



KEJURUTERAAN SAMUDRA TIMUR BERHAD

**Interim Financial Report
For 1st Financial Quarter Ended 30th September 2014
Pursuant to MFRS 134 and Selected sections of Appendix 9B
of the Listing Requirements**



KEJURUTERAAN SAMUDRA TIMUR BERHAD

(Company No. 142241-X)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIODS ENDED 30 SEPTEMBER 2014 AND 2013**

		First Quarter ended		Cumulative Three Months ended	
		30 September	30 September	30 September	30 September
		2014	2013	2014	2013
	Note	Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>					
Revenue		2,473	2,441	2,473	2,441
Cost of sales		(1,559)	(1,692)	(1,559)	(1,692)
Gross profit		914	749	914	749
Other income		1,403	58	1,403	58
Administrative expenses		(334)	(149)	(334)	(149)
Other operating expenses		(696)	(553)	(696)	(553)
Finance cost		(212)	(84)	(212)	(84)
Profit before taxation		1,075	21	1,075	21
Income tax expense	A11	(117)	104	(117)	104
Profit for the period from continuing operation		958	125	958	125
<u>Discontinued Operations</u>					
Profit for the period from discontinued operation		-	2,168	-	2,168
Total profit for the period		958	2,293	958	2,293
Attributable to equity holders of the Company:					
- From continuing operations		946	125	946	125
- From discontinued operation		-	2,193	-	2,193
		946	2,318	946	2,318
Non-controlling interests / Minority interests		12	(25)	12	(25)
		958	2,293	958	2,293
Basic earnings per share attributable to equity holders of the Company (sen)					
- From continuing operations	A13	0.66	0.09	0.66	0.09
- From discontinued operation	A13	-	1.53	-	1.53
		0.66	1.62	0.66	1.62
Diluted earnings per share attributable to equity holders of the Company (sen)					
	A13	0.46	1.15	0.46	1.15

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE FINANCIAL PERIODS ENDED 30 SEPTEMBER 2014 AND 2013



	First Quarter ended		Cumulative Three Months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit for the period	958	2,293	958	2,293
Other Comprehensive Income:				
Currency translation differences	(647)	(784)	(647)	(784)
Total other comprehensive income / (loss)	<u>(647)</u>	<u>(784)</u>	<u>(647)</u>	<u>(784)</u>
Total comprehensive profit	<u>311</u>	<u>1,509</u>	<u>311</u>	<u>1,509</u>
Attributable to:				
Equity holders of the Company	305	1,544	305	1,544
Non-controlling interests / Minority interests	6	(35)	6	(35)
	<u>311</u>	<u>1,509</u>	<u>311</u>	<u>1,509</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER ('SEPT') 2014



		30 Sept 2014	30 June 2014
		Unaudited	Audited
ASSETS	Note	RM'000	RM'000
Non-current assets			
Property, plant and equipment	A14	3,271	2,976
Investment in associated company		380	226
Investment securities		35	35
		<u>3,686</u>	<u>3,237</u>
Current assets			
Inventories	A15	2,102	2,164
Trade receivables		14,258	15,770
Other receivables		9,905	11,384
Tax recoverable		125	81
Cash and bank balances (including fixed deposits)	A16	106,703	104,359
		<u>133,093</u>	<u>133,758</u>
TOTAL ASSETS		<u><u>136,779</u></u>	<u><u>136,995</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A8	42,908	42,908
Share premium	A8	8,412	8,412
Share warrants	A8	3,013	3,013
Irredeemable Convertible Unsecured Loan Stock - Equity component		18,013	18,013
Other reserves		(2,414)	(1,773)
Retained earnings		25,278	24,332
		<u>95,210</u>	<u>94,905</u>
Non-controlling interests / Minority interests		(360)	(366)
Total equity		<u>94,850</u>	<u>94,539</u>
Non-current liabilities			
Loans and borrowings	A18	10,196	10,869
Deferred tax liabilities		39	39
		<u>10,235</u>	<u>10,908</u>
Current liabilities			
Trade payables		21,272	17,632
Other payables		6,567	10,346
Loans and borrowings	A18	3,784	3,570
Tax payable		71	-
		<u>31,694</u>	<u>31,548</u>
Total liabilities		<u>41,929</u>	<u>42,456</u>
TOTAL EQUITY AND LIABILITIES		<u><u>136,779</u></u>	<u><u>136,995</u></u>
NET ASSETS PER SHARE (SEN)		<u><u>66.3</u></u>	<u><u>66.1</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	Attributable to equity holders of the Company							Non-controlling interest	Total equity
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Share Warrants RM'000	ICULS Equity Component RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 July 2014	42,908	8,412	3,013	18,013	(1,773)	24,332	94,905	(366)	94,539
Profit for the period	-	-	-	-	-	946	946	12	958
Other comprehensive loss	-	-	-	-	(641)	-	(641)	(6)	(647)
Total comprehensive profit / (loss) for the period	-	-	-	-	(641)	946	305	6	311
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-	-
At 30 September 2014 (Unaudited)	42,908	8,412	3,013	18,013	(2,414)	25,278	95,210	(360)	94,850

