

(e) have direct communication channels with the External Auditors and persons carrying out the internal audit functions and convene meetings with External Auditors and the persons carrying out the internal audit functions or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;

(f) have access to independent professional advisor or other advisor in the performance of its duties; 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 AC are as follows:-

(a) to consider the nomination and recommend the appointment/re-appointment of External Auditors, to consider the adequacy of experience, resources, audit fees and any issues regarding resignation or dismissal of the External Auditors and to review the letter of resignation from the External Auditors if applicable and report the same to the Board. In considering the appointment/re-appointment of the External Auditors, to consider among others:-

(i) the adequacy of the experience and resources of the accounting firm;

(ii) the persons assigned to the audit;

(iii) the accounting firm's audit engagements;

(iv) the size and complexity of the listed issuer's group being audited; and

(v) the number and experience of supervisory and professional staff assigned to the particular audit;

The AC is to also consider the performance of the External Auditors and its independence as below:-

(i) the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

(ii) the competence, audit quality and resource capacity of the External Auditors in relation to the audit;

(iii) the nature and extent of the non-audit services rendered by the External Auditors and the appropriateness of the level of fees;

In the event that the non-audit fees paid to the Company's External Auditors, or a firm or corporation affiliated to the External Auditors' firm are significant (eg. constitute 50% of the total amount of audit fees paid to the Company's External Auditors) the Company is required to state the details on the nature of non-audit services rendered in the AC Report.

AUDIT COMMITTEE REPORT

(iv) obtaining written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

(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 and Internal 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:-

(i) any changes in or implementation of major accounting policies and practices;

(ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;

(iii) compliance with accounting standards and other legal requirements;

(iv) adequacy of disclosure of all information in the financial statements essential to a true and fair representation of the financial affair of the Company and its subsidiary companies; and

(v) 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 review whether there is reason, supported by ground, to believe that the External Auditors are not suitable for re-appointment;

(h) to discuss with the External Auditors their evaluation of the quality and effectiveness of the internal control and management information systems;

(i) to establish policies and procedures to assess the suitability and independence of External Auditors;

(j) 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 works;

(k) 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;

(l) to review and approve the annual audit plan proposed by the Internal Auditors;

(m) to review the co-operation or assistance given by the Company's officers to both External and Internal Auditors;

(n) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;

(o) to review all related party transactions and potential conflict of interests situations;

AUDIT COMMITTEE REPORT

(p) to identify a Head of Internal Audit (including from the firm on which the internal audit functions is outsourced to) who should have the relevant qualifications and will be responsible for providing assurance to the AC that the internal controls are operating effectively and who shall report directly to the AC;

(q) To do the following, in relation to the internal audit functions:-

(i) review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its works;

(ii) review the internal audit programme, processes, the results of the internal audit programme and process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit functions;

(iii) review any appraisal or assessment of the performance of members of the internal audit functions;

(iv) approve any appointment or termination of the Internal Auditors;

(v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(vi) investigate or cause to be investigated any activity within its terms of reference; and

(vii) to have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

(r) to verify the allocation of options under the employees' share option scheme; and

(s) 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.

INDEPENDENCE OF EXTERNAL AUDITORS

To reinforce the independence and objectivity of the External Auditors, the AC assessed all non-audit services that were above 50% of the statutory audit fees for the financial period 2017 that the External Auditors may be called upon to perform. During the financial period, the amount incurred by the Company and its subsidiaries in respect of audit fees and non-audit related fees for services rendered by the External Auditors are as follows:

	Group RM	**Company RM**
Audit Fees	156,800	65,000
Non-Audit Fees	107,000	92,000
Total	263,800	157,000

The non-audit services comprised the following assignments:

(a) Reporting Accountants in relation to the proposed restructuring and regularisation plan;
(b) Special audit review at the subsidiary level for the period ended from 1 September 2015 to 31 August 2016;
(c) Review of statement of risk management and internal controls for the financial year ended 31 December 2015; and
(d) Review of supplementary information on the disclosure of realised and unrealised profit and loss for the financial year ended 31 December 2015.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AC

During the financial period ended 30 June 2017, the activities carried out by the AC in discharging its functions and duties were as follows:-

1. Financial Reporting and Annual Reporting

(a) Reviewed the unaudited quarterly financial results and the annual audited financial statements of the Group before recommended them to the Board for the Board's consideration and approval, ensuring that the financial reporting and disclosure requirements of relevant authorities have been complied with, focusing particularly on:-

- any changes in or implementation of major accounting policies and practices;
- significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;
- compliance with accounting standards and other legal requirements;
- adequacy of disclosure of all information in the financial statements essential to a true and fair representation of the financial affair of the Company and its subsidiary companies; and
- compliance with applicable approved accounting standards, financial reporting standards and business practices.

(b) Reviewed the AC 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 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.

(d) Reviewed the internal audit function with particular emphasis on determining the adequacy of the scope, functions, competency, resources levels as well as the process and results of the internal audit functions.

3. External Audit

(a) Reviewed the Audit Planning Memorandum with the External Auditors together with their scope of work for the financial period prior to the commencement of audit.

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

(c) Reviewed the scope of audit and the External Auditors' performance, their independence and objectivity and their services rendered including non-audit services.

(d) Considered and recommended to the Board for approval the audit fees payable to the External Auditors and their re-appointment of services.

AUDIT COMMITTEE REPORT

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 financial period in the absence of the 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 continue to operate satisfactorily and effectively. It is the responsibility of the Internal Auditors to provide the AC 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 period ended 30 June 2017 was RM14,000.

Prior to the commencement of the internal audit reviews, an Internal Audit Plan is produced and presented to the AC for approval. This ensures that the audit direction is in line with the AC's expectations. Upon approval by the AC, the internal audit reviews would be carried out in accordance with the approved Internal Audit Plan. During the financial period under review, the Internal Auditors have assessed the effectiveness of the enterprise risk management framework including risk communication and structure in place and risk management policy adopted by the Group. All audit findings were reported to the AC and, areas of improvement and audit recommendations identified are communicated to the Management for their action. The Internal Auditors has also followed-up on the implementation of corrective action plans agreed with the Management for audit issues raised in their previous reports.

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

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

Pursuant to the Call Option Agreement entered between the Company and Macquarie Bank Limited ("Macquarie") on 24 November 2015, Macquarie was granted call options with the right to exercise and be issued up to 119,000,000 ordinary shares.

The proceeds raised during the private placement were approved for the following activities and the status of utilisation as at 29 September 2017 are summarised below:

Purpose	Approved Utilisation (RM' Million)	Variation (RM' Million)	Revised Utilisation (RM' Milllion)	Amount Utilised (RM' Million)
Repayment of bank borrowings and/or capital investment for jack-up drilling rig(s) and/or Mobile Offshore Production Unit ("MOPU")	25.0	(22.6)	2.4	(2.4)
Working capital :				
• Operational expenses for jack-up drilling and MOPU	1.2	-	1.2	(1.2)
• Finance cost	5.8	(4.2)	1.6	(1.6)
• Management and administrative expenses	4.7	3.3	8.0	(8.0)
Estimated expenses relating to the proposed private placement	0.3	-	0.3	(0.3)
Total	37.0	(23.5)	13.5	(13.5)

2. AUDIT AND NON-AUDIT FEES

The Group's audit and non-audit fees payable to the External Auditors for the financial period ended 30 June 2017 amounted to RM156,800 and RM107,000 respectively.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

During the financial period 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).

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

At the 13th Annual General Meeting of the Company held on 24 June 2016, 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 24 June 2016 and will lapse in 15 months.

The information on the RRPTs conducted during the financial period ended 30 June 2017 is presented on pages 143 to 146 of the audited financial statements in this Annual Report.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2017.

CHANGE OF FINANCIAL YEAR END

The Group and the Company changed their financial year end from 31 December to 30 June. Therefore, the financial statements is made up of a period of 18 months from 1 January 2016 to 30 June 2017.

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 14, 15, and 16 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	Group RM	Company RM
Loss for the financial period	(606,952,555)	(308,616,663)
Loss attributable to:		
Owners of the Company	(560,430,782)	(308,616,663)
Non-controlling interests	(46,521,773)	-
	(606,952,555)	(308,616,663)

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 period ended 30 June 2017.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 other than as disclosed in Note 2 to the financial statements.

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 period which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial period.

In the opinion of the directors, 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 period which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due except for those disclosed in Note 2 to the financial statements.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors:-

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in Note 2(e)(ii) and 6 to the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report was made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company has issued a total of 56,265,100 new ordinary shares for cash for working capital purposes through exercise of call options pursuant to the Company's private placement at the issue prices ranging from RM0.1190 to RM0.2500 for a total consideration of RM10,500,751.

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

During the financial period, no issue of debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial period.

As at 30 June 2017, the Company held as treasury shares a total of 400,000 ordinary shares of its 1,260,872,078 issued ordinary shares. Such treasury shares are held at a carrying amount of RM230,795. Further relevant details are disclosed in Note 20(c) to the financial statements.

DIRECTORS' REPORT

OPTIONS GRANTED UNDER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period other than from the call option granted to Macquarie Bank Limited and the issue of options pursuant to the ESOS during the previous financial year.

Call Option

The Company had on 24 November 2015 entered into a call option agreement ("Agreement") with Macquarie Bank Limited ("Macquarie" or the "Investor") pursuant to which Macquarie was granted the rights to exercise and be issued with up to 119,000,000 new ordinary shares in the Company. The main features of the call option are as follows:-

a. The call option granted may be exercised any time within the option period from the date of the Agreement and ending on the date which is eighteen (18) months after the call option closing date, being the date on which the conditions precedent to the granting of the call option were satisfied or waived; and

b. The exercise price of the call option shall be an amount equal to 90% of the volume weighted average market price of the Company's existing ordinary shares as traded on Bursa Malaysia Securities Berhad during the five (5) consecutive market days immediately preceding the date on which the Company receives the relevant exercise notice from the Investor, with exercise price not less than RM0.25 per ordinary share.

The movements in the number of call option during the financial period is as follows:

	Number of options ('000)				
	At 1.1.2016	Granted	Exercised	Lapsed	At 30.6.2017
Number of options	107,518	-	(56,265)	(51,253)	-

The Company had on 7 April 2016 obtained the approval from Bursa Malaysia Securities Berhad for an extension of time of six (6) months from 21 April 2016 up to 20 October 2016 to complete the implementation of the call option. The call option had lapsed on 20 October 2016.

Employees' Share Option Scheme ("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 seven directors, Dato' Anwarrudin Bin Ahamad Osman, Datuk Zainol Izzet Bin Mohamed Ishak, Adarash Kumar A/L Chranji Lal Amarnath, Dato' Yogesvaran A/L T. Arianayagam, Dato' Dr. Mohamed Ariffin Bin Hj. Aton, Chan Feoi Chun and D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim.

The salient features and other terms of the ESOS and movements of share option during the financial period are disclosed in Note 30 to the financial statements.

The Company did not grant any additional share options under the ESOS to eligible directors and employees of the Group during the financial period.

DIRECTORS' REPORT

OPTIONS GRANTED UNDER UNISSUED SHARES (cont'd)

Employees' Share Option Scheme ("ESOS") (cont'd)

The movements in the number of share options pursuant to the ESOS during the financial period are as follows:

			Number of options ('000)		
Grant date	**Expiry date**	**Exercise price per share option**	**At 1.1.2016**	**Forfeited**	**At 30.6.2017**
4 July 2012	1 July 2022	RM0.785	22,087	(2,100)	19,987
25 June 2013	1 July 2022	RM1.440	13,816	(2,260)	11,556
19 June 2014	1 July 2022	RM1.400	10,890	(1,295)	9,595
17 June 2015	1 July 2022	RM0.400	33,144	(3,767)	29,377
			79,937	(9,422)	70,515

DIRECTORS

The directors in office during the financial period and during the period from the end of the financial period to the date of this report are:

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

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares in the Company and its related corporations during the financial period were as follows:

(a) Shareholdings in the Company

		Number of ordinary shares		
	At 1.1.2016	**Exercise of ESOS/ Bought**	**Sold**	**At 30.6.2017**
Direct interest				
Dato' Yogesvaran A/L T. Arianayagam	3,006,207	-	-	3,006,207
Datuk Zainol Izzet Bin Mohamed Ishak	66,000,000	-	(36,526,100)	29,473,900
Chan Feoi Chun	500,000	-	-	500,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	85,000	-	-	85,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (cont'd)

(b) Shareholdings in the subsidiaries

- **Perisai Offshore Sdn. Bhd.**

	Number of ordinary shares			
	At 1.1.2016	**Bought**	**Sold**	**At 30.6.2017**
Direct interest				
Datuk Zainol Izzet Bin Mohamed Ishak	49,000	-	-	49,000

- **Larizz Energy Services Sdn. Bhd.**

	Number of ordinary shares			
	At 1.1.2016	**Bought**	**Sold**	**At 30.6.2017**
Direct interest				
Datuk Zainol Izzet Bin Mohamed Ishak	60,000	-	-	60,000

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

	Number of options			
Name	**Balance as at 1.1.2016**	**Granted**	**Exercised**	**Balance as at 30.6.2017**
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	2,100,000	-	-	2,100,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	1,640,000	-	-	1,640,000
Dato' Yogesvaran A/L T. Arianayagam	2,340,000	-	-	2,340,000
Chan Feoi Chun	1,440,000	-	-	1,440,000
Datuk Zainol Izzet Bin Mohamed Ishak	11,200,000	-	-	11,200,000
Adarash Kumar A/L Chranji Lal Amarnath	9,570,000	-	-	9,570,000
Dato' Anwarrudin Bin Ahamad Osman	2,340,000	-	-	2,340,000

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 emoluments received or due and receivable, by the directors as disclosed in Note 34 to the financial statements) 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 34 to the financial statements.

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the 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.

DIRECTORS' REPORT

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM15,000,000 and RM25,600 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 14 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Details of significant events during the financial period are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Details of significant events subsequent to the end of the financial period are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, Messrs. Baker Tilly AC.

The details of the Group's and the Company's auditors' remuneration are disclosed in Note 6 to the financial statements.

The indemnity to auditors of the Company is provided pursuant to Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' ANWARRUDIN BIN AHAMAD OSMAN
Director

DATUK ZAINOL IZZET BIN MOHAMED ISHAK
Director

Date: 3 October 2017

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Anwarrudin Bin Ahamad Osman and Datuk Zainol Izzet Bin Mohamed Ishak, being two of the directors of Perisai Petroleum Teknologi Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 71 to 161 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial period then ended.

The supplementary information set out on page 162 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 of Directors in accordance with a resolution of the directors:

DATO' ANWARRUDIN BIN AHAMAD OSMAN
Director

DATUK ZAINOL IZZET BIN MOHAMED ISHAK
Director

Date: 3 October 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Yeo Peck Chin, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the accompanying financial statements as set out on pages 71 to 161 and the supplementary information as set out on page 162 are to the best of my knowledge and belief, 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.

YEO PECK CHIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 3 October 2017.

