



# **KEJURUTERAAN SAMUDRA TIMUR BERHAD**

**Interim Financial Report**

**For 2<sup>nd</sup> Financial Quarter Ended 31<sup>st</sup> December 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  
SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2014 AND 2013**

		Second Quarter ended		Cumulative Six Months ended	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
	Note	Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b><u>Continuing Operations</u></b>					
Revenue		3,377	2,434	5,850	4,875
Cost of sales		(1,741)	(1,305)	(3,300)	(2,997)
<b>Gross profit</b>		<b>1,636</b>	<b>1,129</b>	<b>2,550</b>	<b>1,878</b>
Other income		1,321	121	2,725	179
Administrative expenses		1,183	(827)	848	(976)
Other operating expenses		(602)	(363)	(1,298)	(916)
Finance cost		(226)	(57)	(438)	(141)
<b>Profit before taxation</b>		<b>3,312</b>	<b>3</b>	<b>4,387</b>	<b>24</b>
Income tax expense	A11	(566)	(2)	(683)	102
<b>Profit for the period from continuing operation</b>		<b>2,746</b>	<b>1</b>	<b>3,704</b>	<b>126</b>
<b><u>Discontinued Operations</u></b>					
<b>Profit for the period from discontinued operation</b>		<b>-</b>	<b>2,768</b>	<b>-</b>	<b>4,936</b>
<b>Total profit for the period</b>		<b>2,746</b>	<b>2,769</b>	<b>3,704</b>	<b>5,062</b>
Attributable to equity holders of the Company:					
- From continuing operations		2,723	1	3,669	126
- From discontinued operation		-	2,771	-	4,964
		2,723	2,772	3,669	5,090
Non-controlling interests / Minority interests		23	(3)	35	(28)
		2,746	2,769	3,704	5,062
Basic earnings per share attributable to equity holders of the Company (sen)					
- From continuing operations	A13	1.90	0.00	2.57	0.09
- From discontinued operation	A13	-	1.94	-	3.47
		1.90	1.94	2.57	3.56
Diluted earnings per share attributable to equity holders of the Company (sen)					
	A13	1.15	1.36	1.61	2.51

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
INCOME FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2014 AND 2013



	Second Quarter ended		Cumulative Six Months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
<b>Profit for the period</b>	2,746	2,769	3,704	5,062
<b>Other Comprehensive Income:</b>				
Currency translation differences	(2,256)	(356)	(2,903)	(1,140)
<b>Total other comprehensive income / (loss)</b>	<u>(2,256)</u>	<u>(356)</u>	<u>(2,903)</u>	<u>(1,140)</u>
<b>Total comprehensive profit</b>	<u>490</u>	<u>2,413</u>	<u>801</u>	<u>3,922</u>
Attributable to:				
Equity holders of the Company	491	2,419	796	3,963
Non-controlling interests / Minority interests	(1)	(6)	5	(41)
	<u>490</u>	<u>2,413</u>	<u>801</u>	<u>3,922</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER ('DEC') 2014**