Note> "ICULS" - Irredeemable Convertible Loan Stock

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	Attributable to equity holders of the Company							Non-controlling interest	Total equity
	Non-distributable			Distributable					
	Share Capital	Share Premium	Warrant Reserve	ICULS Equity Component	Exchange Translation Reserve	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2013	42,908	8,412	3,013	-	(1,443)	(30,600)	22,290	(340)	21,950
Profit/(Loss) for the period	-	-	-	-	-	2,318	2,318	(25)	2,293
Other comprehensive income / (loss)	-	-	-	-	(774)	-	(774)	(10)	(784)
Total comprehensive profit / (loss) for the period	-	-	-	-	(774)	2,318	1,544	(35)	1,509
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-	-
At 30 September 2013 (Unaudited)	42,908	8,412	3,013	-	(2,217)	(28,282)	23,834	(375)	23,459

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 30 SEPTEMBER 2014 AND 2013**



	3 months ended	
	30 September 2014	30 September 2013
	Unaudited RM'000	Unaudited RM'000
Cash Flows From Operating Activities		
Profit before taxation		
- From continuing operations	1,075	21
- From discontinued operations	-	4,116
	<u>1,075</u>	<u>4,137</u>
Adjustments for non-cash and non-operating items:		
- Depreciation of property, plant and equipment	152	1,536
- Interest expense	212	543
- Unrealised loss / (gain) on foreign exchange	(330)	847
- Others	(838)	(2)
	<u>271</u>	<u>7,061</u>
Operating profit before changes in working capital	271	7,061
Changes in working capital:		
- Decrease/(Increase) in inventories	62	(263)
- Decrease/(Increase) in trade and other receivables	2,991	(999)
- Increase/(Decrease) in trade and other payables	(124)	11,856
Interest paid	(108)	(471)
Interest received	838	2
Net change in taxation	(90)	(1,055)
	<u>3,840</u>	<u>16,131</u>
Net cash from operating activities	3,840	16,131
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(447)	(687)
Investment in associated company	(154)	-
	<u>(601)</u>	<u>(687)</u>
Net cash used in investing activities	(601)	(687)
Cash Flows From Financing Activities		
(Decrease)/Increase in loans and borrowings	(578)	1,034
	<u>(578)</u>	<u>1,034</u>
Net cash used in financing activities	(578)	1,034
Net Change in Cash and Cash Equivalents	2,661	16,478
Cash and Cash Equivalents at Beginning of Period	103,814	22,941
Effects of exchange rate changes	(317)	(1,631)
	<u>106,158</u>	<u>37,788</u>
Cash and Cash Equivalents at End of Period	106,158	37,788
Analysis of Cash and Cash Equivalents:		
Cash and bank balances	3,784	20,165
Deposits with licensed financial institutions	102,919	20,221
Bank overdrafts	-	(2,598)
Deposits pledged as security to licensed financial institutions	(545)	-
	<u>106,158</u>	<u>37,788</u>
Cash and Cash Equivalents	106,158	37,788

A1 Corporate information

Kejuruteraan Samudra Timur Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("Bursa Securities").

This unaudited interim financial report was approved by the Board of Directors on 24 November 2014.

A2 Basis of preparation

The unaudited interim financial report, for the period ended 30 September 2014, has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Securities. The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014.