Before me,

Tan Kim Chooi (No. W661)
Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERISAI PETROLEUM TEKNOLOGI BHD. (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Perisai Petroleum Teknologi Bhd., which comprise the statements of financial position as at 30 June 2017 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the financial statements, which disclosed that the Group and the Company incurred a net loss of RM606,952,555 and RM308,616,663 respectively during the financial period ended 30 June 2017 and, as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM1,340,931,550 and RM729,539,587 respectively. As stated in Note 2(b) to the financial statements, these events or conditions, along with other matters as set forth in Note 2(b) to the financial statements indicate that a material uncertainty exists that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERISAI PETROLEUM TEKNOLOGI BHD. (Incorporated in Malaysia)

Key Audit Matters (cont'd)

Plant and equipment and investments in joint ventures (Note 2(e)(iii), 2(e)(viii), 12 and 16 to the financial statements)

The Group has significant balances of plant and equipment and investments in joint ventures relating to its oil and gas operations. The persistently weak oil prices have adversely affected the demand for and charter rates of the Group's oil and gas operating assets. This indicates that the plant and equipment and investments in joint ventures may be impaired. The directors have performed an impairment assessment to estimate the recoverable amount of these assets with reference to the valuation performed by an external independent valuer. We focused on this area because the directors' assessment of the recoverable amount involved significant judgements.

Our audit response:

Our audit procedures included, among others:
- evaluating the competence, capabilities and objectivity of the external valuer which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the correspondences with the valuer and their report to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports and discussing with external valuer on their valuation approach and the significant judgements they made, including the replacement costs, residual value and the selection of comparables and adjustments for differences in key attributes made; and
- testing the mathematical calculation of the impairment assessment.

Trade receivables (Note 2(e)(v) and 18 to the financial statements)

The Group's trade receivables include amounts due from certain affiliated companies which are long overdue. We focused on this area because the directors made subjective judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by the Group and therefore any impairment is assessed based on knowledge of each individual receivable.

Our audit response:

Our audit procedures included, among others:
- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through an analysis of ageing reports;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts and considering the level of activity with the customers and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

Financial guarantee contracts (Note 2(e)(vi) and 23 to the financial statements)

The Company provides corporate guarantee to the lenders of its subsidiaries and joint ventures, including the payment obligations under the Medium Term Notes Programme ("MTN"). During the financial period, the Company has recognised an expense of RM88,754,806 in respect of the financial guarantee contracts provided to the subsidiaries arising from the remeasurement of the financial guarantee contracts. We focused on this area because the amount of remeasurement is material to the financial statements and involves exercise of significant judgements and estimates of the directors.

Our audit response:

Our audit procedures included, among others:
- assessing the directors' basis in arriving at their judgement on the likelihood and amount of the cash outflows required to settle the defaulted borrowings and interest payables; and
- assessing the reasonableness of the amount recognised for financial guarantee contracts.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERISAI PETROLEUM TEKNOLOGI BHD. (Incorporated in Malaysia)

Key Audit Matters (cont'd)

Investment in a joint venture (Note 2(e)(viii) and 16 to the financial statements)

During the financial period, the Group has assessed and determined that it continues to have joint control over its 51%-owned joint venture, SJR Marine (L) Ltd.. We focused on this area because significant judgement of the directors is required to determine the effects on the financial statements arising from the exercise of the put option, proposed settlement agreement and other events relating to the put option.

Our audit response:

Our audit procedures included, among others:

- reading the agreements to obtain an understanding of the principal terms of the put option and proposed settlement agreement and correspondences with the grantor of the put option;
- evaluating the directors' basis and judgement in determining the effects arising from the exercise of the put option, proposed settlement agreement and other events relating to the put option on the financial statements; and
- assessing the adequacy and appropriateness of the disclosures made in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERISAI PETROLEUM TEKNOLOGI BHD. (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERISAI PETROLEUM TEKNOLOGI BHD. (Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 162 is disclosed to meet the requirements 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 266 of the Companies Act 2016 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
No. AF 001826
Chartered Accountants

Lee Kong Weng
No. 02967/07/2019 J
Chartered Accountant

Kuala Lumpur

Date: 3 October 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Group		Company	
		Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Revenue	4	275,586,632	214,783,791	8,589,960	7,463,848
Direct costs	5	(213,432,747)	(172,193,918)	-	-
Gross profit		62,153,885	42,589,873	8,589,960	7,463,848
Other income		2,339,487	13,765,854	48,392,529	75,062,920
Administrative expenses		(49,276,749)	(32,246,309)	(34,250,486)	(22,117,305)
Other expenses		(388,415,600)	(690,354,790)	(278,834,113)	(648,700,805)
		(437,692,349)	(722,601,099)	(313,084,599)	(670,818,110)
Loss from operations	6	(373,198,977)	(666,245,372)	(256,102,110)	(588,291,342)
Finance costs	7	(92,636,739)	(47,655,599)	(52,514,553)	(31,417,822)
Share of results of associates, net of tax		2,645,599	3,838,075	-	-
Share of results of joint ventures, net of tax		(142,794,235)	21,911,509	-	-
Loss before tax		(605,984,352)	(688,151,387)	(308,616,663)	(619,709,164)
Tax expense	10	(968,203)	(833,970)	-	(69,477)
Loss for the financial period/year		(606,952,555)	(688,985,357)	(308,616,663)	(619,778,641)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Group		Company	
		Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(1,574,755)	104,660,337	-	-
Share of other comprehensive income of joint ventures and associates		(2,307,092)	131,809,307	-	-
Reclassification of foreign currency translation reserve to profit or loss on repayment of intercompany balances		(1,806,099)	(1,995,972)	-	-
Cash flow hedge					
- fair value changes during the financial period/year		10,544,022	4,689,781	10,544,022	4,689,781
- reclassification adjustments for amounts recognised in profit or loss		(7,201,835)	(6,653,623)	(7,201,835)	(6,653,623)
Other comprehensive (loss)/income for the financial period/year, net of tax		(2,345,759)	232,509,830	3,342,187	(1,963,842)
Total comprehensive loss for the financial period/year		(609,298,314)	(456,475,527)	(305,274,476)	(621,742,483)
(Loss)/Profit attributable to:					
Owners of the Company		(560,430,782)	(706,318,202)	(308,616,663)	(619,778,641)
Non-controlling interests		(46,521,773)	17,332,845	-	-
		(606,952,555)	(688,985,357)	(308,616,663)	(619,778,641)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(562,005,631)	(503,202,685)	(305,274,476)	(621,742,483)
Non-controlling interests		(47,292,683)	46,727,158	-	-
		(609,298,314)	(456,475,527)	(305,274,476)	(621,742,483)
Loss per share attributable to owners of the Company (sen per share)	11				
- Basic		(45.14)	(59.20)		
- Diluted		(45.14)	(59.20)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
ASSETS					
Non-current assets					
Plant and equipment	12	1,053,295,913	1,348,104,167	318,535	729,613
Intangible asset	13	75,000	75,000	75,000	75,000
Investments in subsidiaries	14	-	-	608,986,062	609,155,857
Investments in associates	15	1,977,305	2,419,314	300,000	300,000
Investments in joint ventures	16	547,006,594	751,322,564	72,011,543	124,722,224
Prepayments	17	-	-	-	-
Other receivables	19	-	-	-	78,004,629
		1,602,354,812	2,101,921,045	681,691,140	812,987,323
Current assets					
Trade receivables	18	30,403,194	67,306,589	526	1,774,150
Other receivables and deposits	19	67,525,364	59,464,935	59,519,734	91,266,994
Prepayments	17	1,477,594	5,121,528	84,298	402,545
Tax recoverable		517,099	310,775	159,500	126,500
Deposits, cash and bank balances		16,392,276	39,655,494	1,229,421	6,192,044
		116,315,527	171,859,321	60,993,479	99,762,233
TOTAL ASSETS		1,718,670,339	2,273,780,366	742,684,619	912,749,556

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group As at 30.6.2017 RM	Group As at 31.12.2015 RM	Company As at 30.6.2017 RM	Company As at 31.12.2015 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	770,888,300	120,460,698	770,888,300	120,460,698
Share premium	20	-	640,107,567	-	640,107,567
Treasury shares	20	(230,795)	(230,795)	(230,795)	(230,795)
Accumulated losses		(962,830,348)	(406,620,309)	(849,621,097)	(545,190,435)
Other reserves	21	324,234,201	323,897,171	31,115,145	25,836,326
Equity attributable to owners of the Company		132,061,358	677,614,332	(47,848,447)	240,983,361
Non-controlling interests		118,841,604	167,599,534	-	-
Total equity		250,902,962	845,213,866	(47,848,447)	240,983,361
Non-current liabilities					
Loans and borrowings	25	-	794,522,433	-	-
Hire purchase payables	26	-	156,746	-	156,746
Other payables	23	10,520,300	10,519,075	-	-
		10,520,300	805,198,254	-	156,746
Current liabilities					
Trade payables	22	16,120,893	16,861,349	-	-
Other payables and accruals	23	118,106,760	48,864,154	731,953,825	604,535,259
Provision	24	5,034,791	-	-	-
Loans and borrowings	25	1,317,869,233	546,696,067	58,484,241	56,410,519
Hire purchase payables	26	95,000	119,649	95,000	119,649
Derivative liability	27	-	10,544,022	-	10,544,022
Tax payable		20,400	283,005		
		1,457,247,077	623,368,246	790,533,066	671,609,449
Total liabilities		1,467,767,377	1,428,566,500	790,533,066	671,766,195
TOTAL EQUITY AND LIABILITIES		1,718,670,339	2,273,780,366	742,684,619	912,749,556

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

		← Attributable to owners of the Company →							
	Note	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings/ (Accumulated loss) RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2015		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
Comprehensive (loss)/income									
(Loss)/Profit for the financial year		-	-	-	-	(706,318,202)	(706,318,202)	17,332,845	(688,985,357)
Other comprehensive income/(loss)									
Foreign currency translation differences		-	-	-	205,079,359	-	205,079,359	29,394,313	234,473,672
Cash flow hedge		-	-	-	(1,963,842)	-	(1,963,842)	-	(1,963,842)
Total comprehensive income/(loss) for the financial year		-	-	-	203,115,517	(706,318,202)	(503,202,685)	46,727,158	(456,475,527)
Transactions with owners									
Share options granted under ESOS		-	-	-	7,885,404	-	7,885,404	-	7,885,404
Share issuance pursuant to private placement		1,148,200	-	1,852,169	-	-	3,000,369	-	3,000,369
Share issuance expenses	20	-	-	(151,107)	-	-	(151,107)	-	(151,107)
Dividend paid to non-controlling interest		-	-	-	-	-	-	(760,987)	(760,987)
Total transactions with owners		1,148,200	-	1,701,062	7,885,404	-	10,734,666	(760,987)	9,973,679
At 31 December 2015		120,460,698	(230,795)	640,107,567	323,897,171	(406,620,309)	677,614,332	167,599,534	845,213,866

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

		← Attributable to owners of the Company →							
	Note	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings/ (Accumulated loss) RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2016		120,460,698	(230,795)	640,107,567	323,897,171	(406,620,309)	677,614,332	167,599,534	845,213,866
Comprehensive loss									
Loss for the financial period		-	-	-	-	(560,430,782)	(560,430,782)	(46,521,773)	(606,952,555)
Other comprehensive (loss)/income									
Foreign currency translation differences		-	-	-	(4,917,037)	-	(4,917,037)	(770,909)	(5,687,946)
Cash flow hedge		-	-	-	3,342,186	-	3,342,186	-	3,342,186
Total comprehensive loss for the financial period		-	-	-	(1,574,851)	(560,430,782)	(562,005,633)	(47,292,682)	(609,298,315)
Transactions with owners									
Share options granted under ESOS		-	-	-	6,132,624	-	6,132,624	-	6,132,624
Lapsed of ESOS		-	-	-	(4,220,743)	4,220,743	-	-	-
Share issuance pursuant to private placement	20	5,626,510	-	4,874,241	-	-	10,500,751	-	10,500,751
Share issuance expenses		-	-	(180,716)	-	-	(180,716)	-	(180,716)
Dividend paid to non-controlling interest		-	-	-	-	-	-	(1,465,248)	(1,465,248)
Total transactions with owners		5,626,510	-	4,693,525	1,911,881	4,220,743	16,452,659	(1,465,248)	14,987,411
Transfer in accordance with Section 618(2) of the Companies Act 2016		644,801,092	-	(644,801,092)	-	-	-	-	-
At 30 June 2017		770,888,300	(230,795)	-	324,234,201	(962,830,348)	132,061,358	118,841,604	250,902,962

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 PERIOD ENDED 30 JUNE 2017

	Note	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings/ (Accumulated loss) RM	Total equity RM
At 1 January 2015		119,312,498	(230,795)	638,406,505	19,914,764	74,588,206	851,991,178
Comprehensive loss							
Loss for the financial year		-	-	-	-	(619,778,641)	(619,778,641)
Other comprehensive loss							
Cash flow hedge		-	-	-	(1,963,842)	-	(1,963,842)
Total comprehensive loss for the financial year		-	-	-	(1,963,842)	(619,778,641)	(621,742,483)
Transactions with owners							
Share options granted under ESOS		-	-	-	7,885,404	-	7,885,404
Share issuance pursuant to private placement	20	1,148,200	-	1,852,169	-	-	3,000,369
Share issuance expenses		-	-	(151,107)	-	-	(151,107)
Total transactions with owners		1,148,200	-	1,701,062	7,885,404	-	10,734,666
At 31 December 2015		120,460,698	(230,795)	640,107,567	25,836,326	(545,190,435)	240,983,361
At 1 January 2016		120,460,698	(230,795)	640,107,567	25,836,326	(545,190,435)	240,983,361
Comprehensive loss							
Loss for the financial period		-	-	-	-	(308,616,663)	(308,616,663)
Other comprehensive income							
Cash flow hedge		-	-	-	3,342,186	-	3,342,186
Total comprehensive income/(loss) for the financial period		-	-	-	3,342,186	(308,616,663)	(305,274,477)
Transactions with owners							
Share options granted under ESOS		-	-	-	6,122,634	-	6,122,634
Lapsed of ESOS		-	-	-	(4,186,001)	4,186,001	-
Share issuance pursuant to private placement	20	5,626,510	-	4,874,241	-	-	10,500,751
Share issuance expenses		-	-	(180,716)	-	-	(180,716)
Total transactions with owners		5,626,510	-	4,693,525	1,936,633	4,186,001	16,442,669
Transfer in accordance with Section 618(2) of the Companies Act 2016		644,801,092	-	(644,801,092)	-	-	-
At 30 June 2017		770,888,300	(230,795)	-	31,115,145	(849,621,097)	(47,848,447)

