

NOTES TO THE ACCOUNTS

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Perisai Petroleum Teknologi Bhd ("Perisai" or the "Company") and its subsidiaries ("Group") since the financial year ended 31 December 2015.

2. Changes In Accounting Policies

- a) The Group adopted the following Standard, Amendments/Annual Improvement to Standards effective as of 1 January 2016:-

| | |
|---|--|
| Amendment to MFRS 11 | Joint Arrangements |
| Amendment to MFRS 101 | Disclosure Initiative |
| Amendment to MFRS 127 | Separate Financial Statements |
| Amendment to MFRS 116 and MFRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Annual Improvements to MFRSs 2012 -2014 Cycle | |

The adoption of the above Amendments to MFRSs did not have any material effect on the financial statements of the Group.

- b) At the date of this report, the following new MFRSs and Amendments/Improvements to MFRSs were issued but not yet effective and have not been applied by the Group:

| | |
|-----------------------|---|
| Amendment to MFRS 107 | Disclosure Initiative * |
| MFRS 112 | Income Taxes * |
| MFRS 9 | Financial Instruments ** |
| MFRS 15 | Revenue from Contracts with Customers ** |
| MFRS 16 | Leases *** |
| Amendment to MFRS 10 | Consolidated Financial Statements # |
| Amendment to MFRS 128 | Investment in Associates and Joint Ventures # |

**Effective for financial periods beginning on or after – 1 January 2017*

*** Effective for financial periods beginning on or after – 1 January 2018*

**** Effective for financial periods beginning on or after – 1 January 2019*

Not yet effective and to be announced by Malaysian Accounting Standards Board ("MASB")

The Group will adopt the above new MFRS and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods.

3. Seasonal Or Cyclical Factors

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions and significant changes in oil prices.

4. Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the financial period ended 31 December 2016.

5. Changes In Estimates

There were no significant changes in estimates that had a material effect on the results for the financial period ended 31 December 2016 except for the revised in residual value of plant and equipment. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the current quarter and financial period ended 31 December 2016 have been increased by RM480,040 and RM2,298,761 respectively.

6. Debts And Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2016:

- i. Perisai had fixed the issue price of the Placement Shares under the Private Placement as follows:

| Date | Issue Price | No of Placement Shares |
|-----------|-------------|------------------------|
| 4.2.2016 | RM0.25 | 6,000,000 |
| 16.2.2016 | RM0.25 | 6,000,000 |
| 18.2.2016 | RM0.25 | 6,000,000 |
| 15.8.2016 | RM0.20331 | 7,380,000 |
| 23.8.2016 | RM0.2021 | 7,422,100 |
| 7.9.2016 | RM0.13815 | 10,860,000 |
| 28.9.2016 | RM0.11902 | 12,603,000 |

- ii. As at 31 December 2016, 400,000 shares of RM0.10 each were held as treasury shares in accordance with the requirements of section 67A of the Companies Act, 1965.

7. Dividends Paid

There were no dividends paid during the financial period ended 31 December 2016.

8. Segmental Information

| | Individual Period | | Cumulative Period | |
|--|-------------------------------|--|-------------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 31 December 2016 RM'000 | 31 December 2015 RM'000 | 31 December 2016 RM'000 | 31 December 2015 RM'000 |
| Segment Revenue | | | | |
| Drilling | 22,653 | 39,796 | 125,654 | 158,848 |
| Production | - | - | - | - |
| Marine vessels | 15,615 | 15,457 | 59,497 | 55,936 |
| Others | - | - | - | - |
| Total revenue | 38,268 | 55,253 | 185,151 | 214,784 |
| Segment Results | | | | |
| Drilling | (9,847) | (971) | (24,476) | 2,529 |
| Production | (1) | (8) | (12) | (11) |
| Marine vessels | 10,249 | 9,379 | 38,428 | 33,697 |
| Others | 8,499 | (5,480) | (27,445) | (23,504) |
| Share of results in associates | 478 | 803 | 1,880 | 3,838 |
| Share of results in joint ventures | 10,824 | 12,230 | 35,583 | 57,734 |
| Share of impairment of plant and equipment of joint venture | (812) | (35,823) | (54,860) | (35,823) |
| Impairment loss on: | | | | |
| -investment in joint venture | - | - | (89,318) | - |
| -plant and equipment | (1 383) | (218,765) | (93,580) | (218,765) |
| -prepayment | (358) | (421,597) | (24,202) | (421,597) |
| Total results | 17,649 | (660,232) | (238,002) | (601,902) |

9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial period ended 31 December 2016. As at 31 December 2016, all property, plant and equipment were stated at cost less accumulated depreciation and provision for impairment.

10. Subsequent Events

There has been no material event or transaction during the period from 31 December 2016 to the date of this announcement, which affects substantially the results of the Group for the period ended 31 December 2016.

11. Changes In Composition Of The Group

There were no changes to the composition of the Group during the financial period ended 31 December 2016.

12. Changes In Contingent Liabilities

Save as disclosed below, the Directors are not aware of any material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group during the financial period ended 31 December 2016.

Corporate Guarantee of RM411.2 million issued by the Group for banking facilities granted to its joint ventures.

13. Changes In Contingent Assets

The Directors are not aware of any material contingent assets, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group during the financial period ended 31 December 2016.