The explanatory notes included in this unaudited interim financial report provides an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

A3 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in this unaudited interim financial report are consistent with those adopted in the audited financial statements of the Group for the year ended 30 June 2014 except for the adoption of the following amendments/improvements to Malaysian Financial Reporting Standards ("MFRS") and IC Interpretations:-

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRSs 2010–2012 Cycle
- Annual Improvements to MFRSs 2011–2013 Cycle

The adoption of the above amendments/improvements to MFRSs and IC Interpretations will have no material impact on the financial statements of the Group upon their initial application.

The following MFRS that is issued but not yet effective, has yet to be adopted by the Group.

- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

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A4 Changes in Accounting Estimates

During the financial period under review, there was no change in accounting estimates adopted by the Group.

A5 Seasonal or Cyclical Factors

Overall, the business operations of the Group were not affected by any seasonal or cyclical factor.

A6 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period.

A7 Changes to Composition of the Group

There was no change in the composition of the Group for the current financial period under review including business combination, acquisition or disposal of subsidiary and long term investments, restructuring and discontinuing operations other than the formation or incorporation of an associated company, Bholat Samudra Timur Oil Services Company Limited in Union of Myanmar with an eventual issued and paid-up capital of Kyats (Ks) 100,000,000 dividend into 1,000 shares of Ks 100,000 each of which 490 shares will held by Samudra Timur Sdn Bhd ("STSB"), a wholly owned subsidiary of the Company (49%) as further disclosed in Note B5.

A8 Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

A9 Segment Information

The Group had successfully completed the disposal of the land rigs known as Ikhlas #3 and KST #1 and related equipment of its Land rig services segment and its entire equity interest in Samudra Oil Services Sdn Bhd ("Samudra Oil") which provides and operates the Tubular handling services in the previous financial year. The aforesaid disposals have reduced or downsized the Group's operations to a single Tubular inspection and maintenance services business segment which is currently operated by STSB and operating predominantly in one geographical segment, in Malaysia during the current financial period. Accordingly, segment information for the current financial period is not prepared.

In the corresponding financial period, the Group had three reportable operating segments of which two operating segments were presented in the unaudited condensed consolidated statements of comprehensive income of the Group under the "discontinued operations" following the proposals to dispose the land rigs and related equipment of its Land rig services segment and its entire equity interest in STSB, as follows:

Continuing operation

- (i) Tubular inspection and maintenance services - provision of tubular inspection and maintenance services for oil and gas industry;

Discontinued operations

- (ii) Tubular handling services - provision of tubular handling equipment and running services to the oil and gas industry; and
- (iii) Land rig services - provision of land rig and drilling services to the oil and gas industry.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A9 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR 3-MONTH PERIOD ENDED 30 SEPTEMBER 2014