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 PERIOD ENDED 30 JUNE 2017

	Note	Group		Company	
		Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Cash Flows from Operating Activities					
Loss before tax		(605,984,352)	(688,151,387)	(308,616,663)	(619,709,164)
Adjustments for:-					
Impairment loss on:					
- investments in subsidiaries		-	-	-	13,256,167
- investments in joint ventures		59,209,192	-	52,635,622	-
- amounts due from subsidiaries		-	-	131,297,938	634,199,730
- plant and equipment		186,324,561	268,316,356	-	-
- prepayments		28,556,511	421,596,886	-	-
- trade receivables		108,363,150	-	1,497,796	-
Reversal of impairment loss on:-					
- investments in subsidiaries		-	-	(10,524,457)	-
Financial guarantee contracts		-	-	88,754,806	-
Depreciation of plant and equipment		104,601,385	75,257,638	464,955	275,670
Bad debt written off		72,000	-	72,000	-
Deposit written off		-	7,633	-	-
Plant and equipment written off		-	1,155	-	1,155
Interest expense		92,636,739	47,655,599	52,514,553	31,417,822
Dividend income		-	-	(4,497,000)	(4,167,000)
Interest income		(447,617)	(198,244)	(35,469,707)	(21,135,090)
Net unrealised loss/(gain) on foreign exchange		5,890,185	(12,366,851)	4,575,949	(53,623,186)
		(20,778,246)	112,118,785	(27,294,208)	(19,483,896)
Share of results of associates		(2,645,599)	(3,838,075)	-	-
Share of results of joint ventures		142,794,235	(21,911,509)	-	-
Share options granted under ESOS		6,132,624	7,885,404	5,881,436	7,655,477
Operating profit/(loss) before working capital changes		125,503,014	94,254,605	(21,412,772)	(11,828,419)
Change in receivables		(59,036,998)	(2,278,876)	420,882	(1,414,998)
Change in payables		19,781,968	3,584,882	5,534,054	(8,925,170)
Cash from/(used in) operations		86,247,984	95,560,611	(15,457,836)	(22,168,587)
Interest paid		(55,819,856)	(54,169,899)	(15,382,671)	(25,909,574)
Interest received		94,537	174,529	27,606	109,270
Dividend received		3,018,000	3,402,000	4,497,000	4,167,000
Tax paid		(1,607,411)	(1,312,750)	(33,000)	(66,000)
Tax refunded		177,332	75,237	-	-
Net cash from/(used in) operating activities, balance carried down		32,110,586	43,729,728	(26,348,901)	(43,867,891)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Group		Company	
		Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Balance brought down		32,110,586	43,729,728	(26,348,901)	(43,867,891)
Cash Flows from Investing Activities					
Subscription of shares in an associate		-	-	-	(22,500)
Net cash inflow from acquisition of subsidiary		-	31,546	-	-
Advances to joint ventures		(983,289)	(5,056,003)	(808,849)	(5,056,003)
Advances to subsidiaries		-	-	(17,537,981)	(72,455,759)
Prepayment of plant and equipment		(21,368,025)	(50,855,153)	-	-
Purchase of plant and equipment	12	(1,841,333)	(2,564,748)	(53,877)	(295,227)
Net cash used in investing activities		(24,192,647)	(58,444,358)	(18,400,707)	(77,829,489)
		7,917,939	(14,714,630)	(44,749,608)	(121,697,380)
Cash Flows from Financing Activities					
Payments of hire purchase		(181,395)	(114,523)	(181,395)	(114,523)
Advances from subsidiaries		-	-	28,492,864	1,627,524
Net proceeds from share issuance pursuant to private placement					
- Gross proceeds		10,500,751	3,000,369	10,500,751	3,000,369
- Share issue expenses		(180,716)	(151,107)	(180,716)	(151,107)
Dividend paid to non-controlling interest		(1,465,248)	(760,987)	-	-
Drawdown of revolving credit		-	52,935,000	-	52,935,000
Drawdown of term loans		11,204,080	-	-	-
Repayments of term loans		(51,840,819)	(104,103,216)	-	-
Net cash (used in)/from financing activities		(31,963,347)	(49,194,464)	38,631,504	57,297,263
Net decrease in cash and cash equivalents		(24,045,408)	(63,909,094)	(6,118,104)	(64,400,117)
Effect of exchange rate changes		(508,287)	5,980,920	(134,996)	(270,534)
		(24,553,695)	(57,928,174)	(6,253,100)	(64,670,651)
Cash and cash equivalents at beginning of the financial year		36,179,975	94,108,149	2,716,525	67,387,176
Cash and cash equivalents at end of the financial period/year	29	11,626,280	36,179,975	(3,536,575)	2,716,525

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan. The 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 14, 15 and 16. There have been no significant changes in the nature of these activities during the financial period.

The Group and the Company changed their financial year end from 31 December to 30 June primarily for better management of resources and avoiding auditing service peak periods as well as to focus on the Company's restructuring and regularisation plans. Therefore, the financial statements is made up of a period of 18 months from 1 January 2016 to 30 June 2017.

The financial statements were approved and authorised for issue by the Board of Directors on 3 October 2017.

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 2016 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(e).

(b) Going concern assumption

During the financial period ended 30 June 2017, the Group and the Company incurred net losses of RM606,952,555 and RM308,616,663 respectively and as at that date, the Group and the Company had net current liabilities of RM1,340,931,550 and RM729,539,587 respectively. Furthermore, in October 2016, the Company and its wholly-owned subsidiary, Perisai Capital (L) Inc ("PCLI") received a notice from the Trustee of the Medium Term Notes ("MTN") that an event of default for payment of principal and interest of the MTN had occurred as PCLI failed to pay the principal and interest due on 3 October 2016. Consequently, this gave rise to a cross default of the financing facilities with all other lenders of the Group and of the Company, including the joint ventures. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

2. BASIS OF PREPARATION (cont'd)

(b) Going concern assumption (cont'd)

The Company is in the midst of formulating a restructuring and regularisation plan which will be submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") within 12 months from 12 October 2016 as the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(f) of Practice Note 17 ("PN17") of the Main Market Listing Requirements ("LR") of Bursa Securities after the event of default in the payment of the principal and interest of the MTN and the Company was unable to provide a solvency declaration to Bursa Securities. A principal adviser has been appointed to assist the Company on its restructuring and regularisation plan.

The Corporate Debt Restructuring Committee ("CDRC") had on 9 November 2016 accepted the Company's application for assistance to mediate with the Company's lenders on a proposed debt restructuring scheme. CDRC had requested the Company's lenders to observe an informal standstill and withhold litigation proceedings against the Company with immediate effect.

The proposed debt restructuring scheme was submitted to CDRC and several meetings were held with the Scheme Creditors in the presence of CDRC.

On 12 January 2017, the Company and PCLI have been granted orders pursuant to Sections 176(1) and 176(10) of the Companies Act 1965 ("the Act") by the High Court of Malaya (Commercial Division) at Kuala Lumpur ("the Court") restraining all proceedings and actions brought against the Company and PCLI ("the Order"). The Order was applied for as part of the Company's plan to regularise the Company's and the Group's financial condition through, amongst others, proposed schemes of arrangement. The Order is for a period of 90 days effective from 12 January 2017. On 5 May 2017, the Court has granted the Restraining Order for 3 months from 5 May 2017. On 3 August 2017, the Court has granted the Restraining Order for 9 months from 3 August 2017 to the Company.

The basis for the preparation of the financial statements of the Group and of the Company is therefore dependent upon the successful formulation and implementation of the restructuring and regularisation plan, profitable operations of the Group and of the Company to generate sufficient cash in the future to fulfill their obligations as and when they fall due and financial support from the lenders and shareholders.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the amount and classification of recorded assets and to provide for further liabilities that may be necessary should the Group and the Company be unable to continue as a going concern.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate as they believe the proposed restructuring and regularisation plan will obtain the support of the lenders and shareholders, and will enable the Group and the Company to operate profitably in the foreseeable future, and accordingly, realise their assets and discharge their liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

2. BASIS OF PREPARATION (cont'd)

(c) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

(i) Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial period:-

Amendments/Improvements to MFRSs	
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

(ii) New MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:-

		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 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/Deferred
MFRS 140	Investment Property	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

2. BASIS OF PREPARATION (cont'd)

(c) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

(ii) New MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective (cont'd)

		Effective for financial periods beginning on or after
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- 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 statements 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 statements of financial position.

- 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.

- 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.

2. BASIS OF PREPARATION (cont'd)

(c) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

(ii) New MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective (cont'd)

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:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

2. BASIS OF PREPARATION (cont'd)

(c) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

(ii) New MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective (cont'd)

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, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

2. BASIS OF PREPARATION (cont'd)

(d) 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.

(e) 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 12) – 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 financial period, the Group has revised the residual value of its Jack-up rig and MOPU at the end of their useful life due to existing market conditions. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge in the current and future financial period/years has increased by RM7,666,325 and RM5,110,883 respectively.

(iii) Impairment of plant and equipment (Note 12) – 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 also required in the estimation of recoverable amount using the expected future cash flows from the asset or 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 in subsidiaries, associates and joint ventures (Notes 14, 15 and 16) – 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 of disposal 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 18 and 19) – 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

2. BASIS OF PREPARATION (cont'd)

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

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

(vi) Financial guarantee contracts (Note 23) – Financial guarantee contracts are measured at fair value on initial recognition after accounting for the probability of the guarantee will be called upon. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation. In assessing the amount subsequently recognised, significant judgement is required in estimating the expenditure which is the expected cash outflows required to settle the defaulted borrowings and interest payables of the subsidiaries and joint ventures, including the value of assets pledged for the borrowings.

(vii) Share options reserve (Note 30) – 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.

(viii) Investments in joint ventures (Note 16) – The Group's interest in the entities 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 the Group 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 to MFRS 11 Joint Arrangement. During the financial period, the Group also assessed and determined that it continues to have joint control over its joint venture despite its exercise of the put option, the dispute with the grantor of the put option and the Proposed Settlement Agreement which was aborted in August 2017. Judgement is required to determine that the Group has joint control over the joint ventures and thus regards them as joint arrangements and accounts for its interest using the equity method.

(ix) Provision, insurance receivable and contingencies (Notes 19, 24 and 38) – A provision was recognised on the claims by certain parties on their losses and damages incurred during the financial period. The amount of provision is determined using the best estimate of the Group of the expenditure required to settle the obligation. An insurance receivable of an equal amount was also recognised as the Group determines that it is virtually certain that the reimbursement will be received under the insurance contract. Significant judgement is involved in estimating the amount of provision and the recognition of the reimbursement amount from insurance contracts.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

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

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

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

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

(ii) Accounting for business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

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

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

(iii) Accounting for acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency (cont'd)

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

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 rate for the financial period/year, which approximates the exchange rates at the date 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.

(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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 period/year to which they relate. Once the contributions have been paid, the Group has no further payment.

(ii) Employees' share option scheme ("ESOS")

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

30 JUNE 2017

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

(i) Current tax

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.

(ii) Deferred tax

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)

(ii) Deferred tax (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.

(iii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(i) 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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Plant and equipment (cont'd)

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.

(j) 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.

(k) 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 derecognised 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.

(l) Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less 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)

(l) 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.

(m) 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 date later than 12 months after the reporting date which are classified as non-current.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) 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.

(o) 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.

(p) 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.

(q) Treasury shares

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) 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.

(s) 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)

(t) 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.

(u) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) 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.

(y) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

4. REVENUE

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Dividend income from:				
- subsidiary	-	-	1,479,000	765,000
- associate	-	-	3,018,000	3,402,000
Management fee	-	-	4,092,960	3,296,848
Charter income	90,650,597	55,935,547	-	-
Drilling revenue	184,936,035	158,848,244	-	-
	275,586,632	214,783,791	8,589,960	7,463,848

5. DIRECT COSTS

	Group	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Cost of services rendered	213,432,747	172,193,918

6. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Auditors' remuneration:				
- statutory audit:				
- current financial period/year	156,800	146,800	65,000	55,000
- over provision in prior financial year	-	(12,600)	-	(5,000)
- other services	107,000	23,000	92,000	8,000
Bad debts written off	72,000	-	72,000	-
Deposit written off	-	7,633	-	-
Depreciation of plant and equipment	104,601,385	75,257,638	464,955	275,670
Employee benefits expenses (including key management personnel) (Note 8)	40,410,641	18,357,147	17,865,205	15,139,647
Impairment loss on:				
- plant and equipment	186,324,561	268,316,356	-	-
- prepayments	28,556,511	421,596,886	-	-
- trade receivables	108,363,150	-	1 ,497,796	-
- investments in subsidiaries	-	-	-	13,256,167
- investments in joint ventures	59,209,192	-	52,635,622	-
- amounts due from subsidiaries	-	-	131,297,938	634,199,730

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

6. LOSS FROM OPERATIONS (cont'd)

Loss from operations is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Reversal of impairment loss on:				
- investments in subsidiaries	-	-	(10,524,457)	-
Financial guarantee contracts	-	-	88,754,806	-
Plant and equipment written off	-	1,155	-	1,155
Rental of office	2,337,962	1,669,627	1,233,130	773,760
Rental of office equipment	36,775	25,435	36,775	25,435
Late payment interest income	(353,128)	(28,083)	-	-
Interest income from:				
- subsidiaries	-	-	(35,442,149)	(21,030,188)
- third parties	(94,489)	(170,161)	(27,558)	(104,902)
Net (gain)/loss on foreign exchange:				
- realised	(585,105)	425,188	(1,848,680)	1,243,754
- unrealised	5,890,185	(12,366,851)	4,575,949	(53,623,186)
Sub-rental income on office	(1,158,821)	(991,265)	(433,696)	(288,894)

7. FINANCE COSTS

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Interest expense on:				
- Bank overdraft	1,367,956	170,520	1,367,956	170,520
- Hire purchase	11,853	14,309	11,853	14,309
- Loans from subsidiaries	-	-	47,607,002	29,034,206
- Medium term notes	40,504,616	18,249,688	405,379	732,715
- Revolving credit	4,871,395	2,329,732	3,049,706	1,118,662
- Term loans	45,808,262	26,438,467	-	-
Bank guarantee commission	-	105,473	-	-
Commitment fee	72,657	347,410	72,657	347,410
	92,636,739	47,655,599	52,514,553	31,417,822

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

8. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Wages and salaries	31,209,548	9,891,015	11,096,064	7,293,722
Defined contribution plan and social security contribution	3,598,546	1,325,724	1,338,646	971,366
Share options granted under ESOS	5,525,733	6,720,115	5,274,545	6,490,188
Other benefits	76,814	420,293	155,950	384,371
	40,410,641	18,357,147	17,865,205	15,139,647

Included in employees benefits expense are executive directors' remuneration of the Group and of the Company amounting to RM3,854,502 (2015: RM3,424,443) and RM3,623,982 (2015: RM3,357,019) respectively.

9. DIRECTORS' REMUNERATION

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Executive directors' remuneration:				
- Salaries and bonus	1,989,000	1,283,667	1,785,000	1,224,000
- Other emoluments	353,978	208,637	327,458	200,880
- Share options granted under ESOS	1,511,524	1,932,139	1,511,524	1,932,139
	3,854,502	3,424,443	3,623,982	3,357,019
Non-executive directors' remuneration:				
- Fee	556,050	365,140	556,050	365,140
- Other emoluments	97,000	35,500	97,000	35,500
- Share options granted under ESOS	606,891	1,165,289	606,891	1,165,289
	1,259,941	1,565,929	1,259,941	1,565,929
Total directors' remuneration	5,114,443	4,990,372	4,883,923	4,922,948

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group and the Company amounted to RM39,595 (2015: RM35,650).

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10. TAX EXPENSE

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Current tax:				
Malaysian				
- current financial period/year	962,477	780,088	-	-
- under provision in prior financial year	5,726	53,882	-	69,477
Total tax expense recognised in profit or loss	968,203	833,970	-	69,477

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

	Group		Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Loss before tax	(605,984,352)	(688,151,387)	(308,616,663)	(619,709,164)
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	(145,436,244)	(172,037,847)	(74,067,999)	(154,927,291)
Effect of share of results of associates	(634,944)	(959,519)	-	-
Effect of share of results of joint ventures	34,270,616	(5,477,877)	-	-
Tax effect of non-deductible expenses	84,396,665	177,502,839	64,725,221	166,964,703
Tax effect of non-taxable income	(1,379,495)	(3,186,164)	(3,905,365)	(14,447,500)
Different tax rates in offshore companies *	113,373	(2,347,973)	-	-
Deferred tax asset not recognised during the financial period/year	29,632,506	7,286,629	13,248,143	2,410,088
Under provision in prior financial year:				
- current tax	5,726	53,882	-	69,477
Total tax expense recognised in profit or loss	968,203	833,970	-	69,477

* 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 24% (2015: 25%) of the estimated assessable profit for the financial period/year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

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11. LOSS PER SHARE

Basic loss per share

Basic earnings per share amounts are calculated by dividing loss for the financial period/year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period/year.