14. Material Commitments

Save as disclosed below, the Group is not aware of any material commitments incurred or known to be incurred by the Group which upon becoming enforceable may have a material impact on the profit or net asset value of the Group as at 31 December 2016.

| | RM' Million |
|---|--------------|
| <u>Capital expenditure</u> | |
| Approved and contracted for: | |
| Construction of two (2) jack-up drilling rigs | <u>1,506</u> |

15. Significant Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the financial period ended 31 December 2016.

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The recurrent related party transactions with the Group and the Company are as follows:-

| | Individual Period | | Cumulative Period | |
|--|--|---|--|--|
| | Current Year Quarter 31 December 2016 RM'000 | Preceding Year Corresponding Quarter 31 December 2015 RM'000 | Current Year To Date 31 December 2016 RM'000 | Preceding Year Corresponding Period 31 December 2015 RM'000 |
| Revenue | | | | |
| Bareboat charter of vessels to Emas Offshore Pte. Ltd.* | 4,370 | 4,327 | 16,652 | 15,657 |
| Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.* | 11,245 | 11,130 | 42,845 | 40,279 |
| Secondment of personnel to Victoria Production Services Sdn Bhd^ | - | - | - | 39 |
| Expenses | | | | |
| Agency fee charged by Larizz Petroleum Services Sdn. Bhd.# | 45 | 45 | 180 | 180 |
| Agency fee charged by Larizz Energy Services Sdn. Bhd.# | 45 | 45 | 180 | 172 |
| Agency fee charged by Perisai Offshore Sdn. Bhd.# | 28 | 28 | 111 | 111 |

*The transactions above involve Emas Offshore Pte Ltd, and Emas Offshore (M) Sdn Bhd which are indirect wholly-owned subsidiaries of EMAS Offshore Limited (“EMAS Offshore”). EMAS Offshore and HCM Logistics Limited (“HCM”) are major shareholders of Perisai. Emas Offshore is a 75.46% subsidiary of Ezra Holding Limited (“Ezra”) whereas HCM is a wholly-owned subsidiary of Ezra.

^The transactions above involving Victoria Production Services Sdn Bhd, a joint venture between Perisai and EMAS.

#Agency fees charged by Larizz Petroleum Services Sdn Bhd (“LPSSB”), Larizz Energy Services Sdn Bhd (“LESSB”) and Perisai Offshore Sdn Bhd (“POSB”) is a recurrent related party transaction as Datuk Zainol Izzet Bin Mohamed Ishak (“Datuk Izzet”) is a substantial shareholder of LPSSB, LESSB and POSB. Datuk Izzet holds 60% equity interest in LPSSB, 49% equity interest in LESSB and POSB. He is also a director of Perisai and holds 2.34% equity interest in Perisai.

16. Fair Value Measurements

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.

- Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- 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 provided the fair value measurement hierarchy of the Group's assets and liabilities:

Liabilities measured at fair value

| | Amount | Level 1 | Level 2 | Level 3 |
|---|---------------|----------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 2016 Group | | | | |
| Derivative financial instruments -cross currency interest rate swaps * | - | - | - | - |
| 2015 Group | | | | |
| Derivative financial instruments -cross currency interest rate swaps * | 10,544 | - | 10,544 | - |

During the financial quarter, the cross currency interest rate swaps ("CCRIS") with nominal value of RM34.837million was extended to 29 December 2016 which was subsequently terminated on 19 October 2016.

* The valuation technique used to derive the Level 2 is as disclosed in Note B15.

17. Discontinued Operation

The Company has the intention to dispose of its idle asset. If the disposal is materialised, it is expected to enhance the cash position of the Group.

In accordance with MFRS 5, the assets and liabilities of a wholly-owned subsidiary of Perisai have been presented on the consolidated statement of financial position as a disposal group held for sale and results from this subsidiary are presented separately on the consolidated income statement as discontinued operation.

The revenue, results and cash flows of the wholly-owned subsidiary, which are classified as discontinued operation are as follows:-

| | Individual Period | | Cumulative Period | |
|---|-----------------------------|---|-----------------------------|--|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | - | - | - | - |
| Other Income | 35 | 51 | 50 | 77 |
| Expenses | (1,928) | (9,800) | (11,380) | (36,775) |
| Loss before tax before impairment of discontinued operation | (1,893) | (9,749) | (11,330) | (36,698) |
| Provision for impairment on plant and equipment | (486) | (49,551) | (32,798) | (49,551) |
| Tax expense | - | (3) | 1 | (7) |
| Loss for the period from discontinued operation | (2,379) | (59,303) | (44,127) | (86,256) |
| The cash flows attributable to the discontinued operations are as follows: | | | | |
| Operating cash flows | (583) | (1,921) | (5,972) | (8,759) |
| Investing cash flows | 643 | (1,011) | 10,354 | 32,947 |
| Financing cash flows | (116) | (3,694) | (7,807) | (36,786) |
| Total cash flows | (56) | (6,626) | (3,425) | (12,598) |

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The major classes of assets and liabilities of the discontinued operation classified as held for sale as at 31 December 2016 are as follows:

| | Carrying Amount As at 31.12.2016 | Carrying Amount As at 31.12.2015 |
|--|---|---|
| | RM'000 | RM'000 |
| <u>Assets</u> | | |
| Plant and equipment | 291,590 | 317,332 |
| Other receivables | 38 | 40 |
| Assets of disposal group classified as held for sale | 291,628 | 317,372 |
| <u>Liabilities</u> | | |
| Other payables | 4,593 | 2,765 |
| Borrowings | 98,172 | 102,048 |
| Liabilities of disposal group classified as held for sale | 102,765 | 104,813 |
| Net assets of disposal group classified as held for sale | 188,863 | 212,559 |

18. Comparatives

During the financial period ended 31 December 2016, certain comparatives of the Group has been re-presented in accordance with the requirement of MFRS 5 “ Non-current Assets Held for Sale and Discontinued Operations” as mentioned in Note 17 above.