No segmental information has been prepared for the current financial period.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A9 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR 3-MONTH PERIOD ENDED 30.9.2013	Continuing Operations				Discontinued Operations		Consolidated RM'000
	Inspection & maintenance services RM'000	Oilfield fishing & others RM'000	Adjustments and Elimination RM'000	Total RM'000	Land rig services RM'000	Tubular handling services RM'000	
D) BUSINESS SEGMENT							
Revenue							
- External	2,441	-	-	2,441	-	20,199	22,640
- Inter-segment	239	-	(239)	-	-	3	3
- Elimination at Discontinued operation	-	-	-	-	-	-	(3)
Total revenue	<u>2,680</u>	<u>-</u>	<u>(239)</u>	<u>2,441</u>	<u>-</u>	<u>20,202</u>	<u>22,640</u>
Results							
- Segment results	121	(16)	-	105	(382)	4,957	4,680
- Finance cost	(4)	(80)	-	(84)	(451)	(8)	(543)
Profit/(Loss) before taxation				21	(833)	4,949	4,137
- Taxation				104	-	(1,948)	(1,844)
Profit/(Loss) after taxation				125	(833)	3,001	2,293
Non-controlling interests / Minority interest				-	25	-	25
Profit/(Loss) for the period attributable to equity holders of the Company				<u>125</u>	<u>(808)</u>	<u>3,001</u>	<u>2,318</u>
Assets							
Segment assets	5,622	108,244	(35,616)	78,250	41,388	30,744	150,382
Unallocated corporate assets							9
Consolidated Assets							<u>150,391</u>
Liabilities							
Segment liabilities	1,487	90,084	(44,251)	47,320	68,230	9,752	125,302
Unallocated corporate liabilities							1,630
Consolidated Liabilities							<u>126,932</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A9 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR 3-MONTH PERIOD ENDED 30.9.2013	Continuing Operations				Discontinued Operations		Consolidated RM'000
	Inspection & maintenance services RM'000	Oilfield fishing & others RM'000	Elimination RM'000	Total RM'000	Land rig services RM'000	Tubular handling services RM'000	
II) <u>GEOGRAPHICAL SEGMENT</u>							
Revenue from External Customers							
- Malaysia	2,441	-	-	2,441	-	20,199	22,640
- Indonesia	-	-	-	-	-	-	-
Total revenue	<u>2,441</u>	<u>-</u>	<u>-</u>	<u>2,441</u>	<u>-</u>	<u>20,199</u>	<u>22,640</u>
Non-current Assets							
- Malaysia	1,520	977	-	2,497	14	20,412	22,923
- Indonesia	-	-	-	-	-	-	-
	<u>1,520</u>	<u>977</u>	<u>-</u>	<u>2,497</u>	<u>14</u>	<u>20,412</u>	<u>22,923</u>

A9 Segment Information (Cont'd)

For the current financial quarter under review, the Group registered a fairly consistent revenue of approximately RM2.47 million when compared to the corresponding financial quarter for the Continuing operations classification with better gross profit of approximately RM0.91 million due principally to higher composition of direct and self-operate services volume of works. The aforesaid 22% improvement in gross profit was further boosted by the increase in other income to RM1.40 million as a result of interests earned from placement of deposits with various licensed financial institutions and management fee earned. These have enabled the Group to report a pre-tax profit of approximately RM1.08 million as against a mere RM0.02 million posted in the corresponding financial quarter by the Continuing operations.

The Group reported a profit for the period of about RM0.96 million, an increase of approximately 6.5 folds from RM0.13 million achieved by the Continuing operations for the corresponding financial quarter. The Group recorded a profit attributable to equity holders of the Company of about RM0.95 million for the current financial quarter while it was at RM2.32 million with contributions from the Discontinued operations, in the corresponding financial quarter.

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134



A10 Profit before tax

Included in the profit before taxation of the Group are the following items:-

	First Quarter ended		Cumulative Three Months ended	
	30 September 2014	30 September 2013*	30 September 2014	30 September 2013*
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
a) Interest income	838	2	838	2
b) Other income (excluding (a) and (e))	565	56	565	56
c) Interest expense	(212)	(543)	(212)	(543)
d) Depreciation and amortisation of property plant and equipment	(152)	(1,536)	(152)	(1,536)
e) Amortisation of intangible assets	-	-	-	-
f) Impairment and/or write off of receivables	-	-	-	-
g) Impairment and/or write off of inventories	-	-	-	-
h) Gain/(Loss) on disposal of quoted or unquoted investments or properties or derivatives	-	-	-	-
i) Impairment and/or write off of assets	-	-	-	-
j) Realised foreign exchange gain/(loss)	5	978	5	978
k) Unrealised foreign exchange gain/(loss)	330	(847)	330	(847)
l) Gain/(loss) on disposal of assets held for sale	-	-	-	-
m) Exceptional items	-	-	-	-

* - Includes amount in respect of the discontinued operations

A11 Income tax expense

	First Quarter ended		Cumulative Three Months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Based on financial period's profit				
<u>Continuing operations</u>				
Taxation				
- Current financial period	117	(104)	117	(104)
- Under/(Over) provision in the previous years	-	-	-	-
Deferred taxation	-	-	-	-
	<u>117</u>	<u>(104)</u>	<u>117</u>	<u>(104)</u>
<u>Discontinued operation</u>				
Taxation				
- Current financial period	-	1,948	-	1,948
- Under/(Over) provision in the previous years	-	-	-	-
Deferred taxation	-	-	-	-
	<u>-</u>	<u>1,948</u>	<u>-</u>	<u>1,948</u>
Total tax expenses for the period	<u>117</u>	<u>1,844</u>	<u>117</u>	<u>1,844</u>

A11 Income tax expense (Cont'd)

Income tax expense is recognised in each financial period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The Group's effective tax rate for the current financial period ended 30 September 2014 was lower than the statutory tax rate mainly due to certain incomes are exempted for tax purposes.