		<b>31 Dec 2014</b>	<b>30 June 2014</b>
		<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	<b>A14</b>	3,147	2,976
Investment in associated company		154	226
Investment securities		35	35
		<u>3,336</u>	<u>3,237</u>
<b>Current assets</b>			
Inventories	<b>A15</b>	1,875	2,164
Trade receivables		5,575	15,770
Other receivables		846	11,384
Tax recoverable		-	81
Cash and bank balances	<b>A16</b>	123,795	104,359
		<u>132,091</u>	<u>133,758</u>
<b>TOTAL ASSETS</b>		<u>135,427</u>	<u>136,995</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	<b>A8</b>	42,908	42,908
Share premium	<b>A8</b>	8,412	8,412
Share warrants	<b>A8</b>	3,013	3,013
Irredeemable Convertible Unsecured Loan Stock - Equity component		18,013	18,013
Other reserves		(4,646)	(1,773)
Retained earnings		28,001	24,332
		<u>95,701</u>	<u>94,905</u>
<b>Non-controlling interests / Minority interests</b>		(361)	(366)
<b>Total equity</b>		<u>95,340</u>	<u>94,539</u>
<b>Non-current liabilities</b>			
Loans and borrowings	<b>A18</b>	9,915	10,869
Deferred tax liabilities		39	39
		<u>9,954</u>	<u>10,908</u>
<b>Current liabilities</b>			
Trade payables		18,813	17,632
Other payables		7,098	10,346
Loans and borrowings	<b>A18</b>	3,820	3,570
Tax payable		402	-
		<u>30,133</u>	<u>31,548</u>
<b>Total liabilities</b>		<u>40,087</u>	<u>42,456</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>135,427</u>	<u>136,995</u>
<b>NET ASSETS PER SHARE (SEN)</b>		<u>66.7</u>	<u>66.1</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 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
<b>At 1 July 2014</b>	42,908	8,412	3,013	18,013	(1,773)	24,332	94,905	(366)	94,539
Profit for the period	-	-	-	-	-	3,669	3,669	35	3,704
Other comprehensive loss	-	-	-	-	(2,873)	-	(2,873)	(30)	(2,903)
Total comprehensive profit / (loss) for the period	-	-	-	-	(2,873)	3,669	796	5	801
<b>Transactions with owners in their capacity as owners:</b>	-	-	-	-	-	-	-	-	-
<b>At 31 December 2014 (Unaudited)</b>	42,908	8,412	3,013	18,013	(4,646)	28,001	95,701	(361)	95,340

Note> "ICULS" - Irredeemable Convertible Loan Stock

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 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
<b>At 1 July 2013</b>	42,908	8,412	3,013	-	(1,443)	(30,600)	22,290	(340)	21,950
Profit/(Loss) for the period	-	-	-	-	-	5,090	5,090	(28)	5,062
Other comprehensive income / (loss)	-	-	-	-	(1,127)	-	(1,127)	(13)	(1,140)
Total comprehensive profit / (loss) for the period	-	-	-	-	(1,127)	5,090	3,963	(41)	3,922
<b>Transactions with owners in their capacity as owners:</b>	-	-	-	-	-	-	-	-	-
<b>At 31 December 2013 (Unaudited)</b>	<b>42,908</b>	<b>8,412</b>	<b>3,013</b>	<b>-</b>	<b>(2,570)</b>	<b>(25,510)</b>	<b>26,253</b>	<b>(381)</b>	<b>25,872</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2014 AND 2013**



	6 months ended	
	31 Dec 2014 Unaudited RM'000	31 Dec 2013 Unaudited RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation		
- From continuing operations	4,387	24
- From discontinued operations	-	7,862
	4,387	7,886
Adjustments for non-cash and non-operating items:		
- Depreciation of property, plant and equipment	314	3,044
- Gain on disposal of investment in an associated company	(29)	-
- Interest expense	438	1,018
- Unrealised loss / (gain) on foreign exchange	(2,447)	(122)
- Others	(1,641)	(77)
	1,022	11,749
<b>Operating profit before changes in working capital</b>		
Changes in working capital:		
- Decrease/(Increase) in inventories	289	(1,088)
- Decrease/(Increase) in trade and other receivables	20,733	6,241
- Increase/(Decrease) in trade and other payables	(2,052)	16,371
Interest paid	(456)	(941)
Interest received	1,641	77
Net change in taxation	(200)	(1,975)
<b>Net cash from operating activities</b>	<b>20,977</b>	<b>30,434</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of investment in an associated company	255	-
Purchase of property, plant and equipment	(485)	(1,745)
Investment in associated company	(154)	-
Uplifting of deposits	97	-
<b>Net cash used in investing activities</b>	<b>(287)</b>	<b>(1,745)</b>
<b>Cash Flows From Financing Activities</b>		
(Decrease)/Increase in loans and borrowings	(701)	1,768
<b>Net cash used in financing activities</b>	<b>(701)</b>	<b>1,768</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>19,989</b>	<b>30,457</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>103,814</b>	<b>22,941</b>
<b>Effects of exchange rate changes</b>	<b>(456)</b>	<b>(1,018)</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>123,347</b>	<b>52,380</b>
<b>Analysis of Cash and Cash Equivalents:</b>		
Cash and bank balances	28,765	12,895
Deposits with licensed financial institutions	95,030	39,485
Bank overdrafts	-	-
Deposits pledged as security to licensed financial institutions	(448)	-
<b>Cash and Cash Equivalents</b>	<b>123,347</b>	<b>52,380</b>