The effect of this exercise was adjusted as a prior year adjustment against the comparative figures as summary below:-

Income statement

| 3 months ended 31 December 2015 | Previously stated RM'000 | MFRS 5 RM'000 | Restated RM'000 |
|--|---|--------------------------|----------------------------|
| Revenue | 55,253 | - | 55,253 |
| Direct cost | (42,002) | 8,873 | (33,129) |
| Gross profit | 13,251 | 8,873 | 22,124 |
| Other income | 287 | - | 287 |
| Operating expenses | (7,313) | 72 | (7,241) |
| Impairment loss on: | | | |
| - plant and equipment | (268,316) | 49,551 | (218,765) |
| - prepayment | (421,597) | - | (421,597) |
| Finance costs | (13,054) | 804 | (12,250) |
| Share of results of associates, net of tax | 803 | - | 803 |
| Share of results of joint ventures, net of tax | 12,230 | - | 12,230 |
| Share of impairment on plant and equipment of joint venture | (35,823) | - | (35,823) |
| Profit before tax | (719,532) | 59,300 | (660,232) |
| Tax expense | (223) | 3 | (220) |
| Profit for the period from continuing operations | (719,755) | 59,303 | (660,452) |
| <u>Discontinued Operation</u> | | | |
| Loss for the period from discontinued operation | - | (59,303) | (59,303) |
| Profit for the period, net of tax | (719,755) | - | (719,755) |

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| 12 months ended 31 December 2015 | Previously stated RM'000 | MFRS 5 RM'000 | Restated RM'000 |
|--|---|--------------------------|----------------------------|
| Revenue | 214,784 | - | 214,784 |
| Direct cost | (172,194) | 33,113 | (139,081) |
| Gross profit | 42,590 | 33,113 | 75,703 |
| Other income | 13,766 | (77) | 13,689 |
| Operating expenses | (32,688) | 399 | (32,289) |
| Impairment loss on: | | | |
| - investment in joint venture | | | |
| - plant and equipment | (268,316) | 49,551 | (218,765) |
| - prepayment | (421,597) | - | (421,597) |
| Finance costs | (47,655) | 3,263 | (44,392) |
| Share of results of associates, net of tax | 3,838 | - | 3,838 |
| Share of results of joint ventures, net of tax | 57,734 | - | 57,734 |
| Share of impairment on plant and equipment of joint venture | (35,823) | - | (35,823) |
| Profit before tax | (688,151) | 86,249 | (601,902) |
| Tax expense | (834) | 7 | (827) |
| Profit for the period from continuing operations | (688,985) | 86,256 | (602,729) |
| <u>Discontinued Operation</u> | | | |
| Loss for the period from discontinued operation | - | (86,256) | (86,256) |
| Profit for the period, net of tax | (688,985) | - | (688,985) |

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

1. Performance Review

For the financial period ended 31 December 2016, the Group generated total revenue of RM185.15million, a decrease of RM29.63million when compared to the amount of RM214.78million in the corresponding financial period ended 31 December 2015.

The decrease in revenue was mainly due to 12 months discount given on the charter rate for Perisai Pacific 101("PP101") for the financial period ended 31 December 2016 as compared to approximately 10 months in the previous financial period ended 31 December 2015 as a result of significant drop in oil prices and standby rate being charged in the third quarter ended 30 September 2016 after completion of the Farm-Out contract to HESS Exploration and Production Malaysia BV ("HESS") on 6 August 2016 and lower charter rate in the fourth quarter ended 31 December 2016.

Loss before tax ("LBT") from continuing operations for the financial period ended 31 December 2016 amounted to RM238.00million, a decrease of RM363.90million when compared to the LBT amount of RM601.90million recorded in the corresponding financial period ended 31 December 2015.

The decrease in LBT was mainly due to higher provision for impairment on plant and equipment and provision for impairment on prepayment at consolidated level in the corresponding financial period ended 31 December 2015.

Total loss net of tax from both continuing and discontinued operations for the financial period ended 31 December 2016 amounted to RM282.79million, a decrease of RM406.2million when compared to the amount of RM688.99million attained in the corresponding financial period ended 31 December 2015. The decrease is mainly due to the same reasons as mentioned in the immediate paragraph above and partly offset by lower loss from discontinued operation as a result of lower provision for impairment on plant and equipment and no depreciation charge is required under the provisions of MFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations" for assets which are held for sale.

For the current quarter ended 31 December 2016, the Group generated total revenue of RM38.27million, a decrease of RM16.98million when compared to the amount of RM55.25million in the previous corresponding quarter ended 31 December 2015.

The decrease in revenue was mainly due to lower charter rate in the fourth quarter ended 31 December 2016 after completion of the Farm-Out contract to HESS on 6 August 2016.

Profit before tax ("PBT") from continuing operations for the current quarter ended 31 December 2016 amounted to RM17.65million, an increase of RM677.88million when compared to the Loss Before Tax ("LBT") amount of RM660.23million attained in the corresponding quarter ended 31 December 2015.

The decrease in LBT was mainly due to the provision for impairment on plant and equipment and prepayment in the corresponding quarter ended 31 December 2015.

Total profit net of tax from both continuing and discontinued operations for the current quarter ended 31 December 2016 amounted to RM15.19million, an increase of RM734.95million when compared to the total loss net of tax from both continuing and discontinued operations amount of RM719.76million attained in the corresponding quarter ended 31 December 2015.

The increase is mainly due to the provision for impairment on plant and equipment and prepayment and partly offset by lower loss from discontinued operation as result of lower provision for impairment on plant and equipment and no depreciation charge is required under the provisions of MFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations" for assets which are held for sale.

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

For the current financial quarter ended 31 December 2016, the Group recorded a PBT of approximately RM17.65million against a LBT of RM265.82million recorded in the preceding quarter.

The increased in PBT was mainly due to higher provision for impairment on investment in joint ventures, plant and equipment and prepayment in the preceding quarter.

3. Future Prospects

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

The contract for Perisai Kamelia and 8 offshore support vessels will be expiring in May 2017 and Aug 2017 respectively. The Group is pursuing various opportunities for all its assets.