The Group's effective tax rate for the corresponding financial period ended 30 September 2013 was higher than the statutory tax rate principally due to losses incurred by certain subsidiaries and there was no group tax relief for such losses.

A12 Discontinued Operations

In the previous financial year, the Group had entered into various agreements to dispose of its land rigs known as Ikhlas #3 and KST #1 and related equipment ("Disposal of Rigs") and the entire equity interest in Samudra Oil ("Disposal of Samudra Oil") which provides and operates the tubular equipment and handling services. These disposal proposals would result in the discontinuing of the Group's Land rig services segment and the Tubular handling services segment. As such the results related to the Land rig services and Tubular handling services for the corresponding period and/or previous financial year have been presented in the unaudited condensed consolidated statements of comprehensive income of the Group under the "profit for the period from discontinued operations".

The aforesaid disposal proposals were completed as at end of the previous financial year while there is no disposal or event occurred during the current financial period which would result in discontinuing of any of the Group's remaining operating segment or unit.

Statement of comprehensive income disclosure for the corresponding financial period

The results of the discontinued operations for the corresponding period ended 30 September 2013 which have been presented as "profit for the period from discontinued operations" were as follows:

(All in RM'000)	First Quarter ended		Cumulative Three Months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Revenue	-	20,199	-	20,199
Cost of sales	-	(13,362)	-	(13,362)
Gross profit	-	6,837	-	6,837
Other income	-	-	-	-
Administrative expenses	-	(1,090)	-	(1,090)
Other operating expenses	-	(1,172)	-	(1,172)
Finance cost	-	(459)	-	(459)
Profit before taxation	-	4,116	-	4,116
Income tax expense	-	(1,948)	-	(1,948)
Profit for the period	-	2,168	-	2,168

Statement of financial position disclosure

The major classes of assets and liabilities of Samudra Oil classified as held for sale as at 30 September 2013 for the corresponding financial period were as follows:

	RM'000
Assets	
Property, plant and equipment	20,412
Inventories	3,702
Trade and other receivables	3,535
Cash and bank balances	3,095
Assets of disposal subsidiary classified as held for sale	30,744

A12 Discontinued Operations (Cont'd)

	RM'000
Liabilities	
Trade and other payables	(3,066)
Tax payable and deferred taxation	(6,686)
Liabilities of disposal subsidiary classified as held for sale	<u>(9,752)</u>
 <u>Statement of cash flows disclosure</u>	
	3 months ended 30 September 2013 Unaudited RM'000
Cash flows from operating activities	2,362
Cash flows used in investing activities	(620)
Cash flows from financing activities	-
Net cash (outflows)/inflows	<u>1,742</u>

A13 Earnings Per Share**Basic earnings/(loss) per share**

Basic earning per share is calculated by dividing profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial periods as follows:

	First Quarter ended 30 September 2014 Unaudited	30 September 2013 Unaudited	Cumulative Three Months ended 30 September 2014 Unaudited	30 September 2013 Unaudited
Profit for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	946	125	946	125
- From discontinued operation	-	2,193	-	2,193
	<u>946</u>	<u>2,318</u>	<u>946</u>	<u>2,318</u>
Weighted average number of ordinary shares in issue ('000)	<u>143,027</u>	<u>143,027</u>	<u>143,027</u>	<u>143,027</u>
Basic earnings per share attributable to equity holders of the Company (sen)				
- From continuing operations	0.66	0.09	0.66	0.09
- From discontinued operation	-	1.53	-	1.53
	<u>0.66</u>	<u>1.62</u>	<u>0.66</u>	<u>1.62</u>

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A13 Earnings Per Share (Cont'd)**Diluted earnings/(loss) per share**

The diluted earnings per share for the current financial quarter and current year-to-date are computed based on the Group's net profit attributable to equity holders of the Company after adjusting for:-