Diluted loss per share

Diluted earnings per share amounts are calculated by dividing loss for the financial period/year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period/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	
	Period from 1.1.2016 to 30.6.2017	**Year ended 31.12.2015**
	RM	**RM**
Loss for the financial period/year attributable to owners of Company	(560,430,782)	(706,318,202)

	Group/Company	
	Period from 1.1.2016 to 30.6.2017	**Year ended 31.12.2015**
	Number of Shares ('000)	
Weighted average number of ordinary shares for basic loss per share computation	1,241,525	1,193,120
Effect of dilution:		
- share options	-	1,356
Weighted average number of ordinary shares for diluted loss per share computation	1,241,525	1,194,476

During the current financial period, the diluted loss per share is the same as basic loss per share as the assumed potential new ordinary shares are anti-dilutive.

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12. 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 January 2016	620,106	259,763	227,861	72,611	1,895,170	1,880,842,965	1,883,918,476
Additions	-	817	-	-	1,840,516	-	1,841,333
Overbilling	-	-	-	-	-	(2,124,978)	(2,124,978)
Exchange differences	-	2	-	8	29,597	(10,494,433)	(10,464,826)
At 30 June 2017	620,106	260,582	227,861	72,619	3,765,283	1,868,223,554	1,873,170,005
Accumulated depreciation and impairment loss							
At 1 January 2016	351,393	104,524	108,284	65,005	728,969	534,456,134	535,814,309
Charge for the financial period	186,032	38,798	34,180	7,167	1,308,242	103,026,966	104,601,385
Impairment loss for the financial period	-	-	-	-	-	186,324,561	186,324,561
Exchange difference	-	26	-	126	17,806	(6,884,121)	(6,866,163)
At 30 June 2017	537,425	143,348	142,464	72,298	2,055,017	816,923,540	819,874,092
Analysed as:-							
At 30 June 2017							
- Accumulated depreciation	537,425	143,348	142,464	72,298	2,055,017	333,776,387	336,726,939
- Accumulated impairment loss	-	-	-	-	-	483,147,153	483,147,153
	537,425	143,348	142,464	72,298	2,055,017	816,923,540	819,874,092
Net carrying amount							
At 30 June 2017	82,681	117,234	85,397	321	1,710,266	1,051,300,014	1,053,295,913

NOTES TO THE FINANCIAL STATEMENTS

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12. 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 January 2015	620,106	250,685	232,061	59,132	664,864	1,540,217,353	1,542,044,201
Additions	-	7,149	-	-	1,078,822	1,478,777	2,564,748
Written off	-	-	(4,200)	-	-	-	(4,200)
Exchange differences	-	1,929	-	13,479	151,484	339,146,835	339,313,727
At 31 December 2015	620,106	259,763	227,861	72,611	1,895,170	1,880,842,965	1,883,918,476
Accumulated depreciation and impairment loss							
At 1 January 2015	227,372	78,756	88,192	46,991	477,620	137,885,373	138,804,304
Charge for the financial year	124,021	25,363	23,137	6,644	183,350	74,895,123	75,257,638
Impairment loss for the financial year	-	-	-	-	-	268,316,356	268,316,356
Written off	-	-	(3,045)	-	-	-	(3,045)
Exchange differences	-	405	-	11,370	67,999	53,359,282	53,439,056
At 31 December 2015	351,393	104,524	108,284	65,005	728,969	534,456,134	535,814,309
Analysed as:-							
At 31 December 2015							
- Accumulated depreciation	351,393	104,524	108,284	65,005	728,969	239,551,292	240,909,467
- Accumulated impairment loss	-	-	-	-	-	294,904,842	294,904,842
	351,393	104,524	108,284	65,005	728,969	534,456,134	535,814,309
Net carrying amount							
At 31 December 2015	268,713	155,239	119,577	7,606	1,166,201	1,346,386,831	1,348,104,167

NOTES TO THE FINANCIAL STATEMENTS
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12. 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 January 2016	620,106	134,201	190,316	633,727	1,578,350
Additions	-	-	817	53,060	53,877
At 30 June 2017	620,106	134,201	191,133	686,787	1,632,227
Accumulated depreciation					
At 1 January 2016	351,393	83,902	87,098	326,344	848,737
Charge for the financial period	186,032	20,130	28,403	230,390	464,955
At 30 June 2017	537,425	104,032	115,501	556,734	1,313,692
Net carrying amount					
At 30 June 2017	82,681	30,169	75,632	130,053	318,535
Costs					
At 1 January 2015	620,106	138,401	185,967	342,849	1,287,323
Additions	-	-	4,349	290,878	295,227
Written off	-	(4,200)	-	-	(4,200)
At 31 December 2015	620,106	134,201	190,316	633,727	1,578,350
Accumulated depreciation					
At 1 January 2015	227,372	73,178	68,335	207,227	576,112
Charge for the financial year	124,021	13,769	18,763	119,117	275,670
Written off	-	(3,045)	-	-	(3,045)
At 31 December 2015	351,393	83,902	87,098	326,344	848,737
Net carrying amount					
At 31 December 2015	268,713	50,299	103,218	307,383	729,613

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

12. PLANT AND EQUIPMENT (cont'd)

(a) The carrying amount of assets under a finance lease arrangements are as follows:-

	Group/Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Motor vehicles Net carrying amount	82,681	268,713

(b) The carrying amount of plant and equipment of the Group that have been pledged as securities for bank guarantee and credit facilities granted to certain subsidiaries as disclosed in Note 25 are as follows:-

	Group	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Jack-up rig, MOPU and Marine vessels Net carrying amount	1,051,300,014	1,346,386,831

(c) During the financial period/year, the Group and the Company acquired plant and equipment with an aggregate cost of RM1,841,333 (2015: RM2,564,748) and RM53,877 (2015: RM295,277) respectively which are satisfied as follows:-

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Cash payments	1,841,333	2,564,748	53,877	295,227

(d) Impairment loss

During the financial period/year, the Group assessed the recoverable amount of its Jack-up rig, MOPU, marine vessels and equipment in view of the persistently weak crude oil prices which have adversely affected the demand for and charter rates of the Group's operating assets. The assessment was performed by the management by reference to an independent valuation carried out by a professional valuer which led to the recognition of an impairment loss of RM186,324,561 (2015: RM268,316,356) in the consolidated statement of profit or loss in other expenses line item.

The estimated recoverable amount of RM967,395,260 (31.12.2015: RM1,051,950,332) of the assets in the production units, marine vessels and drilling units segments is determined using fair value less costs of disposal, which is based on combination of market, cost and income approach, by reference to independent valuation carried out by professional valuer. The fair value is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the historical disposal price of similar asset, cost of rebuilding the same specification of the assets and day rates.

NOTES TO THE FINANCIAL STATEMENTS

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13. INTANGIBLE ASSET

	Group/Company Golf club membership	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Cost		
At 1 January/ 30 June/ 31 December	75,000	75,000
Net carrying amount		
At 30 June/ 31 December	75,000	75,000

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Unquoted shares, at cost		
At the beginning of the financial period/year	81,861,393	81,798,893
Addition	-	62,500
	81,861,393	81,861,393
Share options granted under ESOS	471,125	229,928
Quasi loans	565,689,038	576,624,487
	648,021,556	658,715,808
Less: Allowance for impairment losses	(39,035,494)	(49,559,951)
	608,986,062	609,155,857

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

14. 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 ownership interest/ Voting rights As at 30.6.2017	As at 31.12.2015
	Romilly (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%
	Alpha Perisai Sdn. Bhd.	Malaysia	Provision of administrative support services	100%	100%
#	Corro-Pro (L) Inc.	Labuan, Malaysia	Dormant	100%	100%
	Perisai Offshore Sdn. Bhd.	Malaysia	Provision of offshore oil and gas services in upstream oil sectors	51%	51%
	Corro-Shield (SEA) Sdn. Bhd.	Malaysia	Dormant	100%	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%
	Larizz Energy Services Sdn. Bhd.	Malaysia	Provision of upstream oil and gas services and other services in the oil and gas sectors	51%	51%
	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	Dormant	51%	51%

NOTES TO THE FINANCIAL STATEMENTS
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14. 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 ownership interest/ Voting rights As at 30.6.2017	As at 31.12.2015
	Subsidiaries of Perisai Drilling Holdings Sdn. Bhd.				
	Perisai Drilling Sdn. Bhd.	Malaysia	Operations and maintenance for jack-up rig	100%	100%
#	Perisai Pacific 101 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	100%
#	Perisai Pacific 102 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry.	100%	100%
#	Perisai Pacific 103 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry.	100%	100%
	Perisai Drilling Operations Sdn. Bhd.	Malaysia	Dormant	100%	100%
	Perisai Drilling Services Sdn. Bhd.	Malaysia	Dormant	100%	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%	100%
	Perisai Production Operations Sdn. Bhd.	Malaysia	Dormant	100%	100%
	Perisai Production Services Sdn. Bhd.	Malaysia	Dormant	100%	100%

Subsidiaries audited by a firm of chartered accountant affiliated with Baker Tilly AC.
@ Subsidiary audited by firm of auditors other than Baker Tilly AC.
* Audited by Messrs. Baker Tilly AC for the purpose of consolidation in the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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14. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Incorporation of subsidiaries

In previous financial year, Perisai Drilling Holdings Sdn. Bhd. and Perisai Production Holdings Sdn. Bhd., both wholly-owned subsidiaries of the Company have each incorporated two (2) new wholly-owned subsidiaries in Malaysia under the Companies Act 1965, with issued share capital of RM2 comprising 2 ordinary shares in each of the subsidiaries, namely:

(i) Perisai Drilling Operations Sdn. Bhd.;
(ii) Perisai Drilling Services Sdn. Bhd.;
(iii) Perisai Production Operations Sdn. Bhd.; and
(iv) Perisai Production Services Sdn. Bhd.;

(b) Subscription of shares

In previous financial year, the Company had subscribed an additional 22,500 ordinary shares of RM1 each in Larizz Energy Services Sdn. Bhd. ("Larizz Energy") ("Subscription of Shares") at a total cash consideration of RM22,500. Upon the Subscription of Shares, the Company's equity interest in Larizz Energy had increased from 40% to 51% resulted in Larizz Energy became a subsidiary of the Company. The remaining 49% of the enlarged issued and paid-up share capital of Larizz Energy is held by Datuk Zainol Izzet Bin Mohamed Ishak ("Datuk Izzet"), the Managing Director of the Company.

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

As at 30.6.2017	**Intan Offshore Sdn. Bhd. and its subsidiaries RM**	**Individually immaterial subsidiaries RM**	**Total RM**
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	117,909,317	932,287	118,841,604
(Loss)/Profit allocated to NCI	(47,836,681)	1,314,908	(46,521,773)
Total comprehensive loss allocated to NCI	(48,605,222)	1,312,539	(47,292,683)
As at 31.12.2015			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	166,514,539	1,084,995	167,599,534
Profit allocated to NCI	16,234,684	1,098,161	17,332,845
Total comprehensive income allocated to NCI	45,441,442	1,285,716	46,727,158

NOTES TO THE FINANCIAL STATEMENTS
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14. 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	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Assets and liabilities		
Non-current assets	216,396,123	294,436,497
Current assets	160,899,113	186,892,585
Non-current liabilities	(10,520,300)	(107,047,259)
Current liabilities	(126,112,811)	(34,456,233)
Net assets	240,662,125	339,825,590
Results		
Revenue	90,650,597	55,935,546
(Loss)/Profit for the financial period/year	(97,625,879)	33,132,007
Total comprehensive (loss)/income	(99,163,465)	92,737,637
Cash flows from operating activities	12,616,491	28,994,297
Cash flows from investing activities	674,356	1,000,304
Cash flows used in financing activities	(13,522,304)	(32,984,384)
Net decrease in cash and cash equivalents	(231,457)	(2,989,783)
Dividends paid to NCI	-	-

(e) The covenants of the bank term loans taken by Perisai Pacific 101 (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 RM9,546,939 (31.12.2015: RM4,414,028).

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Unquoted shares (at cost)	17,676,000	17,676,000	17,676,000	17,676,000
Share of post-acquisition loss, net of dividend received	(16,144,165)	(15,771,764)	-	-
Share of exchange differences	445,470	515,078	-	-
	1,977,305	2,419,314	17,676,000	17,676,000
Less:				
Accumulated impairment loss	-	-	(17,376,000)	(17,376,000)
	1,977,305	2,419,314	300,000	300,000

Details of the associates are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities/ Nature of the relationship	Effective ownership interest/ Voting rights As at 30.6.2017	Effective ownership interest/ Voting rights As at 31.12.2015	Financial year end
Held by the Company					
Phoenix Energy Sdn. Bhd.	Malaysia	Dormant	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

In the previous financial year, the Company had subscribed for an additional 22,500 ordinary shares of RM1 each in Larizz Energy Services Sdn. Bhd. ("Larizz Energy") ("Subscription of Shares") at a total cash consideration of RM22,500 as further disclosed in Note 14(b).

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

The Group has not recognised losses related to Phoenix Energy Sdn. Bhd. totalling RM2,289 (2015: RM3,114) in the current financial period/year and RM308,275 (31.12.2015: RM305,986) cumulatively, since the Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN ASSOCIATES (cont'd)

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

	Larizz Petroleum Services Sdn. Bhd. RM
As at 30.6.2017	
Assets and liabilities	
Non-current assets	213,895
Current assets	70,500,752
Non-current liabilities	(8,167)
Current liabilities	(65,763,216)
Net assets	4,943,264
Results	
Revenue	9,744,515
Profit for the financial period	6,681,204
Total comprehensive income	6,439,978
As at 31.12.2015	
Assets and liabilities	
Non-current assets	232,917
Current assets	127,289,568
Current liabilities	(121,474,199)
Net assets	6,048,286
Results	
Revenue	13,815,270
Profit for the financial year	9,593,317
Total comprehensive income	10,514,600

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN ASSOCIATES (cont'd)

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

	Larizz Petroleum Services Sdn. Bhd. RM
As at 30.6.2017	
Group's share of net assets	1,977,305
Carrying amount in the consolidated statement of financial position	1,977,305
Group's share of:-	
Profit or loss	2,645,599
Other comprehensive loss	(69,608)
Total comprehensive income	2,575,991
Dividend received from associates	3,018,000

	Larizz Petroleum Services Sdn. Bhd. RM	Individually immaterial associates RM	Total RM
As at 31.12.2015			
Group's share of net assets	2,419,314		
Carrying amount in the consolidated statement of financial position	2,419,314	-	2,419,314
Group's share of:-			
Profit or loss	3,837,326	749	3,838,075
Other comprehensive income	368,514	-	368,514
Total comprehensive income	4,205,840	749	4,206,589
Dividend received from associates	3,402,000	-	3,402,000

NOTES TO THE FINANCIAL STATEMENTS

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16. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Unquoted shares (At cost)	485,302,776	485,302,776	93,918,740	93,918,740
Share of post-acquisition (losses)/profits	(72,218,308)	70,575,927	-	-
Share of exchange differences	162,402,893	164,640,377	-	-
	575,487,361	720,519,080	93,918,740	93,918,740
Quasi loan	30,728,425	30,803,484	30,728,425	30,803,484
	606,215,786	751,322,564	124,647,165	124,722,224
Less: Allowance for impairment loss	(59,209,192)	-	(52,635,622)	-
	547,006,594	751,322,564	72,011,543	124,722,224

Quasi loan represents advances and payments made on behalf of which the settlement is neither planned nor likely occur in the foreseeable future. This amount is, in substance, a part of the Company's net investment in the joint ventures. The quasi loan is stated at cost less accumulated impairment losses, if any.