The Company is in the midst of formulating a regularisation plan which will be submitted to Bursa Malaysia 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 Malaysia Securities Berhad (“Bursa Securities”) after its wholly-owned subsidiary, Perisai Capital (L) Inc had defaulted in payment of the principal and interest for the SGD\$125 million 6.875% multicurrency medium term notes. Principal adviser has been appointed to assist the Company on its regularisation plan.

The Corporate Debt Restructuring Committee (“CDRC”) has 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 has requested the Company’s lenders to observe an informal standstill and withhold litigation proceedings against the Company with immediate effect. CDRC requires the Company to submit a Scheme within 60 days from 10 November 2016.

CDRC is a pre-emptive measure by the Malaysian Government to provide a platform for corporate borrowers and their creditors to work out feasible debt resolutions without having to resort to legal proceedings. This initiative has been put in place to ensure that all avenues are made available to assist distressed corporations to resolve their debt obligations.

The proposed debt restructuring scheme was submitted to CDRC and the first meeting with the Company’s lenders was held on 14 February 2017. The proposed debt restructuring scheme is targeted to be finalized by end of March 2017.

On 12 January 2017, the Company and its wholly-owned subsidiary, Perisai Capital (L) Inc (“Perisai Capital”) 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 restraining all proceedings and actions brought against the Company and Perisai Capital (“the Order”).

The Order was applied for as part of the Company’s plan to regularise its and the Group’s financial condition through, amongst others, proposed schemes of arrangement. The details of the proposed schemes of arrangement which will be issued to the Scheme Creditors, will be announced in due course.

The Order is for a period of ninety (90) days effective from 12 January 2017.

The schemes of arrangement is expected to be completed by third quarter of 2017.

4. Profit Forecast and Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in any public documents for the financial period ended 31 December 2016.

5. Income Tax Expense

| | Individual Period | | Cumulative Period | |
|---|--------------------------|--|--------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 31 Dec 2016 RM'000 | 31 Dec 2015 RM'000 | 31 Dec 2016 RM'000 | 31 Dec 2015 RM'000 |
| Based on result for the year | | | | |
| - Current year provision | (83) | (189) | (655) | (795) |
| - Under provision for taxation in prior year | - | (31) | (6) | (32) |
| | (83) | (220) | (661) | (827) |
| | | | | |

The effective tax rate for the current quarter and financial period ended 31 December 2016 was lower than the statutory tax rate arising mainly from certain subsidiaries being subject to fixed tax rates under the Labuan Business Activity Tax Act, 1990.

6. Corporate Proposal

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

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

(i) Salient Terms Of The Proposed Settlement Agreement

Pursuant to the Proposed Settlement Agreement, EOL and Perisai (each referred to as a “Party” and collectively, the “Parties”), had mutually agreed to the following:-

(i.i) Consideration

(i.i.i) The consideration for the Put-Option Shares (as defined in Paragraph i.ii.ii(aa) below) is USD43,031,406.55 (“Consideration”) to be satisfied by EOL in the following manner:

(aa) USD20,000,000 in cash on the Completion Date (as defined hereunder);

(bb) USD23,031,406.55 (“Deferred Payment Amount”) will be deferred and paid in cash (either in the form of a bullet payment or by instalments) on the Maturity Date (as defined in Paragraph i.v below); and

(cc) The Deferred Payment Amount shall be subject to interest at the rate of 1% per annum (“Deferred Payment Interest”) which shall accrue from the Completion Date to the date of actual payment of the Deferred Payment Amount.

Completion shall take place on the next business day, or any other business day as the Parties may agree, following fulfillment (or waiver) of the last condition precedent as set out in Paragraph i.ii.ii below (“Completion Date”).

(i.i.ii) The Consideration is based on the agreed price of the Put-Option Shares in accordance with the terms of the SSA.

(i.ii) Conditions Precedent

(i.ii.i) Completion of the Proposed Settlement Agreement shall be conditional upon satisfaction of the conditions precedent within the Long Stop Period (“Conditions Precedent”).

Long Stop Period means:-

- (aa) the period of up to 4 months from the date of the Proposed Settlement Agreement; or
- (bb) at the request of each Party and with the consent of the other Party, further extension of a period of 1 month per request, subject always to a maximum of 4 months in aggregate of extension.

Where Perisai requires any further extensions beyond the 4 months extended period, such further extensions may be granted with the consent of EOL, which consent shall not be unreasonably withheld in the case where the extended period is being sought for the purposes of dismissing any appeal to the decision of the High Court of Malaya (“High Court”) in relation to the creditors’ scheme of arrangement referred to in i.ii.ii(bb)(ii) below.

(i.ii.ii) The Conditions Precedent are:-

- (aa) Perisai shall provide EOL with evidence that Perisai has obtained the approval of its Board and shareholders in respect of the sale of its 51% equity interest in SJR Marine (“Put-Option Shares”) to EOL and the consummation of all matters that are contemplated under, or referred to in the Proposed Settlement Agreement;
- (bb) (i) Perisai shall provide EOL with evidence of the binding agreement of its noteholders and financial lenders in respect of the bond restructuring, and the restructuring of any outstanding indebtedness it owes to any such financial lenders; or

(ii) in the alternative to any approval or agreement required pursuant to Paragraph 2.2.2(b)(i) above, if a creditors’ scheme of arrangement is required in relation to Perisai, Perisai shall provide EOL with evidence that Perisai has obtained an order granted by the High Court sanctioning a creditors’ scheme of arrangement pursuant to the Companies Act, 1965 (Act 125 of Malaysia) approving, as applicable, the bond restructuring, or the restructuring of any outstanding indebtedness owed to any of its financial lenders, provided that no appeal against such order was filed within the prescribed period to appeal of 30 days from the date of grant of such order. Where an appeal is filed within such stipulated period, Perisai will take the necessary steps to contest such appeal, and if such appeal is dismissed by the relevant Malaysian courts within the Long Stop Period, the condition in this Paragraph i.ii.ii(bb)(ii) shall be deemed to have been satisfied;