- interest income from cash proceeds on assumed full exercise of warrants at the date of issue of the warrants or beginning of the financial period;
- interest saving on ICULS on assumed full conversion of ICULS at the date of issue of the ICULS or beginning of the financial period; and

divided by the weighted average number of ordinary shares for the current financial quarter and current year-to-date assuming full exercise and conversion of remaining warrants and ICULS respectively at the date of issue of warrants and ICULS or beginning of the financial period as follows:-

	First Quarter ended 30 September 2014 Unaudited	30 September 2013 Unaudited	Cumulative Three Months ended 30 September 2014 Unaudited	30 September 2013 Unaudited
Profit for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	946	125	946	125
- From discontinued operation	-	2,193	-	2,193
	<u>946</u>	<u>2,318</u>	<u>946</u>	<u>2,318</u>
Net adjustment for interest income from cash proceeds on exercise of warrants	126	146	126	146
Net adjustment for interest saving from conversion of ICULS	91	-	91	-
	<u>1,163</u>	<u>2,464</u>	<u>1,163</u>	<u>2,464</u>
<u>Weighted average number of ordinary shares (diluted) ('000)</u>				
Issued ordinary shares at the beginning of	143,027	143,027	143,027	143,027
Weighted average number of new ordinary shares assuming full exercise of warrants and conversion of ICULS	111,513	71,513	111,513	71,513
	<u>254,540</u>	<u>214,540</u>	<u>254,540</u>	<u>214,540</u>
Diluted earnings per share attributable to equity holders of the Company (sen)	<u>0.46</u>	<u>1.15</u>	<u>0.46</u>	<u>1.15</u>

A14 Property, Plant and Equipment

During the financial period under review, the Group has acquired assets at a cost of approximately RM447,000 while there was no disposal.

A15 Inventories

There were no write down of inventories during the current financial period under review.

A16 Cash and cash equivalent

For the purpose of the condensed consolidated statements of cash flows, cash and cash equivalent comprise the following:-

	As at 30 Sept 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
Cash and bank balances	106,703	104,359
Deposit pledged as security to licensed financial institutions	(545)	(545)
Bank overdrafts	-	-
Total cash and cash equivalent	<u>106,158</u>	<u>103,814</u>

A17 Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

As at end of the reporting date, the Group held the following financial assets that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<u>30 September 2014</u>				
Available-for-sale financial assets				
Equity shares *	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
<u>30 June 2014</u>				
Available-for-sale financial assets				
Equity shares *	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>

* - Investment in equity instruments carried at cost

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. The Group does not intend to dispose of its investment in equity instruments in the foreseeable future.

No transfers between any levels of the fair value hierarchy took place during the current financial period under review and the comparative periods. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore present the potential risk.

A18 Loans and borrowings

	As at 30 Sept 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
a) Short term borrowings		
Repayable within twelve months		
- Secured	3,194	3,099
- Unsecured	590	471
	<u>3,784</u>	<u>3,570</u>
b) Long term borrowings		
Repayable after twelve months		
- Secured	8,003	8,676
- Unsecured	2,193	2,193
Portion repayable after one year	<u>10,196</u>	<u>10,869</u>
United States Dollars (USD'000)	3,181	3,393
Ringgit Malaysia equivalent (RM'000)	<u>10,408</u>	<u>10,895</u>

A19 Contingencies and Exposure to credit risk associated with bank guarantees

	As at 30 Sept 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
<u>Exposure to credit risk associated with bank guarantees</u>		
Bank guarantees in favour of third parties	<u>7,323</u>	<u>6,551</u>

The bank guarantees in favour of third parties of the Group are mainly related to performance guarantees for oil and gas support services undertaken by the Group.

There is no significant litigation against the Group except for the arbitrations and cases pertaining to the jointly controlled entities as reported in the interim financial report of the preceding financial periods and disclosed in Note B7.

A20 Capital Commitments

	As at 30 Sept 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
<u>Capital expenditure</u>		
Approved and contracted for:		
- Property, plant and equipment	<u>-</u>	<u>-</u>

A21 Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 30 September 2014 as well as the balances with the related parties as at 30 September 2014 and 30 June 2014.