**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 27 February 2015.

**A2 Basis of preparation**

The unaudited interim financial report, for the period ended 31 December 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 disposal of the entire 49% equity interest in Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") an associated company, for a total cash consideration of USD73,000 [equivalent to approximately RM255,135 based on foreign exchange rate of USD1.00:RM3.4950 as at 12 December 2014] ("the EKSTB Disposal"). The EKSTB Disposal has resulted in a gain on disposal of investment of approximately RM29,000 for the current financial period. Further information of the EKSTB Disposal is disclosed in Note B5 below.

**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 its wholly owned subsidiary Samudra Timur Sdn Bhd ("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 Samudra Oil, 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 6-MONTH PERIOD ENDED 31 DECEMBER 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 6-MONTH PERIOD ENDED 31.12.2013	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	
<b>D) BUSINESS SEGMENT</b>							
<b>Revenue</b>							
- External	4,875	-	-	4,875	-	38,401	43,276
- Inter-segment	494	-	(494)	-	-	3	3
- Elimination at Discontinued operation	-	-	-	-	-	-	(3)
Total revenue	<u>5,369</u>	<u>-</u>	<u>(494)</u>	<u>4,875</u>	<u>-</u>	<u>38,404</u>	<u>43,276</u>
<b>Results</b>							
- Segment results	546	(381)	-	165	(340)	9,079	8,904
- Finance cost	(16)	(125)	-	(141)	(877)	-	(1,018)
Profit/(Loss) before taxation				24	(1,217)	9,079	7,886
- Taxation				102	-	(2,926)	(2,824)
Profit/(Loss) after taxation				126	(1,217)	6,153	5,062
Non-controlling interests / Minority interest				-	28	-	28
Profit/(Loss) for the period attributable to equity holders of the Company				<u>126</u>	<u>(1,189)</u>	<u>6,153</u>	<u>5,090</u>
<b>Assets</b>							
Segment assets	6,559	89,255	431	96,245	27,753	31,638	155,636
Unallocated corporate assets							10
Consolidated Assets							<u>155,646</u>
<b>Liabilities</b>							
Segment liabilities	2,010	71,713	(27,881)	45,842	68,495	13,794	128,131
Unallocated corporate liabilities							1,643
Consolidated Liabilities							<u>129,774</u>

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A9 Segmental Information (Cont'd)**

UNAUDITED RESULTS FOR 6-MONTH PERIOD ENDED 31.12.2013	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	
<b>II) <u>GEOGRAPHICAL SEGMENT</u></b>							
<b>Revenue from External Customers</b>							
- Malaysia	4,875	-	-	4,875	-	38,401	43,276
- Indonesia	-	-	-	-	-	-	-
Total revenue	<u>4,875</u>	<u>-</u>	<u>-</u>	<u>4,875</u>	<u>-</u>	<u>38,401</u>	<u>43,276</u>
<b>Non-current Assets</b>							
- Malaysia	1,974	612	-	2,586	13	19,874	22,473
- Indonesia	-	-	-	-	-	-	-
	<u>1,974</u>	<u>612</u>	<u>-</u>	<u>2,586</u>	<u>13</u>	<u>19,874</u>	<u>22,473</u>

**A9 Segment Information (Cont'd)**

For the current financial quarter under review, the Group's revenue has shown an increase of about 39% to RM3.38 million when compared to RM2.43 million posted in the corresponding financial quarter for the Continuing operations classification. It earned a slightly better overall gross profit margin hence a higher gross profit of approximately RM1.64 million for the current financial quarter, an increase of about 45% over RM1.13 million achieved in the corresponding financial quarter.

The aforesaid improvement in gross profit was further boosted by the recognition of a net gain on foreign exchange of approximately RM2.22 million in the Administrative expenses caption for the current financial quarter as compared to RM0.05 million recorded in the corresponding financial quarter and interest earned from placement of deposits with various financial institutions. These have enabled the Group to report a pre-tax profit of approximately RM3.31 million as against a mere RM3,000 posted in the corresponding financial quarter by the Continuing operations of the Group.