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

During the financial period, the Group noted that a joint venture of the Group made an erroneous calculation on the provision for demobilisation costs on its offshore asset in the previous financial years. The Group concluded that it is impracticable for the joint venture to determine the period-specific and cumulative effects of the under provision in the previous financial years due to the inability to obtain necessary data to recreate information to estimate the provision amount. Accordingly, the currently determined provision of RM19.04 million was accounted for in the share of results of the joint venture in the current financial period.

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 ownership interest/ Voting rights As at 30.6.2017	Effective ownership interest/ Voting rights As at 31.12.2015	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%	30 June

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16. INVESTMENTS IN JOINT VENTURES (cont'd)

	Name of company	Principal place of business/ Country of incorporation	Principal activities/ Nature of the relationship	Effective ownership interest/ Voting rights As at 30.6.2017	As at 31.12.2015	Financial year end
	Held by Perisai Production Holdings Sdn. Bhd.					
@	Emas Victoria (L) Bhd.	Labuan, Malaysia	Ship owners and provision of ship chartering services	51%	51%	30 June
	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 accountants affiliated with Baker Tilly AC.

Simultaneous with the disposal of 49% equity interest in SJR Marine (L) Ltd. ("SJR Marine"), on 5 December 2012, the Company and EMAS Offshore Limited ("EOL") entered into the following supplementary agreement to the Share Sale Agreement ('SSA'):

(i) the Company grants EOL the right to acquire all of the Company's remaining equity interest in SJR Marine (the "Call Option Shares") from the Company, and EOL 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) EOL granted the Company the right ("Put Option") to sell all of its remaining equity interest in SJR Marine ("Put Option Shares") to EOL, and EOL 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.

The Call Option has lapsed on 26 December 2015.

The Company had on 8 December 2016 issued a notice of the exercise of its Put Option with the Put Option Price of USD43,031,406.55. However, the Company received a letter from EOL dated 8 December 2016 notifying the Company that following the occurrence of certain events as alleged by EOL, EOL is terminating the Shareholder's Agreement entered into between the Company and EOL and EOL also intends to terminate the SSA in accordance with the terms of the SSA.

On 23 December 2016, the Company had entered into a Settlement Agreement with EOL ("Proposed Settlement Agreement") to achieve a full and final settlement of the disputes, differences, claims, and counterclaims against each other arising from or in connection with the SSA and the Put Option at an agreed consideration of USD43,031,406.55 for the Put Option Shares. The settlement of the Put Option is subject to the terms and conditions stated in the Proposed Settlement Agreement.

NOTES TO THE FINANCIAL STATEMENTS
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16. INVESTMENTS IN JOINT VENTURES (cont'd)

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
As at 30.6.2017				
Asset and liabilities				
Non-current assets	1,296,358,600	295,876	273,606,149	1,570,260,625
Current assets	212,242,462	56,539,651	1,053,014	269,835,127
Non-current liabilities	-	-	-	-
Current liabilities	(621,728,616)	(12,272,630)	(193,711,870)	(827,713,116)
Net assets	886,872,446	44,562,897	80,947,293	1,012,382,636
As at 30.6.2017				
Included in the assets and liabilities are:				
Cash and cash equivalents	167,626,122	29,809,264	3,637	197,439,023
Current financial liabilities (excluding trade and other payables and provisions)	581,988,321	3,814,753	186,641,784	772,444,858
As at 30.6.2017				
Results				
Revenue	339,254,891	99,329,034	-	438,583,925
Depreciation	220,187,342	192,824	24,718,934	245,099,100
Interest expense	40,037,526	-	3,477,642	43,515,168
Income tax expense	50,915	7,751,478	18,784	7,821,177
(Loss)/Profit for the financial period	(187,930,100)	28,836,102	(120,894,696)	(279,988,694)
Other comprehensive (loss)/income	(2,897,353)	476,871	(1,966,741)	(4,387,223)
Total comprehensive (loss)/income	(190,827,453)	29,312,973	(122,861,437)	(284,375,917)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

16. 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
As at 30.6.2017				
Group's share of net assets	452,304,947	22,690,102	40,142,373	515,137,422
Fair value adjustments	-	-	1,140,746	1,140,746
Carrying amount in the consolidated statement of financial position	452,304,947	22,690,102	41,283,119	516,278,168
Group's share of:-				
Profit or loss	(95,844,351)	14,706,412	(61,656,296)	(142,794,235)
Other comprehensive (loss)/income	(1,477,650)	243,204	(1,003,038)	(2,237,484)
Total comprehensive (loss)/income	(97,322,001)	14,949,616	(62,659,334)	(145,031,719)
As at 31.12.2015				
Asset and liabilities				
Non-current assets	1,794,025,050	532,978	389,601,293	2,184,159,321
Current assets	204,376,255	44,155,818	5,729,289	254,261,362
Non-current liabilities	(620,775,801)	-	(57,962,250)	(678,738,051)
Current liabilities	(299,913,444)	(29,511,575)	(133,558,252)	(462,983,271)
Net assets	1,077,712,060	15,177,221	203,810,080	1,296,699,361
As at 31.12.2015				
Included in the assets and liabilities are:				
Cash and cash equivalents	125,421,589	12,944,404	5,652,564	144,018,557
Non-current financial liabilities (excluding trade and other payables and provisions)	542,580,462	-	57,962,250	600,542,712
Current financial liabilities (excluding trade and other payables and provisions)	288,245,677	4,530,776	128,520,689	421,297,142

NOTES TO THE FINANCIAL STATEMENTS
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16. 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
As at 31.12.2015				
Results				
Revenue	284,069,696	74,381,411	-	358,451,107
Depreciation	91,981,442	166,381	12,905,203	105,053,026
Interest expense	30,658,095	-	2,304,405	32,962,500
Income tax expense	23,438	2,981,868	7,774	3,013,080
Profit/(Loss) for the financial year	134,667,231	8,415,553	(100,119,041)	42,963,743
Other comprehensive income	205,297,551	1,947,788	50,481,706	257,727,045
Total comprehensive income/(loss)	339,964,782	10,363,341	(49,637,335)	300,690,788
As at 31.12.2015				
Group's share of net assets	540,223,084	7,740,490	60,920,336	608,883,910
Fair value adjustments	9,410,067	-	43,022,805	52,432,872
Goodwill	53,253,175	36,973	5,912,150	59,202,298
Carrying amount in the consolidated statement of financial position	602,886,326	7,777,463	109,855,291	720,519,080
Group's share of:-				
Profit or loss	68,680,288	4,291,932	(51,060,711)	21,911,509
Other comprehensive income	104,701,751	993,372	25,745,670	131,440,793
Total comprehensive income/(loss)	173,382,039	5,285,304	(25,315,041)	153,352,302

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.

NOTES TO THE FINANCIAL STATEMENTS

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17. PREPAYMENTS

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Non-current				
Prepayments	-	463,374,523	-	-
Less: Accumulated impairment loss				
At beginning of financial period/year	-	-	-	-
Charge for the financial period/year	-	(421,596,886)	-	-
Exchange difference	-	(41,777,637)	-	-
At end of the financial period/year	-	(463,374,523)	-	-
	-	-	-	-
Current				
Prepayments	492,751,923	5,121,528	84,298	402,545
Less: Accumulated impairment loss				
At beginning of financial period/year	(463,374,523)	-	-	-
Charge for the financial period/year	(28,556,511)	-	-	-
Exchange difference	656,705	-	-	-
At end of the financial period/year	(491,274,329)	-	-	-
	1,477,594	5,121,528	84,298	402,545
	1,477,594	5,121,528	84,298	402,545

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 32. Included in prepayments are capitalised borrowing costs during the financial period/year amounting to RM7,306,923 (31.12.2015: RM9,043,051) using the capitalisation rates ranging from 3.35% to 10.15% (31.12.2015: 3.22% to 6.88%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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18. TRADE RECEIVABLES

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Trade receivables				
- Billed	135,135,739	63,819,677	1,498,322	1,774,150
- Unbilled	7,772,653	5,843,326	-	-
	142,908,392	69,663,003	1,498,322	1,774,150
Less: Allowance for impairment loss	(112,505,198)	(2,356,414)	(1,497,796)	-
	30,403,194	67,306,589	526	1,774,150

Trade receivables of the Group and of the Company are non-interest bearing and generally on credit terms ranging from 30 to 120 days (31.12.2015: 30 to 120 days) except for an amount of RM13,784,951 (31.12.2015: RM4,801,876) which bear interest rates ranging from 2.28% to 3.22% (31.12.2015: 2.28% to 2.42%). They are recognised at their original invoices amounts which represent their fair value on initial recognition.

Included in trade receivables of the Group is an amount of RM120,668,810 (31.12.2015: RM43,999,472) due from affiliated companies on normal credit term.

Included in trade receivables of the Company are amounts due from subsidiaries of RM526 (31.12.2015: RM1,774,150).

Ageing analysis of trade receivables
The ageing analysis of the trade receivables are as follows:

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Neither past due nor impaired	23,757,513	30,107,985	526	376,550
1 to 30 days past due not impaired	6,645,681	9,138,988	-	-
31 to 60 days past due not impaired	-	5,271,345	-	-
61 to 90 days past due not impaired	-	5,447,056	-	24,150
91 to 120 days past due not impaired	-	5,271,345	-	-
More than 120 days past due not impaired	-	12,069,870	-	1,373,450
	6,645,681	37,198,604	-	1,397,600
Impaired	112,505,198	2,356,414	1,497,796	-
	142,908,392	69,663,003	1,498,322	1,774,150

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 and the Company.

18. TRADE RECEIVABLES (cont'd)

Receivables that are past due but not impaired
The Group and the Company have trade receivables amounting to RM6,645,681 and RMnil (31.12.2015: RM37,198,604 and RM1,397,600) respectively 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.

Receivables that are impaired
The movement of allowance accounts used to record the impairment is as follows:

	Group	
	As at 30.6.2017 RM	**As at 31.12.2015 RM**
At beginning of financial period/year	2,356,414	1,918,994
Charge for the financal period/year	108,363,150	-
Exchange differences	1,785,634	437,420
At end of financial period/year	112,505,198	2,356,414

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

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

	Company	
	As at 30.6.2017 RM	**As at 31.12.2015 RM**
United States Dollar	1,498,322	1,765,642

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

19. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Non-current				
Non-trade				
Amounts due from subsidiaries	-	-	696,418,325	711,700,406
Less: Allowance for impairment loss	-	-	(696,418,325)	(633,695,777)
	-	-	-	78,004,629
Current				
Non-trade				
Sundry receivables	510,775	660,401	55,857	119,476
GST refundable	1,761,946	48,155	24,003	15,670
Insurance receivable	5,034,791	-	-	-
Interest receivable from subsidiaries	-	-	68,889,758	32,631,458
Amount due from an associate	118,725	118,725	118,725	118,725
Amount due from subsidiary	-	-	189,585	503,953
Amounts due from joint ventures	59,554,700	58,407,110	59,330,682	58,407,110
	66,980,937	59,234,391	128,608,610	91,796,392
Less: Allowance for impairment loss	(118,725)	(118,725)	(69,198,068)	(622,678)
	66,862,212	59,115,666	59,410,542	91,173,714
Deposits	663,152	349,269	109,192	93,280
	67,525,364	59,464,935	59,519,734	91,266,994
	67,525,364	59,464,935	59,519,734	169,271,623

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 2.99% to 10.15% (31.12.2015: 2.92% to 8.65%) per annum. These amounts are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS
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19. OTHER RECEIVABLES AND DEPOSITS (cont'd)

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 amounts are neither past due nor impaired.

Insurance receivable represents reimbursement amount from insurance contracts on the third parties' claims as further disclosed in Note 38.

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Non-current				
At 1 January	-	-	633,695,777	-
Charge for the financial period/year (Note 6)	-	-	62,722,548	633,695,777
At 30 June	-	-	696,418,325	633,695,777
Current				
At 1 January	118,725	118,725	622,678	118,725
Charge for the financial period/year (Note 6)	-	-	68,575,390	503,953
At 30 June	118,725	118,725	69,198,068	622,678

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
United States Dollar	59,554,700	58,407,157	824,638,765	802,739,022

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20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group/Company					
	Number of ordinary shares		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 2015	1,193,124,978	400,000	119,312,498	638,406,505	757,719,003	(230,795)
Share issuance pursuant to private placement	11,482,000	-	1,148,200	1,852,169	3,000,369	-
Share issuance expenses	-	-	-	(151,107)	(151,107)	-
At 31 December 2015/ 1 January 2016	1,204,606,978	400,000	120,460,698	640,107,567	760,568,265	(230,795)
Share issuance pursuant to private placement	56,265,100	-	5,626,510	4,874,241	10,500,751	-
Share issuance expenses	-	-	-	(180,716)	(180,716)	-
Transfer in accordance with Section 618(2) of the Companies Act 2016	-	-	644,801,092	(644,801,092)	-	-
At 30 June 2017	1,260,872,078	400,000	770,888,300	-	770,888,300	(230,795)

(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.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM644,801,092 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM644,801,092 for purposes as set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Call Option

The Company has on 24 November 2015 entered into a call option agreement ("Agreement") with Macquarie Bank Limited ("Macquarie" or the "Investor") pursuant to which Macquarie was granted the rights to exercise and be issued with up to 119,000,000 new ordinary shares of RM0.10 each in the Company. The main features of the call option are as follows:-

a. The call option granted may be exercised any time within the option period from the date of the Agreement and ending on the date which is eighteen (18) months after the call option closing date, being the date on which the conditions precedent to the granting of the call option were satisfied or waived; and

b. The exercise price of the call option shall be an amount equal to 90% of the volume weighted average market price of the Company's existing ordinary shares as traded on Bursa Malaysia Securities Berhad during the five (5) consecutive market days immediately preceding the date on which the Company receives the relevant exercise notice from the Investor, with exercise price not less than RM0.25 per ordinary share.

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

(a) Share capital (cont'd)

The Company had on 11 August 2016 entered into a supplemental call option agreement no. 2 ("Supplemental Call Option Agreement No. 2") with Macquarie in relation to the Call Option. In the Supplemental Call Option Agreement No. 2, the Parties agree that the Exercise Price may be lower than the Floor Price. Should Macquarie intend to exercise any of its options below the Floor Price, this is subject to the Company's absolute discretion in accepting or rejecting the same.

The Company had on 7 April 2016 obtained the approval from Bursa Malaysia Securities Berhad for an extension of time of six (6) months from 21 April 2016 up to 20 October 2016 to complete the implementation of the call option. The call option had lapsed on 20 October 2016.

The movements in the call option during the financial period is as follows:

	Number of options ('000)				
	At 1.1.2016	Granted	Exercised	Lapsed	At 30.6.2017
Number of options	107,518	-	(56,265)	(51,253)	-

During the financial period, the Company issued a total of 56,265,100 new ordinary shares for cash at an issue price ranging from RM0.1190 to RM0.2500 per ordinary share through private placement.

The new ordinary shares issued during the financial period ranked 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

21. OTHER RESERVES

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Share options reserve	31,115,145	29,178,512	31,115,145	29,178,512
Foreign currency translation reserve	293,119,056	298,060,845	-	-
Cash flow hedge reserve	-	(3,342,186)	-	(3,342,186)
	324,234,201	323,897,171	31,115,145	25,836,326

(a) Share options reserve

Share options reserve represents the equity-settled share options granted to employees (Note 30). 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.

22. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (31.12.2015: 30 to 90 days).

Included in the trade payables are accrued purchases of RM10,672,499 (31.12.2015: RM3,129,001).

The foreign currency exposure profile of trade payables is as follows:-

	Group	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Ringgit Malaysia	2,470,398	3,941,397
Singapore	1,968,265	668,758

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30 JUNE 2017

23. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Non-current					
Amount due to an affiliated company	(a)	10,520,300	10,519,075	-	-
Current					
Sundry payables	(b)	61,204,109	27,583,795	8,652,070	2,302,244
Interest payables		49,162,311	7,847,848	57,160,233	20,091,088
GST payables		5,289,832	1,039,288	-	-
Financial guarantee contracts		-	-	88,754,806	-
Amounts due to subsidiaries	(c)	-	-	576,521,476	580,672,106
Amount due to an associate		-	15,900	-	15,900
Accruals		2,327,740	12,221,244	842,240	1,430,921
Deposits received	(d)	122,768	156,079	23,000	23,000
		118,106,760	48,864,154	731,953,825	604,535,259

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

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

(i) an amount of RM39,107,802 (31.12.2015: RM16,185,877) due to a supplier pursuant to the Rig Construction Contracts for 2 rigs under construction;

(ii) an amount of RM1,996,086 (31.12.2015: RM1,917,073) due to EMAS Offshore Limited, a joint venture partner of the Group of which RM1,335,862 (31.12.2015: RM1,335,706) bears interest at rate of 4% (31.12.2015: 4%) per annum; and

(iii) an amount of RM57,018 and RM1,254 respectively (31.12.2015: RM230,746 and RM1,254) due to affiliated companies.

The above amounts due to joint venture partner and affiliated companies 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 RM505,297,844 (31.12.2015: RM497,833,410) which bear interest at rates ranging from 3.17% to 8.65% (31.12.2015: 2.92% to 8.65%) per annum.

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23. OTHER PAYABLES AND ACCRUALS (cont'd)

(d) Included in deposits are rental deposits of:

(i) RM23,000 (31.12.2015: RM23,000) received by the Group and the Company from an affiliated company; and

(ii) RM99,768 (31.12.2015: RM133,079) received by the Group from a joint venture company.

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Ringgit Malaysia	138,295	1,151,848	-	-
Singapore Dollar	778,187	108,983	427,495,768	374,917,192
United States Dollar	9,607,310	2,235,621	301,134,790	225,996,230

24. PROVISION

During the financial period, a provision of RM5,034,791 was made in respect of third parties' claims for rectification works and consultants fees. Details of unprovided claims are disclosed in Note 38.

25. LOANS AND BORROWINGS

	Note	Group		Company	
		As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Current					
Unsecured					
Bank overdraft	(a)	4,765,996	3,475,519	4,765,996	3,475,519
Amount owing under revolving credit	(b)	10,778,245	-	10,778,245	-
Revolving credits	(c)	42,940,000	52,935,000	42,940,000	52,935,000
Medium Term Notes					
- Singapore Dollar ("SGD")	(d)	389,850,000	376,106,289	-	-
		448,334,241	432,516,808	58,484,241	56,410,519

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25. LOANS AND BORROWINGS (cont'd)

	Note	Group As at 30.6.2017 RM	Group As at 31.12.2015 RM	Company As at 30.6.2017 RM	Company As at 31.12.2015 RM
Current					
Secured					
Term loans					
- United States Dollar ("USD")	(e)	869,534,992	114,179,259	-	-
		869,534,992	114,179,259	-	-
		1,317,869,233	546,696,067	58,484,241	56,410,519
Non-current					
Secured					
Term loans					
- United States Dollar ("USD")	(e)	-	794,522,433	-	-
		-	794,522,433	-	-
		-	794,522,433	-	-

(a) Unsecured bank overdraft

The bank overdraft of the Group and of the Company bears interest at rate of 10.15% (31.12.2015: 8.65%) per annum.

(b) Amount owing under revolving credit

During the financial period, the Group and of the Company has defaulted on the payment of interest on a revolving credit facility. Consequently, the revolving credit was not roll-over and became due for immediate repayment. The outstanding amount bear interest at rate of 10.15% (31.12.2015: nil) per annum.

(c) Unsecured revolving credits

The revolving credits of the Group and of the Company bear interest rate at rates ranging from 3.36% to 10.15% (31.12.2015: 3.36% to 6.26%) per annum.

The foreign currency exposure profile of unsecured revolving credits of the Group and of the Company are as follows:

	Group/Company As at 30.6.2017 RM	Group/Company As at 31.12.2015 RM
United States Dollar	42,940,000	42,935,000

NOTES TO THE FINANCIAL STATEMENTS
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25. LOANS AND BORROWINGS (cont'd)

(d) Unsecured Medium Term Notes

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 ("SGX-ST").

The salient features of the MTN Programme are as follows:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

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

The Company and PCLI, have both received a notice dated 10 October 2016 from the Trustee of the MTN notifying that an event of default for payment of principal and interest of the MTN has occurred as PCLI failed to pay the principal and interest due on the MTN on 3 October 2016. On 18 October 2016, the Company and PCLI received a notice from the Trustee notifying that the redemption amount of the MTN together with interest accrued to the date of payment are immediately due and payable and demanded immediate payment.

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25. LOANS AND BORROWINGS (cont'd)

(e) Secured term loans

	Group	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Current liabilities:		
Secured short-term loans	869,534,992	114,179,259
Non-current liabilities:		
Secured term loans		
More than 1 year but less than 2 years	-	92,426,566
More than 2 year but less than 5 years	-	700,246,227
More than 5 years	-	1,849,640
	-	794,522,433
	869,534,992	908,701,692

The term loans of the Group, which are denominated in United States Dollar, bear interest at rates ranging from 2.99% to 4.20% (31.12.2015: 2.92% to 3.22%) per annum and are secured and supported as follows:-

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

The event of default on MTN also gave rise to a cross default of the financing facilities with all other lenders of the Group and of the Company.

26. HIRE PURCHASE PAYABLES

	Group/Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Total instalment payable	96,601	289,850
Less: Future finance charges	(1,601)	(13,455)
Present value of hire purchase payables	95,000	276,395

NOTES TO THE FINANCIAL STATEMENTS
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26. HIRE PURCHASE PAYABLES (cont'd)

	Group/Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Current liabilities		
Payable within 1 year		
Total instalment payable	96,601	128,832
Less: Future finance charges	(1,601)	(9,183)
	95,000	119,649
Non-current liabilities		
Payable after 1 year but not later than 5 years		
Total instalment payable	-	161,018
Less: Future finance charges	-	(4,272)
	-	156,746
	95,000	276,395

The hire purchase bears an interest rate at 2.25% (31.12.2015: 2.25%) per annum.

27. DERIVATIVE LIABILITY

	Current Liabilities As at 30.6.2017			Current Liabilities As at 31.12.2015		
	Notional value RM	Assets RM	Liabilities RM	Notional value RM	Assets RM	Liabilities RM
Group/Company						
Cash flow hedges:						
Cross currency interest rate swaps	-	-	-	65,283,200	-	10,544,022

In the previous financial years, 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 had matured 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.

NOTES TO THE FINANCIAL STATEMENTS
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28. DEFERRED TAXATION

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Deferred tax assets	135,298	228,571	51,865	98,261
Deferred tax liabilities	(135,298)	(228,571)	(51,865)	(98,261)
	-	-	-	-

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Deferred tax assets				
Deductible temporary differences in respect of expenses	-	13,536	-	-
Unabsorbed capital allowances	135,298	215,035	51,865	98,261
	135,298	228,571	51,865	98,261
Deferred tax liabilities				
Differences between the carrying amount of plant and equipment and its tax base	135,298	228,571	51,865	98,261
	135,298	228,571	51,865	98,261

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Unutilised tax losses	157,102,824	67,700,671	92,553,377	37,624,484
Unabsorbed capital allowances	76,067,531	74,924,268	582,594	495,543
	233,170,355	142,624,939	93,135,971	38,120,027

NOTES TO THE FINANCIAL STATEMENTS
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29. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Deposits with licensed bank	-	3,434,800	-	3,434,800
Cash on hand and at bank	16,392,276	36,220,694	1,229,421	2,757,244
	16,392,276	39,655,494	1,229,421	6,192,044
Less: Bank overdraft (Note 25)	(4,765,996)	(3,475,519)	(4,765,996)	(3,475,519)
	11,626,280	36,179,975	(3,536,575)	2,716,525

In the previous financial year, deposits with licensed bank bear interest at rate of 0.25% per annum and have a maturity period of 5 days.

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Singapore Dollar	9,385	145,899	7,166	98,569
Ringgit Malaysia	4,257,914	3,497,392	-	-
United States Dollar	54,365	3,845,471	54,095	3,844,988

30. 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 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, 19 June 2014 and 17 June 2015, granted 25,818,000, 14,068,000, 10,997,900 and 33,383,050 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.

30. EMPLOYEE BENEFITS (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 fulfils the conditions of eligibility stipulated in the by-laws shall be eligible to participate in the ESOS. Employees include the executive directors of the Group;

(c) The subscription price for each new share shall be based on the weighted average of the market price of the Company shares for the five (5) market days immediately preceding the date on which the option is granted less a discount of up to 10% or the par value of the Company share, whichever is the higher;

(d) The ESOS shall be in force for a duration of ten (10) years from its commencement;

(e) The ESOS Committee may impose any condition or conditions on any option which they grant preventing its exercise unless such condition has been complied with. If after the ESOS Committee has imposed an Exercise Condition, an event occur which cause the ESOS Committee to consider that it is no longer appropriate, they may at their discretion, vary the Exercise Conditions;

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

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

Movement of share options during the financial period/year

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

	As at 30.6.2017		As at 31.12.2015	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
At the beginning of the financial period/year	79,937,070	0.822	47,123,070	1.121
Granted during the financial period/year	-	-	33,383,050	0.400
Forfeited	(9,422,430)	0.873	(569,050)	0.995
Outstanding at the end of financial period/year	70,514,640	0.816	79,937,070	0.822
Exercisable at the end of financial period/year	60,714,808		37,238,070	

The weighted average fair value of options granted during the financial period/year RMnil (31.12.2015: RM0.24).

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30. EMPLOYEE BENEFITS (cont'd)

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

Grant date	Expiry date	Exercise price per share option RM	Share options As at 30.6.2017 unit	Share options As at 31.12.2015 unit
4 July 2012	1 July 2022	0.785	19,987,170	22,087,170
25 June 2013	1 July 2022	1.440	11,556,000	13,816,000
19 June 2014	1 July 2022	1.400	9,595,250	10,890,250
17 June 2015	1 July 2022	0.400	29,376,220	33,143,650
			70,514,640	79,937,070

Fair value of share options granted
The fair value of the share options granted in the previous 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 period/year ended 30 June 2017 and 31 December 2015:

	Black-Scholes As at 30.6.2017	Black-Scholes As at 31.12.2015
Expected volatility (%)	-	47%
Risk free interest rate (%)	-	4.00%
Expected life of option	-	7 years
Weighted average share price (RM)	-	0.435
Expected dividend yield (%)	-	nil
Weighted average exercise price (RM)	-	0.40

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.

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31. NON-CANCELLABLE OPERATING LEASE COMMITMENT

(a) Operating lease arrangements – the Group as lessee

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	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Future rental payments:-				
Not later than one year	286,620	680,216	64,480	451,360
	286,620	680,216	64,480	451,360

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	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Future rental receivables:-				
Not later than one year	23,000	321,218	23,000	161,000

32. CAPITAL COMMITMENTS

	Group	
	As at 30.6.2017 RM	As at 31.12.2015 RM
Approved and contracted for:		
- Plant and equipment	1,441,066,400	1,451,309,702

The above amounts are in relation to 2 Rig Construction Contracts which were terminated by the supplier on 31 August 2017 as disclosed in Note 40(b) and (c).

NOTES TO THE FINANCIAL STATEMENTS
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33. CORPORATE GUARANTEE

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Corporate guarantee given for borrowings and other banking facilities of:				
- Subsidiaries	-	-	1,306,218,404	1,288,639,192
- Joint ventures	361,691,627	493,883,452	361,691,627	493,883,452
	361,691,627	493,883,452	1,667,910,031	1,782,522,644

34. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

(b) Related party transactions and balances

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

	Group	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Affiliated companies		
Charter income from:		
- Emas Offshore Pte. Ltd. *	(25,372,000)	(15,655,679)
- Emas Offshore (M) Sdn. Bhd. *	(65,278,597)	(40,279,867)
Rental of office income from:		
- Bayu Emas Maritime Sdn. Bhd. *	(433,696)	(288,894)
Interest payable to:		
- EMAS Offshore Limited ^	79,766	132,597
Joint venture		
Secondment of the Company personnel to Victoria Production Services Sdn. Bhd. #	-	(10,876)
Rental office income from:		
- Victoria Production Services Sdn. Bhd. #	(725,125)	(702,371)

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34. RELATED PARTY DISCLOSURES (cont'd)

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

	Group/Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Associates		
Agency fee to:		
- Larizz Petroleum Services Sdn. Bhd. **	270,000	180,000
- Larizz Energy Services Sdn. Bhd. **	-	127,000

	Company	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Associates		
Dividend received from:		
- Larizz Petroleum Services Sdn. Bhd. **	(3,018,000)	(3,402,000)
Subsidiaries		
Agency fee paid or payable:		
- Perisai Offshore Sdn. Bhd. ***	166,140	110,760
- Larizz Energy Services Sdn. Bhd. @	270,000	53,000
Dividend received	(1,479,000)	(765,000)
Interest paid or payable	47,607,002	29,034,206
Interest received or receivable	(35,442,149)	(21,030,188)
Management fee income	(4,092,960)	(3,296,848)

* The companies are subsidiaries of EMAS Offshore 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.
^ EMAS Offshore Limited is a subsidiary of Ezra Holdings Limited.
# A joint venture between the Company and EMAS Offshore Limited.
@ 49% equity interest of the company is owned by Datuk Zainol Izzet Bin Mohamed Ishak, the Managing Director of the Company effective 15 September 2015.

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 18, 19 and 23.

34. 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	
	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Executive directors' remuneration:				
- Short term employee benefits (including estimated monetary value of benefits-in-kind)	2,028,595	1,319,317	1,824,595	1,259,650
- Post employment benefits	353,978	208,637	327,458	200,880
- Share options granted under ESOS	1,511,524	1,932,139	1,511,524	1,932,139
	3,894,097	3,460,093	3,663,577	3,392,669
Non-executive directors' remuneration:				
Short term employee benefits				
- Fee and emoluments	556,050	365,140	556,050	365,140
- Other emoluments	97,000	35,500	97,000	35,500
- Share options granted under ESOS	606,891	1,165,289	606,891	1,165,289
	1,259,941	1,565,929	1,259,941	1,565,929
Total directors' remuneration	5,154,038	5,026,022	4,923,518	4,958,598
Other key management personnel				
- Short term employee benefits	4,316,013	3,133,622	4,145,013	3,064,380
- Post-employment benefits	425,025	290,705	408,051	283,703
- Share options granted under ESOS	2,718,763	3,345,237	2,718,763	3,345,237
	7,459,801	6,769,564	7,271,827	6,693,320
	12,613,839	11,795,586	12,195,345	11,651,918

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.