For the avoidance of doubt, the scheme of arrangement referred to herein is limited to a scheme of arrangement of Perisai and does not extend to a scheme of arrangement of other entities within the Perisai group of companies (“Perisai Group”);

- (cc) Perisai shall provide EOL with a deed of waiver and subordination duly executed by Perisai in relation to:-
 - (i) the waiver of Perisai shareholder’s loan of USD8,449,230.17 (“Perisai’s Partial Shareholder’s Loan”), unless Perisai elects to capitalise the Perisai Partial Shareholder’s Loan, provided always that such capitalisation shall not affect the aggregate value of the Consideration; and
 - (ii) the subordination of Perisai shareholder’s loan of USD5,366,349.54 payable to Perisai (“Perisai’s Remaining Shareholder’s Loan”) granted in favour of Oversea-Chinese Banking Corporation and/or any of its branches, subsidiaries, representative offices or affiliates (“OCBC”), which subordination rights shall be valid for 15 years or until the indebtedness in favour of OCBC has been fully settled, whichever is earlier;

The Perisai's Remaining Shareholder's Loan shall be subject to an interest at the rate of 1% per annum which shall accrue from the Completion Date to the date of actual payment of Perisai's Remaining Shareholder's Loan ("Perisai's Remaining Shareholder's Loan Interest");

- (dd) Perisai shall provide EOL with a duly executed deed of priority and subordination in favour of OCBC where:-
- (i) EOL's payment obligations in respect of the Deferred Payment Amount will be subordinated to EOL's payment obligations owing to OCBC under the USD21.5m EOL Loan (as defined in (gg) below) and all of EOL's other outstanding loans or other indebtedness owing to OCBC; and
- (ii) the Second Ranking Share Charge (as defined in (ii) below) will be subordinated to the First Ranking Share Charge (as defined in (gg) below) over the shares in SJR Marine granted by EOL to OCBC as security for the USD21.5m EOL Loan;

which subordination rights shall be valid for a period of 15 years or until the indebtedness in favour of OCBC has been fully settled, whichever is earlier;

- (ee) Perisai shall provide EOL with one or more duly executed deed(s) of subordination in favour of the Other Existing Lenders¹ where EOL's payment obligations in respect of the Deferred Payment Amount will, be subordinated to EOL's payment obligations in respect of the Existing EOL Loans² and/or EOL's other outstanding loans or other indebtedness under the Existing EOL Loans to such Other Existing Lenders, which subordination rights shall be valid for a period of 15 years or until the indebtedness in favour of such Other Existing Lenders pursuant to such Existing EOL Loans, have been fully settled, whichever is earlier. For the avoidance of doubt, the subordination of EOL's payment obligations in respect of the Deferred Payment Amount under this paragraph will not be applicable in the case where Enterprise 3 is sold by SJR Marine;
- (ff) Perisai shall provide SJR Marine with a duly executed deed of subordination in favour of OCBC where, SJR Marine's payment obligations in respect of Perisai's Remaining Shareholder Loan will be subordinated to (i) the SJR Marine's payment obligations owing to OCBC under the existing USD20.5 million loan granted to it by OCBC and the additional USD3.5 million loan to be extended to it by OCBC (together, "USD24m SJR Loan") and all of SJR Marine's other outstanding loans or other indebtedness owed to OCBC and (ii) EOL's payment obligations owing to OCBC under the USD21.5m EOL Loan, which subordination rights shall be valid for 15 years or until the indebtedness in favour of OCBC has been fully settled, whichever is earlier;

Note:

¹ "Other Existing Lenders" means the aggregate 9 financial lenders to EOL and its subsidiaries (excluding OCBC) in respect of the Existing EOL Loans.

² "Existing EOL Loans" means the existing indebtedness of not more than USD545 million in aggregate owed by EOL and its subsidiaries to the Other Existing Lenders as at the date of the Proposed Settlement Agreement and the restructured or refinanced amount of such indebtedness. For the avoidance of doubt, such restructured or refinanced indebtedness shall not include any increased indebtedness through the said refinancing.

- (gg) EOL shall provide Perisai with evidence that EOL has obtained a USD20 million secured term loan facility from OCBC for the purpose of part financing the purchase of the Put-Option Shares and a USD1.5 million secured term loan facility from OCBC for the purpose of working capital, to be secured by way of a first ranking charge ("First Ranking Share Charge") over EOL's interest in the shares of SJR Marine ("USD21.5m EOL Loan");
- (hh) EOL shall provide Perisai with a deed of waiver to waive EOL shareholder's loan of USD8,449,230.17 ("EOL Shareholder's Loan"), unless EOL elects to capitalise the EOL Shareholder's Loan, provided always that such capitalisation shall not affect the aggregate value of the Consideration; and

- (ii) the execution by EOL and Perisai of a second priority ranking charge over the shares in SJR Marine in favour of Perisai (which ranks after the First Ranking Share Charge) as security for the Deferred Payment Amount (“Second Ranking Share Charge”).

The deeds of subordination to be executed by Perisai pursuant to Paragraphs i.ii.ii(cc), i.ii.ii(dd), i.ii.ii(ee) and i.ii.ii(ff) are collectively referred to as “Perisai Deeds of Subordination”.

- (i.ii.iii) Except for the Condition Precedent set out in Paragraph i.ii.ii(gg) which cannot be waived, a Party to whom the benefits of a Condition Precedent is owed may, to the extent permitted by law, waive in whole or in part, and with or without conditions, such Condition Precedent by notice in writing to the other Party.
- (i.ii.iv) From the date of the Proposed Settlement Agreement until the termination of the Proposed Settlement Agreement or the Completion Date, EOL irrevocably and unconditionally confirms that EOL shall refrain from commencing any action against Perisai Group that will jeopardise Perisai Group’s rights in connection with the put-option rights under the SSA, including the Consideration will not be affected by the time required to fulfil the Conditions Precedent.