	First Quarter ended		Cumulative Three Months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Transactions with Director and companies in which certain Directors have interest :-				
a) Purchase of air ticket from a company	26	144	26	144
b) IT related services	22	29	22	29
c) Transportation, freight and handling services	71	330	71	330
d) Services rendered to former subsidiary	618	-	618	-
e) Interest payable to a former director	-	53	-	53

Balances with related parties pertaining to the related parties transactions, as at:

	30 Sept 2014 Unaudited RM'000	30 June 2014 Audited RM'000
Balance due (to) / from:-		
- Gem Travel & Tour Sdn Bhd	(25)	(16)
- Safworks Sdn Bhd (formerly known as IQ Works Sdn Bhd)	* 4	(45)
- Safeguards Oceanic Sdn Bhd	-	(91)
- Airoceanic Express Sdn Bhd	-	(7)
- Safeguards Corporation Sdn Bhd	(3)	(5)
- Dato' Chee Peck Kiat @ Chee Peck Jan - former director of the Company	-	(24)
Balance due (to) / from:-		
- Samudra Oil Services Sdn Bhd (former subsidiary company)	(2,547)	2,381

* - Being deposit payment

All outstanding balances with these related parties are unsecured and to be settled in accordance with credit period normally granted by its creditors/vendors.

A22 Dividend Paid

There were no dividends paid or declared during the financial period under review.

A23 Events Subsequent to the Balance Sheet Date

In the opinion of the Directors, no transaction or event of a material or unusual nature had occurred between 30 September 2014 up to 24 November 2014 other than those disclosed in Note B5, Note B6 and Note B7.

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



B1 Review of Performance

Explanatory comment on the performance of the Group's business activities is provided in Note A9.

B2 Comment on material change in profit before taxation

For the current financial quarter under review, the Group registered a decline in revenue by 27% to approximately RM2.47 million when compared to the revenue performance of the Continuing operations for the preceding financial quarter which has resulted in a reduced gross profit of approximately RM0.91 million albeit at a lower reduction rate of 5% due to higher gross profit margin earned.

Without any material other income as earned in the preceding quarter from gain on disposal of investment totalled to approximately RM65.49 million, the Group experienced a substantial drop in its pre-tax profit from RM62.26 million posted by the Continuing operations in the preceding financial quarter to RM1.08 million for the current financial quarter.

On an overall Group basis, the Group registered a lower profit attributable to equity holders of the Company of about RM0.95 million for the current financial quarter when compared to approximately RM54.23 million achieved in the preceding financial quarter.

B3 Commentary on the prospects for the financial year ending 30 June 2015

The Group had successfully completed the disposal of its land rigs and related equipment to completely exit the loss making Land rig services and the disposal of Samudra Oil in the last financial year. The completion of the aforesaid disposals had reduced the Group's operations to a single tubular inspection and maintenance services business and resulted in the Company classified as a Practice Note ("PN") 17 Issuer pursuant to Paragraph 8.04 and Paragraph 2.1(g) of PN 17 of the MMLR of Bursa Securities effective from 3 April 2014. It is the intention of the Company to maintain its listing status and accordingly, the Company will take necessary steps to identify new businesses and/or assets that have prospects to be acquired by the Company to regularise its condition within the timeframe provided in the relevant MMLR of Bursa Securities and/or as approved by Bursa Securities. The proceeds from the Disposal of Samudra Oil will primarily be utilized towards the acquisition of new businesses and/or assets identified by the Company. The Company may consider distributing any surplus back to its shareholders after ensuring all repayments to Malayan Banking Berhad pursuant to the Debt Settlement Agreement dated 6 September 2013 ("DSA"). Appropriate and relevant announcement will be made in relation to the aforesaid as and when required and in accordance with the Listing Requirements of Bursa Securities. The progress of the preparation of the regularisation plan pursuant to PN 17 is further disclosed in Note B6 below.

The recent slump in crude oil prices at the start of the fourth quarter of year 2014 due to supply glut amid fragile recovery of advanced economies as well as slowing economy of the emerging markets, has posed greater uncertainties to the global economy. Against this backdrop, the Board expects the financial year ending 30 June 2015 will even be more challenging for the Group and the Board is cautiously optimistic over the sustainability of the current level of the Group's present operations and the progress of its planned expansion of the scope of services and regional growth. Nonetheless, the Group will continue its efforts to maintain and extend the existing stream of service orders which are fundamental for the performance of the Group in the future.