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34. RELATED PARTY DISCLOSURES (cont'd)

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

Directors' interest in employees' share option scheme

In the previous financial year:

(i) 7,770,000 share options were granted to two of the Company's executive directors under the existing ESOS plan at an exercise price of RM0.40 each; and

(ii) 4,560,000 share options were granted to five of the Company's non-executive directors under the existing ESOS plan at an exercise price of RM0.40 each.

No (31.12.2015: nil) option were exercised by these directors during the financial period.

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 30,630,000 (31.12.2015: 30,630,000).

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Financial assets				
Loans and receivables				
Trade receivables	30,403,194	67,306,589	526	1,774,150
Other receivables and deposits	65,763,418	59,416,780	59,495,731	91,251,324
Deposits, cash and bank balances	16,392,276	39,655,494	1,229,421	6,192,044
	112,558,888	166,378,863	60,725,678	99,217,518
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	16,120,893	16,861,349	-	-
Other payables and accruals	112,816,928	47,824,866	643,199,019	604,535,259
Loans and borrowings	1,317,869,233	1,341,218,500	58,484,241	56,410,519
Hire purchase payables	95,000	276,395	95,000	276,395
	1,446,902,054	1,406,181,110	701,778,260	661,222,173
Financial liability at fair value through profit or loss				
Derivative liability	-	10,544,022	-	10,544,022

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments

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

(i) Deposits, cash and bank balances, trade and other receivables and payables

The carrying amounts of deposits, cash and cash balances, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value non-current other payable is estimated using discounted cash flows analysis, based on current lending rate for similar type of arrangement.

(ii) Borrowings

The carrying amounts of the current portion of borrowings including Medium Term Notes ("MTN") are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

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

The fair value of MTN was the quoted price at the end of the previous 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**
As at 30.6.2017				
Financial liabilities				
Other payable (non-current)	10,520,300	9,349,329	-	-

35. FINANCIAL INSTRUMENTS (cont'd)

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

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

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
As at 31.12.2015				
Financial liabilities				
MTN, excluding transaction costs	379,937,500	379,899,506	-	-
Hire purchase payables	276,395	282,236	276,395	282,236
Other payable (non-current)	10,519,075	9,076,490	-	-

(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:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) 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

(iii) 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
As at 30.6.2017				
Group				
Other payable (non-current)	9,349,329	-	9,349,329	-

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

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

	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
As at 31.12.2015				
Group				
Derivative financial instruments				
- cross currency interest rate swaps	10,544,022	-	10,544,022	-
Hire purchase payables	282,236	-	282,236	-
MTN, excluding transaction costs	379,899,506	379,899,506	-	-
Other payable (non-current)	9,076,490	-	9,076,490	-
Company				
Derivative financial instruments				
- cross currency interest rate swaps	10,544,022	-	10,544,022	-
Hire purchase payables	282,236	-	282,236	-

During the financial period ended 30 June 2017, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

36. 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.

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

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 (31.12.2015: three) 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 period/year is disclosed in Note 18.

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 RM361,691,627 (31.12.2015: RM493,883,452) and RM1,667,910,031 (31.12.2015: RM1,782,522,644) respectively representing the outstanding credit facilities of the subsidiaries and joint ventures guaranteed by the Company at the reporting date. At the reporting date, the subsidiaries and joint ventures had defaulted on their repayment. Consequently, the Company remeasured the fair value of financial guarantee contracts and recognised an amount of RM88,754,806 (31.12.2015: RMnil) as at 30 June 2017.

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.

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

The Group and the Company holds cash at banks denominated in foreign currencies for working capital purposes (mainly in USD and SGD) amounting to RM63,750 and RM61,261 (31.12.2015: RM3,991,370 and RM3,943,557) respectively.

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD and SGD exchange rate against the functional currency of the Company and its subsidiaries, with all other variables held constant.

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
USD/RM				
- strengthened 5% (31.12.2015: 5%)	353,088	854,100	24,105,820	26,970,921
- weakened 5% (31.12.2015: 5%)	(353,088)	(854,100)	(24,105,820)	(26,970,921)
SGD/RM				
- strengthened 2% (31.12.2015: 2%)	(54,741)	(12,637)	(8,549,772)	(7,496,372)
- weakened 2% (31.12.2015: 2%)	54,741	12,637	8,549,772	7,496,372
RM/USD				
- strengthened 5% (31.12.2015: 5%)	82,461	(79,793)	-	-
- weakened 5% (31.12.2015: 5%)	(82,461)	79,793	-	-

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

(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. As disclosed in Note 2(b), the Group and the Company had defaulted on their financing facilities. The Company is in the midst of formulating a restructuring and regularisation plan, including the proposed debt restructuring scheme with the lenders.

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					
As at 30.6.2017					
Financial liabilities:					
Trade payables	16,120,893	16,120,893	16,120,893	-	-
Other payables and accruals	112,816,928	112,816,928	102,297,853	-	10,519,075
Loans and borrowings	1,317,869,233	1,328,627,493	1,328,627,493	-	-
Hire purchase payable	95,000	96,601	96,601	-	-
Financial guarantee contracts*	-	361,691,627	361,691,627	-	-
	1,446,902,054	1,819,353,542	1,808,834,467	-	10,519,075
As at 31.12.2015					
Financial liabilities:					
Trade payables	16,861,349	16,861,349	16,861,349	-	-
Other payables and accruals	58,343,941	58,343,941	47,824,866	-	10,519,075
Loans and borrowings	1,341,218,500	1,405,367,404	544,749,911	858,745,939	1,871,554
Hire purchase payables	276,395	289,850	128,832	161,018	-
Derivative liability (net settled)					
- Cross currency interest swaps	10,544,022	-	10,544,022	-	-
Financial guarantee contracts*	-	493,883,452	493,883,452	-	-
	1,427,244,207	1,974,745,996	1,113,992,432	858,906,957	12,390,629

* The Group has given corporate guarantee to banks for banking facilities of its joint ventures. The potential exposure of the financial guarantee contract is equivalent to the amounts of the banking facilities utilised by the said joint ventures.

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36. 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 As at 30.6.2017					
Financial liabilities:					
Other payables and accruals	643,199,019	643,199,019	643,199,019	-	-
Loans and borrowings	58,484,241	58,484,241	58,484,241	-	-
Hire purchase payables	95,000	96,601	96,601	-	-
Financial guarantee contracts #	88,754,806	1,667,910,031	1,667,910,031	-	-
	790,533,066	2,369,689,892	2,369,689,892	-	-
Company As at 31.12.2015					
Financial liabilities:					
Other payables and accruals	604,535,259	604,535,259	604,535,259	-	-
Loans and borrowings	56,410,519	56,410,519	56,410,519		
Hire purchase payables	276,395	289,850	128,832	161,018	-
Derivative liability (net settled)					
- Cross currency interest swaps	10,544,022	-	10,544,022	-	-
Fianncial guarantee contracts #	-	1,782,522,644	1,782,522,644	-	-
	671,766,195	2,443,758,272	2,454,141,276	161,018	-

The Company has given corporate guarantee to banks for banking facilities of its subsidiaries and joint ventures. The potential exposure of the financial guarantee contracts are equivalent to the amounts of the banking facilities utilised by the said subsidiaries and joint ventures.

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

(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 RM927,240,988 and RM57,705,996 (31.12.2015: RM965,112,211 and RM56,410,519) 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 RM389,945,000 (31.12.2015: RM376,382,684) at fixed rate expose the Group to fair value interest rate risk.

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 increase/decrease the total loss for the financial period/year of the Group and of the Company by RM2,318,102 and RM144,265 (31.12.2015: RM2,412,780 and RM141,026) respectively, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

37. CAPITAL MANAGEMENT

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

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 period/year ended 30 June 2017 and 31 December 2015 other than the Company is currently in the midst of formulating a restructuring and regularisation plan as disclosed in Note 2(b).

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.

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37. CAPITAL MANAGEMENT (cont'd)

The gearing ratios at 30 June 2017 and 31 December 2015 were as follows:

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Loan and borrowings	1,317,869,233	1,341,218,500	58,484,241	56,410,519
Hire purchase payables	95,000	276,395	95,000	276,395
Less: Deposits, cash and bank balances	(16,392,276)	(39,655,494)	(1,229,421)	(6,192,044)
Net debts	1,301,571,957	1,301,839,401	57,349,820	50,494,870
Equity attributable to owners of the Company	132,061,358	677,614,332	(47,848,447)	240,983,361
Less: Foreign currency translation reserve	(293,119,056)	(298,060,845)	-	-
Total capital	(161,057,698)	379,553,487	(47,848,447)	240,983,361
Capital and net debts	1,140,514,259	1,681,392,888	9,501,373	291,478,231
Gearing ratio	114%	77%	604%	n/m

n/m – not meaningful

The Company 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 Company and its subsidiaries have not complied with the capital requirements during the financial period. Accordingly, the borrowings had been reclassified as current liability during the financial period.

38. CONTINGENCIES

On 22 August 2017, Perisai Drilling Sdn. Bhd. ("PDSB"), an indirect subsidiary of the Company had been served with a Notice of Demand ("Notice") from Skrine acting on behalf of Konsortium Pelabuhan Kemaman Sdn. Bhd. ("KPKSB"), Pangkalan Bekalan Kemaman Sdn. Bhd. ("PBKSB") and EPIC Mushtari Engineering Sdn. Bhd. ("EPIC") (Collectively the "Claimants") demanded for the sum of RM13,682,059.93 due and owing to the Claimants.

The claim originated from the letter of offer dated 1 August 2016 ("Letter of Offer") in which EPIC agreed to offer PDSB its facilities including but not limited to providing berthing space for its rig namely, Perisai Pacific 101 ("Rig") within the Kemaman Port. The Notice alleges that as a result of PDSB's failure to moor the Rig on 5 September 2016, the Rig broke free of the moorings, drifted off and came into contact with a mobile offshore unit, namely Naga 4 and subsequently, the Rig continued drifting and collided with Berth 6 and 7 respectively, which are owned by PBKSB. The Notice further alleges that as a result of the collision, the finger jetty, Berth 6 and 7 and quay wall/wharf of Pangkalan Bekalan Kemaman were damaged.

38. CONTINGENCIES (cont'd)

The Notice alleges that due to the breach of PDSB's contractual obligations to moor the Rig under the Letter of Offer, the Claimants had suffered losses and damages in the sum of RM13,682,059.93 as at 4 August 2017 as follows:

a. Rectification works to the East Wharf in the sum of RM4,588,937.36;
b. Fees payable for the police report, weather report and meteorology data in the sum of RM822.00;
c. Fees payable to the consultants in the sum of RM445,031.20; and
d. Loss of revenue due to the Claimants inability to use Berth 6 and 7 at the East Wharf in the sum of RM8,647,269.37 (this loss is continuing and the Claimants reserve their rights to claim for loss of revenue suffered after 4 August 2017).

As at 30 June 2017, the Group has recognised a provision for the claim amounting to RM5,034,791 (31.12.2015: RM nil) as disclosed in Note 24. The remaining potential liability has not been recognised as the Group is unable to estimate reliably the amount of the obligation. The directors are of the opinion that the remaining potential liability would be sufficiently covered under the existing insurance contracts. An insurance receivable of an equal amount was recognised as at 30 June 2017 as the Group has an insurance contracts cover for the third parties' claims as disclosed in Note 19.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Other than as disclosed elsewhere in the financial statements, the following are significant events during the financial period:

(a) On 6 May 2016, Perisai Pacific 103 (L) Inc. ("PP103") an indirect subsidiary of the Company had agreed with PPL Shipyard Pte. Ltd. ('PPL') to defer the delivery date of Pacific Class® 400 jack-up drilling rig, the Perisai Pacific 103 to a date no later than 31 October 2016 ("Deferment"). The delivery date was further extended to 31 August 2017. Apart from this Deferment, all other contractual provisions remain the same.

(b) On 10 June 2016, Perisai Pacific 102 (L) Inc. ("PP102") an indirect subsidiary of the Company had agreed with PPL to further defer the delivery date of Pacific Class® 400 jack-up drilling rig, the Perisai Pacific 102 to a date no later than 31 October 2016 ("Deferment"). The delivery date was further extended to 31 August 2017 ("Further Deferment"). The parties have further agreed that PP102 shall bear no more cost for the Perisai Pacific 102 from 1 April 2016. Additionally, the parties also agreed to take the opportunity to seek and evaluate any options that may arise during this period of Further Deferment. Apart from the above, all other contractual provisions remain the same.

(c) On 19 August 2016, the Company's 40% owned associate, Larizz Petroleum Services Sdn Bhd and Hess Exploration and Production Malaysia B.V ("Hess") had agreed to extend the firm charter duration of the Perisai Kamelia for a period of six (6) months to 31 May 2017. At the end of the extension, Hess may exercise its option to further extend the charter on a monthly basis for up to a total of twelve (12) months to 31 May 2018. The value of the extension is expected to be in the range between USD31,950,000 and USD45,000,000, depending on the daily average Brent crude oil price.

(d) Perisai Offshore Sdn Bhd ("Perisai Offshore") had on 22 June 2017 executed the Supplementary Contract in respect to the Award of Contract No.CHO/2013/DDR/0079 (the "Contract").

By the Supplementary Contract, Perisai Offshore and Petronas Carigali Sdn. Bhd. ("PCSB") have agreed to extend the duration of the Contract based on a formula agreed between Perisai Offshore and PCSB which is primarily dependent on the prevailing market rate for the daily charter. Unless there are changes to the prevailing market rate, the Contract is expected to be extended for a period of approximately twenty (20) months.

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40. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD END

Other than as disclosed elsewhere in the financial statements, the following are significant events subsequent to the financial period end:

(a) On 17 August 2017, the Company announced that the Proposed Settlement Agreement as disclosed in Note 16 has been aborted. Accordingly, the Put Option is revived and the Company is pursuing to complete the Put Option, which shall take place 30 days from 17 August 2017.

(b) PPL Shipyard Pte. Ltd. ("PPL") had on 31 August 2017 served a notice of termination ("Notice") to PP102, to terminate the Rig Construction Contract dated 28 February 2013.

The termination of the contract resulted in the forfeiture of the deposit paid which have been fully impaired as at financial period end and released the Group from the prepayment of balance purchase price of the rig.

(c) PPL had on 31 August 2017 served a notice of termination ("Notice") to PP103, to terminate the Rig Construction Contract dated 31 December 2013.

The termination of the contract resulted in the forfeiture of the deposit paid which have been fully impaired as at financial period end and released the Group from the prepayment of balance purchase price of the rig.

(d) EMAS Offshore Limited ("EOL") had on 27 September 2017 written to the Company stating that due to the lapse of the Settlement Agreement, the Company is now required to comply with the Shareholders' Agreement dated 26 December 2013, which was terminated by EOL's notice dated 8 December 2016 ("Termination Notice"), and the Company is obliged to complete the sale of the 51% shares in SJR Marine (L) Ltd. to EOL at the stated price of USD1.00.

41. MATERIAL LITIGATION

On 15 May 2017, a Winding-Up Petition pursuant to Section 218 of the Companies Act, 1965 together with a copy of the Affidavit Verifying Petition ("the said Winding-Up Petition") has been served on PP102 by Messrs Yeoh & Joanne, the Solicitors who act on behalf of Tech Offshore Marine (S) Pte. Ltd. ("Tech Offshore") demanding for the payment of the total outstanding sum owing by PP102 to Tech Offshore amounting to USD178,636.00. The amount has been recognised in the financial statements of the Group.