(i.iii) Completion

- (i.iii.i) Upon the fulfilment (or waiver) of all the Conditions Precedent within the Long Stop Period:-

- (a) Perisai shall sell, and EOL shall purchase, the Put-Option Shares, with full legal and beneficial title, free from any and all encumbrances; and
- (b) Perisai shall deliver the share certificates for the Put-Option Shares and the duly executed share transfer forms to EOL, and EOL shall pay part of the Consideration amounting to USD20,000,000 to Perisai, on the Completion Date, (“Completion”)

(i.iv) Restitution in the Event of Non-Fulfilment of Conditions Precedent

- (i.iv.i) If Completion does not occur by Completion Date:-

- (a) the Proposed Settlement Agreement shall terminate in its entirety and the obligations of the Parties thereunder shall cease PROVIDED ALWAYS that such termination shall not release any Party from any liability which at the time of such termination has already accrued to any other Party or parties thereto or which may accrue thereafter in respect of any act, omission or breach prior to such termination, nor compromise any rights of the Parties which have accrued to the Parties; and
- (b) the rights and obligations under the SSA remain unchanged and the Parties’ rights and obligations prior to the date of execution of the Proposed Settlement Agreement shall be restored to their respective position as if the Proposed Settlement Agreement was never executed by the Parties.

(i.v) Deferred Payment

- (i.v.i) Subject to Paragraph i.v.ii, EOL shall pay the remaining part of the Consideration to Perisai in the following instalments, on the date falling on the 15th anniversary from the Completion Date or the date on which EOL’s payment obligations owing to OCBC under the USD21.5m EOL Loan and all of EOL’s other outstanding loans or, where applicable, other indebtedness owing to OCBC and to the Other Existing Lenders under the Existing EOL Loans have been fully settled, whichever is the earlier (“Maturity Date”):-

- (a) EOL shall pay to Perisai (either in the form of a bullet payment or by instalments) the Deferred Payment Amount, and procure SJR Marine to repay the Perisai’s Remaining

Shareholder's Loan and the Perisai's Remaining Shareholder's Loan Interest subject to the terms of the Perisai Deeds of Subordination and Paragraph i.v.ii below; and

- (b) EOL shall pay to Perisai the Deferred Payment Interest, which shall accrue from the Completion Date up to the date of actual payment of the Deferred Payment Amount.
- (i.v.ii) The Parties agree that in the event that Enterprise 3 is sold by SJR Marine, the sale proceeds derived from the sale of Enterprise 3 shall be applied as follows:-
- (a) first, to repay the outstanding USD24m SJR Loan;
 - (b) second, if there are any remaining sale proceeds, to repay the USD21.5m EOL Loan (if any); and
 - (c) third, if there are any remaining sale proceeds, to repay Perisai's Remaining Shareholder's Loan and the Perisai's Remaining Shareholder's Loan Interest (if any); and
 - (d) lastly, if there are any remaining sale proceeds, EOL shall pay to Perisai a sum equivalent to the Deferred Payment Amount and the Deferred Payment Interest (if any) within a period of 7 days upon settlement of amounts due under (a), (b) and (c) above. In the event that any such remaining sale proceeds are insufficient for EOL to pay to Perisai the full amount of the Deferred Payment Amount and any applicable Deferred Payment Interest and/or the sales proceeds are insufficient for SJR Marine to pay Perisai the full amount of the Perisai's Remaining Shareholder's Loan and Perisai's Remaining Shareholder's Loan Interest in accordance with this Paragraph i.v.ii, the balance owing to Perisai with respect to the Deferred Payment Amount and the Deferred Payment Interest shall be repaid by EOL on the Maturity Date, and the Perisai's Remaining Shareholder's Loan, the Perisai's Remaining Shareholder's Loan Interest shall be repaid by SJR Marine on the Maturity Date.

For purposes of this Paragraph i.v.ii, the Parties acknowledge and agree that in the case where Enterprise 3 is sold to a related corporation (as defined in the Companies Act, Chapter 50 of Singapore) of EOL, the sale shall be subject to the consent of Perisai within 3 business days.

Approval Required

The Proposed Settlement Agreement is subject to and conditional upon approvals being obtained from, inter-alia, the following:

- (a) the shareholders of Perisai at an extraordinary general meeting ("EGM") to be convened;
- (b) (i) the noteholders and financial lenders of Perisai in respect of the bond restructuring, and the restructuring of any outstanding indebtedness that Perisai owes to any such financial lenders; or
(ii) alternatively, an order granted by the High Court sanctioning a creditors' scheme of arrangement pursuant to the Companies Act 1965 (Act 125 of Malaysia) approving, the bond restructuring or the restructuring of any outstanding indebtedness owed by Perisai to any of its financial lenders;
- (c) Labuan Financial Services Authority, if required; and
- (d) any other relevant authorities/ parties, if required.

The Proposed Settlement Agreement is not conditional upon any other corporate exercise/scheme of the Company and is expected to be completed by third quarter of 2017.

(B) Status of Utilisation of Proceeds

Macquarie Bank Limited (“Macquarie”) was granted call options with the right to exercise and be issued with up to 119,000,000 ordinary shares of RM0.10 each pursuant to the Call Option Agreement dated 24 November 2015.