B4 Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



B5 Corporate proposals and events

Joint venture on formation of new company in Myanmar

STSB has on 26 August 2014 entered into a memorandum of association with BholatGeneral Services Co., Ltd. ("BGSCCL") to form a limited company Bholat Samudra Timur Oil Services Company Limited ("BSTOSCL") in Union of Myanmar with an authorised share capital of Kyats (Ks) 1,000,000,000 divided into 10,000 shares of Ks 100,000 each. The issued and paid-up capital of BSTOSCL is Ks 100,000,000 divided into 1,000 shares of Ks. 100,000/- each, of which 490 shares are held by STSB (49%) while balance of 510 shares are held by BGSCCL (51%).

The intended principal activities of BSTOSCL are as follows:-

- provide inspection services for oilfield services;
- provide maintenance services for tubing;
- provide pressure testing services;
- agency business, technical consultants, business consultants, management consultants and advisory services; and
- business of feasibility study on new projects, projects formulation, project appraisal and project evaluation.

The aforesaid associated company, BSTOSCL has yet to commence commercial operation as at end of the current financial period under review.

Utilisation of proceeds raised from the Disposal of Rigs

The status of utilisation of proceeds raised from the Disposal of Rigs as at 30 September 2014 was as follows:-

	Note (a) As reported RM'000	Utilisation as at 30 Sept. 2014 RM'000	Balance unutilised RM'000
Repayment of Borrowings	25,759	22,125	3,634
Purchase of equipment and tools	3,000	765	2,235
Working capital	5,886	2,901	2,985
Estimated corporate expenses	320	320	-
	34,965	26,111	8,854

Note a) Circular to Shareholders dated 17 February 2014 and based on foreign exchange rate of USD1.00:RM3.33 as at 24 January 2014.

Utilisation of proceeds raised from the Disposal of Samudra Oil

The status of utilisation of proceeds raised from the Disposal of Samudra Oil as at 30 September 2014 was as follows:-

	Note (a) As reported RM'000	Utilisation as at 30 Sept. 2014 RM'000	Balance unutilised RM'000
Acquisition of prospective new businesses and/or assets	77,100	-	77,100
Estimated corporate expenses	2,900	2,900	-
	80,000	2,900	77,100

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



B6 Listing Status of the Company

On 3 April 2014, the Company announced that it is considered a Practice Note ("PN") 17 Issuer pursuant to Paragraph 8.04 and Paragraph 2.1(g) of PN 17 of the MMLR of Bursa Securities as the Company has triggered Paragraph 2.1(g) of PN 17 of the MMLR following the completion of the disposal by the Company of its entire equity interest in Samudra Oil to Destini Berhad on 3 April 2014 ("First Announcement"). Under PN 17 the Company would have to regularise its condition by identifying new businesses and/or assets that have prospects to be acquired within twelve (12) months from the date of the First Announcement.

The Company is still in the midst of identifying new prospective businesses and formulating its regularisation plan. It has up to 2 April 2015, which is approximately 4 months from the date hereof to submit its regularisation plan to the relevant authorities for approval.

B7 Changes in material litigation

There was no material changes to the status of material litigation as disclosed in the interim financial report of the preceding financial period and there was no new material litigation for the current financial period under review.

B8 Dividend payable

Please refer to Note A22.

B9 Disclosure relating to derivatives

The Group did not enter into any derivatives during the financial period under review or there were no outstanding derivatives as at end of the financial period under review.

B10 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2014 and 2013.

B11 Realised and Unrealised profits / (losses)

	30 Sept 2014 Unaudited RM'000	30 June 2014 Audited RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	25,221	23,882
- Unrealised	57	450
Total retained profits as per consolidated accounts	<u>25,278</u>	<u>24,332</u>

B12 Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report of the financial statements for the financial year ended 30 June 2014 was not qualified.

BY ORDER OF THE BOARD

Darmendran Kunaretnam
Executive Director
 Kuala Lumpur
 24 November 2014