The Winding-Up Petition was presented to the High Court of Sabah and Sarawak in the Federal Territory of Labuan and the hearing is fixed on 4 September 2017 and was subsequently fixed on 11 October 2017.

The Company will not defend these proceedings and will not contest the winding-up proceedings.

42. COMPARATIVE FIGURES

The comparative figures of the preceding financial year covered a period of 12 months whilst the figures of the current financial period's financial statements covered a period of 18 months from 1 January 2016 to 30 June 2017. Accordingly, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not in respect of comparable periods.

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43. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into business segments based on their services and has three 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:

	Period from 1.1.2016 to 30.6.2017 RM	Year ended 31.12.2015 RM
Malaysia	250,214,632	199,128,112
Singapore	25,372,000	15,655,679
	275,586,632	214,783,791

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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43. SEGMENT INFORMATION (cont'd)

Segment revenue and results

	Drilling Units RM	Production Units RM	Marine Vessels RM	Others RM	Elimination RM	As per Consolidation RM
Period from 1.1.2016 to 30.6.2017						
Revenue						
External revenue	184,936,035	-	90,650,597	-	-	275,586,632
Inter-segment revenue	-	-	-	8,589,960	(8,589,960)	-
Total segment revenue	184,936,035	-	90,650,597	8,589,960	(8,589,960)	275,586,632
Results						
Operating results	4,311,620	(44,945,505)	65,058,124	(15,617,419)	-	8,806,820
Interest expense	(35,774,035)	(4,980,690)	(7,081,010)	(44,801,004)	-	(92,636,739)
Interest income	66,118	801	353,140	27,558	-	447,617
Impairment loss on:						
- plant and equipment	(117,670,372)	(21,104,523)	(47,549,666)	-	-	(186,324,561)
- prepayments	(28,556,511)	-	-	-	-	(28,556,511)
- investment in joint ventures	-	-	-	(59,209,192)	-	(59,209,192)
- trade receivables	-	-	(108,363,150)	-	-	(108,363,150)
Share of results of associates	-	-	-	2,645,599	-	2,645,599
Share of results of joint ventures	-	-	-	(142,794,235)	-	(142,794,235)
Segment results	(177,623,180)	(71,029,917)	(97,582,562)	(259,748,693)	-	(605,984,352)
Tax expense						(968,203)
Loss for the financial period						(606,952,555)

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43. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

	Drilling Units RM	Production Units RM	Marine Vessels RM	Others RM	Elimination RM	As per Consolidation RM
Year ended 31.12.2015						
Revenue						
External revenue	158,848,245	-	55,935,546	-	-	214,783,791
Inter-segment revenue	-	-	-	7,463,848	(7,463,848)	-
Total segment revenue	158,848,245	-	55,935,546	7,463,848	(7,463,848)	214,783,791
Results						
Operating results	31,594,889	(33,965,116)	37,787,750	(11,919,814)	-	23,497,709
Interest expense	(31,280,011)	(3,262,739)	(4,275,619)	(8,837,230)	-	(47,655,599)
Interest income	-	-	-	170,161	-	170,161
Impairment loss on:						
- plant and equipment	(218,765,231)	(49,551,125)	-	-	-	(268,316,356)
- prepayments	(421,596,886)	-	-	-	-	(421,596,886)
Share of results of associates	-	-	-	3,838,075	-	3,838,075
Share of results of joint ventures	-	-	-	21,911,509	-	21,911,509
Segment results	(640,047,239)	(86,778,980)	33,512,131	5,162,701	-	(688,151,387)
Tax expense						(833,970)
Loss for the financial year						(688,985,357)

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43. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

	Drilling Units		Production Units		Marine Vessels		Others		As per Consolidation	
	Period from 1.1.2016 to 30.6.2017	Year ended 31.12.2015	Period from 1.1.2016 to 30.6.2017	Year ended 31.12.2015	Period from 1.1.2016 to 30.6.2017	Year ended 31.12.2015	Period from 1.1.2016 to 30.6.2017	Year ended 31.12.2015	Period from 1.1.2016 to 30.6.2017	Year ended 31.12.2015
Other segment information										
Depreciation of plant and equiment	35,455,893	28,971,973	38,311,563	27,009,297	29,259,511	18,913,853	1,574,419	362,515	104,601,385	75,257,638
Impairment loss on:										
- plant and equipment	117,670,372	218,765,231	21,104,523	49,551,125	47,549,666	-	-	-	186,324,561	268,316,356
- prepayments	28,556,511	421,596,886	-	-	-	-	-	-	28,556,511	421,596,886
- trade receivables	-	-	-	-	108,363,150	-	-	-	108,363,150	-
- investment in joint ventures	-	-	-	-	-	-	59,209,192	-	59,209,192	-
Share options granted under ESOS	-	-	-	-	-	-	6,132,624	7,885,404	6,132,624	7,885,404

Major customers

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

	Period from 1.1.2016 to 30.6.2017			Year ended 31.12.2015		
	Drilling units segment RM	Production units segment RM	Marine vessels segment RM	Drilling units segment RM	Production units segment RM	Marine vessels segment RM
Major customers						
- Customer A	-	-	65,278,597	-	-	40,279,867
- Customer B	184,936,035	-	-	158,848,245	-	-

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

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company at 30 June 2017 and 31 December 2015 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 30 June 2017 and 31 December 2015 is analysed as follows:

	Group		Company	
	As at 30.6.2017 RM	As at 31.12.2015 RM	As at 30.6.2017 RM	As at 31.12.2015 RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries				
- Realised	(1,624,011,800)	(956,351,356)	(845,045,148)	(598,813,620)
- Unrealised	(5,890,185)	12,366,851	(4,575,949)	53,623,185
	(1,629,901,985)	(943,984,505)	(849,621,097)	(545,190,435)
Total share of (accumulated losses)/retained earnings from associates				
- Realised	(16,183,682)	(15,796,089)	-	-
- Unrealised	39,517	24,325	-	-
Total share of (accumulated losses)/retained earnings from joint ventures				
- Realised	(72,690,751)	70,906,995	-	-
- Unrealised	472,443	(331,068)	-	-
Less: Consolidation adjustments	755,434,110	482,560,033	-	-
Total accumulated losses	(962,830,348)	(406,620,309)	(849,621,097)	(545,190,435)

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 29 SEPTEMBER 2017

Issued & Paid-up Share Capital	:	RM126,087,207.80 comprising 1,260,872,078 ordinary shares
Class of Share	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	258	10,242	0.00
100 - 1,000 shares	834	589,432	0.05
1,001 - 10,000 shares	5,521	33,443,087	2.65
10,001 - 100,000 shares	5,592	218,159,393	17.30
100,001 and less than 5% of issued shares	1,380	727,325,674	57.68
5% and above of the issued shares	2	281,344,250	22.31
Total	**13,587**	**1,260,872,078**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		← No. of Ordinary Shares Held →			
No.	**Name of Shareholders**	**Direct Interest**	**%***	**Indirect Interest**	**%***
1.	Ezra Holdings Limited	-	-	281,344,350[1]	22.32
2.	EMAS Offshore Limited	144,661,250	11.48	-	-
3.	HCM Logistics Limited	136,683,000	10.84	-	-

Notes:-

[1] Deemed interested by virtue of the company's interest in EMAS Offshore Limited and HCM Logistics Limited pursuant to Section 8 of the Companies Act, 2016.

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

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2017

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

No.	Name of Shareholders	No. of Ordinary Shares Held				No of Options Held
		Direct Interest	%*	Deemed Interest	%*	
1.	Dato' Anwarrudin Bin Ahamad Osman	-	-	-	-	2,340,000
2.	Datuk Zainol Izzet Bin Mohamed Ishak	29,473,900	2.34	-	-	11,200,000
3.	Adarash Kumar A/L Chranji Lal Amarnath	-	-	-	-	9,570,000
4.	Datuk Yogesvaran A/L T. Arianayagam	3,006,207	0.24	-	-	2,340,000
5.	Dato' Dr. Mohamed Ariffin Bin Hj. Aton	85,000	0.01	-	-	1,640,000
6.	Chan Feoi Chun	500,000	0.04	-	-	1,440,000
7.	D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	-	-	-	-	2,100,000

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

THIRTY (30) LARGEST SHAREHOLDERS

AS AT 29 SEPTEMBER 2017

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	11.48
2.	HSBC Nominees (Asing) Sdn Bhd (Pledged Securities Account HSBC Singapore for HCM Logistics Limited)	136,683,000	10.84
3.	Lynear Plus Limited	49,830,800	3.95
4.	RHB Nominees (Tempatan) Sdn Bhd (Soo Chew Sheng)	26,000,000	2.06
5.	Yew Soon Keong	20,000,000	1.59
6.	HSBC Nominees (Asing) Sdn Bhd (Exempt An for Bank Julius Baer & Co. Ltd. [Singapore BCH])	18,200,000	1.44
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Zainol Izzet Bin Mohamed Ishak)	13,973,900	1.11
8.	Tan Pow Choo @ Wong Seng Eng	12,950,000	1.03
9.	Tan Kian Aik	12,000,000	0.95
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Zainol Izzet Bin Mohamed Ishak [8113247])	11,900,000	0.94
11.	Toh Seng Hon	11,000,000	0.87
12.	Muhamad Aloysius Heng	7,950,000	0.63
13.	Tan Kean Yip	7,649,800	0.61
14.	Koh Boon Poh	6,613,900	0.52
15.	Ng Chai Go	5,610,500	0.44
16.	Ting Chee Ming	5,000,000	0.40
17.	Teong Teak Pair	4,616,800	0.37
18.	Tan Wai Heng	4,000,000	0.32
19.	Lee Ah Lik	3,983,200	0.32
20.	CIMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ong Teng Chai [J Bendahara-CL])	3,900,000	0.31
21.	Lee Chong Choon	3,613,600	0.29
22.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Zainol Izzet Bin Mohamed Ishak)	3,600,000	0.28
23.	Lim Seng Chee	3,584,000	0.28
24.	Lee See Jin	3,500,000	0.28
25.	Tan Yong Ming	3,500,000	0.28
26.	Maybank Nominees (Asing) Sdn Bhd (Su Kuei Hui @ Sophia Su)	3,400,000	0.27
27.	Wong Poh Kim @ Mary Ann	3,378,100	0.27
28.	Tan Chee Ling	3,300,000	0.26
29.	Yogesvaran A/L T Arianayagam	3,006,184	0.24
30.	Michael Heng Chun Hong	2,860,000	0.23
	TOTAL	**540,265,034**	**42.86**

\# Beneficially held by EMAS Offshore Limited
* Excluding a total of 400,000 ordinary shares bought back by the Company and retained as treasury shares.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of PERISAI PETROLEUM TEKNOLOGI BHD. ("Perisai" or "Company") will be held at Mahkota Ballroom II, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 23 November 2017 at 10.00 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. — **Please refer to Note A**

2. To approve the payment of Directors' fees of RM556,050 for the financial period from 1 January 2016 to 30 June 2017 and benefits of RM15,500 payable for the period from 31 January 2017 to 30 June 2017. — **Ordinary Resolution 1**

3. To approve the payment of Directors' fees and benefits payable to Directors up to an aggregate amount of RM617,700 from 1 July 2017 until the next Annual General Meeting ("AGM") of the Company. — **Please refer to Note B** / **Ordinary Resolution 2**

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

   (a) Dato' Yogesvaran A/L T. Arianayagam — **Ordinary Resolution 3**
   (b) Mr. Chan Feoi Chun — **Ordinary Resolution 4**

5. To re-appoint the following Directors who retire at the conclusion of the Fourteenth AGM:- — **Please refer to Note C**

   (a) Dato' Anwarrudin Bin Ahamad Osman — **Ordinary Resolution 5**
   (b) Dato' Dr. Mohamed Ariffin Bin Haji Aton — **Ordinary Resolution 6**

6. To appoint Messrs Baker Tilly Monteiro Heng who have indicated their willingness to accept appointment as Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC, to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 7**

AS SPECIAL BUSINESS

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

7. **AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** — **Ordinary Resolution 8**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 9**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, 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 31 October 2017, 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 and are carried out at arm's length basis 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 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 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; 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."

9. 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

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Kuala Lumpur
31 October 2017

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTES ON APPOINTMENT OF PROXY:

1. For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting the Record of Depositors as at 16 November 2017. Only a depositor whose name appears on the Record of Depositors as at 16 November 2017 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. 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 proxies shall be invalid unless the proportion of his/her 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.

NOTE A - Audited Financial Statements for the financial period ended 30 June 2017 together with the Reports of the Directors and Auditors

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act 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 Notes on Ordinary Resolution 2

Section 230(1) of the Act provides amongst others, that "fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries must be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of Directors' fees and the benefits payable to the Directors comprising meeting allowances payable to the Directors for the financial year ending 30 June 2018.

NOTE C – Re-appointment of Directors

Agenda item 5 relates to the re-appointment of Directors who are of or over the age of seventy years old and who were re-appointed under the resolutions passed at the Thirteenth AGM of the Company held on 24 June 2016 pursuant to Section 129 of the Companies Act, 1965 which was then in force. Their re-appointment was for a term ending at the conclusion of this AGM. The proposed Ordinary Resolutions 5 & 6, if passed, will approve and authorise the continuation of Dato' Anwarrudin Bin Ahamad Osman and Dato' Dr. Mohamed Ariffin Bin Haji Aton as Directors to hold office from the date of this AGM onwards without limitation in tenure. They will then, moving forward, be subject to retirement by rotation and re-election in accordance with the Company's Constitution.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

The Board has assessed the independence of all its Independent Directors including Dato' Anwarrudin Bin Ahamad Osman who is seeking re-appointment at the forthcoming Fourteenth AGM. The annual assessment is disclosed in the Statement on Corporate Governance of the Company's 2017 Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 8

The proposed Ordinary Resolution 8 is to seek the shareholders' approval on the renewal of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Act. 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 issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority 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, a total of 67,747,100 new ordinary shares of RM0.10 each in the Company were issued by way of private placement. The total gross proceeds raised from the private placement was RM13,501,120. The details of utilisation of the proceeds from the private placement is disclosed on page 56 of this Annual Report.

2. Ordinary Resolution 9

The proposed Ordinary Resolution 9, 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 31 October 2017 which is despatched together with the Company's 2017 Annual Report, for further information.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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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 Fourteenth Annual General Meeting ("AGM") of the Company to be held at Mahkota Ballroom II, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 23 November 2017 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	To approve the payment of Directors' fees of RM556,050 for the financial period from 1 January 2016 to 30 June 2017 and benefits of RM15,500 payable for the period from 31 January 2017 to 30 June 2017.				
2	To approve the payment of Directors' fees and benefits payable to Directors up to an aggregate amount of RM617,700 from 1 July 2017 until the next Annual General Meeting ("AGM") of the Company.				
3	Re-election of Dato' Yogesvaran A/L T. Arianayagam as a Director of the Company.				
4	Re-election of Mr. Chan Feoi Chun as a Director of the Company.				
5	Re-appointment of Dato' Anwarrudin Bin Ahamad Osman as a Director of the Company.				
6	Re-appointment of Dato' Dr. Mohamed Ariffin Bin Haji Aton as a Director of the Company.				
7	To appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company.				
8	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.				
9	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 2017

.....
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 AGM, the Company shall be requesting the Record of Depositors as at 16 November 2017. Only a depositor whose name appears on the Record of Depositors as at 16 November 2017 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. 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 proxies shall be invalid unless the proportion of his/her 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.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 October 2017.

Affix Stamp

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

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