The proceeds raised during the private placement were approved for the following activities and status on the funds utilised as at 20 February 2017 are summarised below:

| Purpose | Approved Utilisation RM' Mil | Variation RM' Mil | Revised Utilisation RM' Mil | Amount Utilised RM' Mil | Expected Time Frame For The Full Utilisation |
|---|-------------------------------------|--------------------------|------------------------------------|--------------------------------|---|
| Repayment of bank borrowings and/or capital investment for jack-up drilling rigs and MOPU | 25.0 | (22.6) | 2.4 | (2.4) | Fully utilised |
| Working capital: | | | | | |
| - Operational expenses for jack-up drilling and MOPU | 1.2 | - | 1.2 | (1.2) | Fully utilised |
| - Finance cost | 5.8 | (4.2) | 1.6 | (1.6) | Fully utilised |
| - Management and administrative expenses | 4.7 | 3.3 | 8.0 | (8.0) | Fully utilised |
| Estimated expenses relating to the Proposed Private Placement | 0.3 | - | 0.3 | (0.3) | Fully utilised |
| Total | *37.0 | (23.5) | 13.5 | (13.5) | |

7. Borrowings And Debt Securities

The Group’s borrowings and debt securities as at 31 December 2016 are as follows:

| | Short Term RM'000 | Long Term RM'000 |
|--------------------|--------------------------|-------------------------|
| <u>Secured</u> | | |
| - Term loan | 54,694 | 753,678 |
| - Revolving credit | 54,860 | - |
| - Overdraft | 4,533 | - |
| - Hire purchase | 123 | 33 |
| <u>Unsecured</u> | | |
| - MTN | 387,575 | - |
| Total | 501,785 | 753,711 |

The Group borrowings are denominated in the following currencies:

| | Short Term RM'000 Equivalent | Long Term RM'000 Equivalent |
|------------------|-------------------------------------|------------------------------------|
| Ringgit Malaysia | 14,656 | 33 |
| US Dollar | 99,554 | 753,678 |
| SG Dollar | 387,575 | - |
| Total | 501,785 | 753,711 |

8. Prepayment

Prepayment of RM28.14million mainly consists of capital expenditure, project management and other related costs for the second (2nd) and third (3rd) jack up drilling rigs of which RM24.2million was impaired in financial quarter ended 30 September 2016.

9. Changes In Material Litigation

(a) KUALA LUMPUR HIGH COURT (COMMERCIAL DIVISION), COMPANIES (WINDING UP) NO. WA-28NCC-888-10/2016

On 27 October 2016, the Company announced that it has been served with a Winding Up Petition ("Petition"), details of which are as follows:

The Petition is dated 24 October 2016 and is taken out by Ravi Murarka (Singapore NRIC S2736306G) ("Petitioner"). The Petition was sent to the Company at its registered address on 26 October 2016.

The Petitioner's claim is as a holder of SGD15,000,000 out of the SGD125,000,000 6.875% Fixed Rate Notes ("Notes") pursuant to the SGD700 Million Multicurrency Medium Term Notes Programme issued by Perisai Capital (L) Inc ("Issuer"). The Notes matured on 3 October 2016.

The Petitioner contends that the Company has failed to make payment of the Notes in the sum of SGD15,000,000 plus interest.

The Company has sought preliminary legal advice and intends to challenge and oppose the Petition.

On 8 November 2016, the Company announced that legal counsel representing the Company appeared in Court on 8 November 2016 for case management of the matter whereupon the Court directed as follows:

- (i) The Company shall file its Notice of Intention to Appear on or before 21 November 2016;
- (ii) The Company to file its Affidavit in Reply to the Petition on or before 21 November 2016;
- (iii) The Petitioner to file his reply to the Company's Affidavit on or before 5 December 2016; and
- (iv) The Petition is fixed for hearing on 9 January 2017.

Further case management is fixed on 19 December 2016 for both the Company's and the Petitioner's solicitors to update the status of the matter.

On 25 November 2016, the Company filed an application to strike out the winding up Petition. The matter is now fixed for case management on 5 December 2016.

The Striking Out Application is fixed for hearing on 3.3.2017 followed by a case management of the Petition.

The Company will announce further developments on the above matter as and when the same arise.

(b) KUALA LUMPUR HIGH COURT ADMIRALTY IN PERSONAM NO. WA-27NCC-69-11/2016

On 9 November 2016 The Company announced that its 51% joint venture, SJR Marine (L) Ltd ("SJR Marine"), has been served with an Admiralty in Personam Writ of Summons ("Writ of Summons") by Emas Offshore (M) Sdn Bhd ("EOM").

The claim under the Writ of Summons is for an aggregate amount of USD146,925.27, being charter rates and other amounts allegedly due under charterparty agreements between EOM and SJR Marine.

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The Company is seeking legal advice and intends to challenge and defend the claim under the Writ of Summons. The next case management for the matter is fixed for 5 January 2017.

During the Case Management fixed on 26 January 2017, Plaintiff has withdrawn the matter with liberty to a fresh without order as to costs. Matter resolved.

(c) KUALA LUMPUR SESSIONS COURT SUIT NO. WA-B52NCVC-484-11/2016

On 9 November 2016, the Company announced that its 51% joint venture, SJR Marine (L) Ltd (“SJR Marine”), has been served yesterday with a Writ of Summons by EMAS Offshore Construction and Production Pte Ltd (“EOCP”).

The claim under the Writ of Summons is for an aggregate amount of USD131,189.94, being project management services allegedly provided by EOCP for the benefit of SJR Marine.

The Company is seeking legal advice and intends to challenge and defend the claim under the Writ of Summons. The case management for the matter is fixed for 6 December 2016.

During the Case Management fixed on 6 February 2017, Plaintiff has withdrawn the matter with liberty to a fresh without order as to costs. Matter resolved.

10. Dividends Payable

There was no dividend declared for the financial period ended 31 December 2016.

11. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

(a) Basic Earnings Per Share

| | Individual Period | | Cumulative Period | |
|--|---|---|---|--|
| | Current Year Quarter 31 Dec 2016 RM'000 | Preceding Year Corresponding Quarter 31 Dec 2015 RM'000 | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year Corresponding Period 31 Dec 2015 RM'000 |
| Profit/(Loss) from continuing operations | 12,628 | (665,281) | (245,655) | (620,062) |
| Loss from discontinued operations | (2,379) | (59,303) | (44,127) | (86,256) |
| Profit/(Loss) attributable to owners of the Company net of tax | 10,249 | (724,584) | (289,782) | (706,318) |
| Weighted average number of ordinary shares in issue ('000) | 1,260,472 | 1,193,266 | 1,232,155 | 1,193,120 |
| Basic earnings/(loss) per share (sen): | | | | |
| - from continuing operations | 1.00 | (55.75) | (19.94) | (51.97) |
| - from discontinued operation | (0.19) | (4.97) | (3.58) | (7.23) |
| Total (sen) | 0.81 | (60.72) | (23.52) | (59.20) |

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(Incorporated in Malaysia)

(b) Diluted Earnings Per Share

| | Individual Period | | Cumulative Period | |
|--|-----------------------|--------------------------------------|-----------------------|-------------------------------------|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 31 Dec 2016 RM'000 | 31 Dec 2015 RM'000 | 31 Dec 2016 RM'000 | 31 Dec 2015 RM'000 |
| Profit/(Loss) from continuing operations | 12,628 | (Restated) (665,281) | (245,655) | (Restated) (620,062) |
| Loss from discontinued operations | (2,379) | (59,303) | (44,127) | (86,256) |
| Profit/(Loss) attributable to owners of the company net of tax | 10,249 | (724,584) | (289,782) | (706,318) |
| Weighted average number of ordinary shares in issue ('000) | 1,260,472 | 1,193,266 | 1,232,155 | 1,193,120 |
| Effect of dilution ('000) | | | | |
| - Share options | - | 2,500 | - | 1,356 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 1,260,472 | 1,195,766 | 1,232,155 | 1,194,476 |
| Diluted earnings/(loss) per share (sen): | | | | |
| - from continuing operations | 1.00 | (55.64) | (19.94) | (51.91) |
| - from discontinued operation | (0.19) | (4.96) | (3.58) | (7.22) |
| Total (sen) | 0.81 | (60.60) | (23.52) | (59.13) |

12. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the latest audited financial statements was not qualified.

13. Realised and Unrealised Retained Earnings/Accumulated Losses

| | As at 31 December 2016 RM'000 | As at 31 December 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Total retained earnings/(accumulated losses) | | |
| Total (accumulated losses)/retained earnings of the Company and its subsidiaries | | (Audited) |
| - realised (loss)/profit | (1,160,419) | (956,351) |
| - unrealised (loss)/profit | 13,874 | 12,367 |
| | (1,146,545) | (943,984) |
| Total share of (accumulated losses)/retained earnings from associates | | |
| - realised (loss)/profit | (16,698) | (15,299) |
| - unrealised (loss)/profit | 61 | (473) |
| | (16,637) | (15,772) |
| Total share of (accumulated losses)/retained earnings from joint ventures | | |
| - realised profit | 51,801 | 70,907 |
| - unrealised (loss)/profit | (502) | (331) |
| | 51,299 | 70,576 |
| Less: Consolidated adjustments | 415,481 | 482,560 |
| Total accumulated losses as per unaudited consolidated financial statements | (696,402) | (406,620) |

14. Notes to Condensed Consolidated Statements of Comprehensive Income

| | Current Year Quarter 31 December 2016 RM'000 | Current Year To Date 31 December 2016 RM'000 |
|--|---|---|
| Profit/(loss) before tax is arriving at after charging/(crediting): | | |
| Interest income | (14) | (73) |
| Other income | (188) | (1,091) |
| Interest expenses | 14,789 | 51,991 |
| Depreciation and amortisation | 10,904 | 44,429 |
| Other receivables written off | - | 72 |
| Loss on Cross Currency Interest Rate Swaps | 4,161 | 7,709 |
| Provision for impairment on investment in joint ventures | - | 89,318 |
| Provision for impairment on plant and equipment | 1,869 | 126,378 |
| Provision for impairment on prepayment | 358 | 24,202 |
| Realised foreign exchange (gain)/loss | 3,234 | 3,065 |
| Unrealised foreign exchange (gain)/loss | (22,555) | (13,823) |

15. Financial Instruments

(a) Details of derivative financial instruments outstanding as at 31 December 2016 are set out below:-

| Type of derivative | Contract/Notional Amount RM'000 | Fair value liabilities RM'000 |
|---|--|--|
| Cross Currency Interest Rate Swaps (“CCRIS”) | | |
| -less than 1 year | Nil | Nil |
| -1 year to 3 years | Nil | Nil |
| -More than 3 years | Nil | Nil |

There have been no changes since the end of the previous financial period ended 31 December 2016 in respect of the following:-

- i. the credit risk and market risks associated with the derivatives;
- ii. the cash requirements of the derivatives;
- iii. the policies in place for mitigating or controlling the risk associated with the derivatives; and
- iv. the related accounting policies.

(b) Disclosure of gains and/losses arising from fair value changes of financial liabilities

The Group determines the fair value of the derivative financial liabilities relating to the CCRIS 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 flow using an appropriate market based yield curve.

During the financial period ended 31 December 2016:

- (a) CCRIS with nominal value of RM34.837million was matured on 30 September 2016 with the marked to market losses of approximately RM3.5 million.
- (b) CCRIS with nominal value of RM34.837million was extended to 29 December 2016 which was subsequently terminated on 19 October 2016, with the marked to market losses of approximately RM4.2 million.

The hedge reserve and derivative financial liability related to the above CCRISs were recognized in profit or loss upon maturity and terminated.

16. Authorised For Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Board of Directors dated 24 February 2017.

By Order of the Board
Perisai Petroleum Teknologi Bhd

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