The Group reported a profit for the period of about RM2.75 million as compared to mere RM1,000 registered by the Continuing operations for the corresponding financial quarter. The Group recorded a profit attributable to equity holders of the Company of about RM2.72 million for the current financial quarter while it was at RM2.77 million with contributions from the Discontinued operations, in the corresponding financial quarter.

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**A10 Profit before tax**

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

	Second Quarter ended		Cumulative Six Months ended	
	31 December 2014	31 December 2013*	31 December 2014	31 December 2013*
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
a) Interest income	803	75	1,641	77
b) Other income (excluding (a) and (e))	490	46	1,055	102
c) Interest expense	(226)	(475)	(438)	(1,018)
d) Depreciation and amortisation of property plant and equipment	(162)	(1,508)	(314)	(3,044)
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	29	-	29	-
i) Impairment and/or write off of assets	-	-	-	-
j) Realised foreign exchange gain/(loss)	104	(924)	109	54
k) Unrealised foreign exchange gain/(loss)	2,117	969	2,447	122
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**

	Second Quarter ended		Cumulative Six Months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
<b>Based on financial period's profit</b>				
<u>Continuing operations</u>				
Taxation				
- Current financial period	566	2	683	(102)
- Under/(Over) provision in the previous years	-	-	-	-
Deferred taxation	-	-	-	-
	<u>566</u>	<u>2</u>	<u>683</u>	<u>(102)</u>
<u>Discontinued operation</u>				
Taxation				
- Current financial period	-	978	-	2,926
- Under/(Over) provision in the previous years	-	-	-	-
Deferred taxation	-	-	-	-
	<u>-</u>	<u>978</u>	<u>-</u>	<u>2,926</u>
Total tax expenses for the period	<u>566</u>	<u>980</u>	<u>683</u>	<u>2,824</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 31 December 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 31 December 2013 was higher than the statutory tax rate principally due to losses incurred by certain subsidiaries and certain expenses that were not deductible for tax purpose.

**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 31 December 2013 which have been presented as "profit for the period from discontinued operations" were as follows:

(All in RM'000)	Second Quarter ended		Cumulative Six Months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Revenue	-	18,202	-	38,401
Cost of sales	-	(11,273)	-	(24,635)
<b>Gross profit</b>	-	6,929	-	13,766
Other income	-	10	-	10
Administrative expenses	-	(1,088)	-	(2,178)
Other operating expenses	-	(1,687)	-	(2,859)
Finance cost	-	(418)	-	(877)
<b>Profit before taxation</b>	-	3,746	-	7,862
Income tax expense	-	(978)	-	(2,926)
<b>Profit for the period</b>	-	2,768	-	4,936

Statement of financial position disclosure

The major classes of assets and liabilities of Samudra Oil classified as held for sale as at 31 December 2013 for the corresponding financial period were as follows:

	RM'000
<b>Assets</b>	
Property, plant and equipment	19,874
Inventories	-
Trade and other receivables	8,164
Cash and bank balances	3,600
Assets of disposal subsidiary classified as held for sale	31,638

**A12 Discontinued Operations (Cont'd)**

	<b>RM'000</b>
<b>Liabilities</b>	
Trade and other payables	(6,910)
Tax payable and deferred taxation	(6,884)
Liabilities of disposal subsidiary classified as held for sale	<u>(13,794)</u>
 <u>Statement of cash flows disclosure</u>	
	<b>6 months ended 31 December 2013 Unaudited RM'000</b>
Cash flows from operating activities	3,678
Cash flows used in investing activities	(1,432)
Cash flows from financing activities	-
Net cash (outflows)/inflows	<u>2,246</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:

	<b>Second Quarter ended</b>		<b>Cumulative Six Months ended</b>	
	<b>31 December 2014 Unaudited</b>	<b>31 December 2013 Unaudited</b>	<b>31 December 2014 Unaudited</b>	<b>31 December 2013 Unaudited</b>
Profit for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	2,723	1	3,669	126
- From discontinued operation	-	2,771	-	4,964
	<u>2,723</u>	<u>2,772</u>	<u>3,669</u>	<u>5,090</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	1.90	0.00	2.57	0.09
- From discontinued operation	-	1.94	-	3.47
	<u>1.90</u>	<u>1.94</u>	<u>2.57</u>	<u>3.56</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:-

	<b>Second Quarter ended 31 December 2014 Unaudited</b>	<b>31 December 2013 Unaudited</b>	<b>Cumulative Six Months ended 31 December 2014 Unaudited</b>	<b>31 December 2013 Unaudited</b>
Profit for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	2,723	1	3,669	126
- From discontinued operation	-	2,771	-	4,964
	<u>2,723</u>	<u>2,772</u>	<u>3,669</u>	<u>5,090</u>
Net adjustment for interest income from cash proceeds on exercise of warrants	125	146	251	292
Net adjustment for interest saving from conversion of ICULS	90	-	181	-
	<u>2,938</u>	<u>2,918</u>	<u>4,101</u>	<u>5,382</u>
<b><u>Weighted average number of ordinary shares (diluted) ('000)</u></b>				
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
Weighted average number of ordinary shares	<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>1.15</u>	<u>1.36</u>	<u>1.61</u>	<u>2.51</u>

**A14 Property, Plant and Equipment**

During the financial period under review, the Group has acquired assets at a cost of approximately RM38,000 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 31 Dec 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
Cash and bank balances (include deposits with licensed financial institutions)	123,795	104,359
Deposit pledged as security to licensed financial institutions	(448)	(545)
Bank overdrafts	-	-
<b>Total cash and cash equivalent</b>	<u>123,347</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>31 December 2014</u>				
<b>Available-for-sale financial assets</b>				
Equity shares *	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
<u>30 June 2014</u>				
<b>Available-for-sale financial assets</b>				
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 31 Dec 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
<b>a) Short term borrowings</b>		
Repayable within twelve months		
- Secured	3,352	3,099
- Unsecured	468	471
	3,820	3,570
<b>b) Long term borrowings</b>		
Repayable after twelve months		
- Secured	7,722	8,676
- Unsecured	2,193	2,193
Portion repayable after one year	9,915	10,869
United States Dollars (USD'000)	2,969	3,393
Ringgit Malaysia equivalent (RM'000)	10,378	10,895

**A19 Contingencies and Exposure to credit risk associated with bank guarantees**

	As at 31 Dec 2014 Unaudited RM'000	As at 30 June 2014 Audited RM'000
<b><u>Exposure to credit risk associated with bank guarantees</u></b>		
Bank guarantees in favour of third parties	1,414	6,551

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

**A21 Related Party Transactions**

The following table provides information on the transactions which have been entered into with related parties during the three month and six month periods ended 31 December 2014 as well as the balances with the related parties as at 31 December 2014 and 30 June 2014.

	Second Quarter ended		Cumulative Six Months ended	
	31 December 2014 Unaudited RM'000	31 December 2013 Unaudited RM'000	31 December 2014 Unaudited RM'000	31 December 2013 Unaudited RM'000
Transactions with Director and companies in which certain Directors have interest :-				
a) Purchase of air ticket from a company	28	209	54	353
b) IT related services	11	17	33	46
c) Transportation, freight and handling services	125	718	196	1,048
d) Interest payable to a former director	-	42	-	95

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

	31 Dec 2014 Unaudited RM'000	30 June 2014 Audited RM'000
Balance due (to) / from:-		
- Gem Travel & Tour Sdn Bhd	(11)	(16)
- Safworks Sdn Bhd	* 4	(45)
- Safeguards Oceanic Sdn Bhd	-	(91)
- Airoceanic Express Sdn Bhd	-	(7)
- Safeguards Corporation Sdn Bhd	(2)	(5)
- Dato' Chee Peck Kiat @ Chee Peck Jan - former director of the Company	-	(24)

\* - 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 31 December 2014 up to 27 February 2015 other than those disclosed in Note B5, Note B6, Note B7 and the allotment of new ordinary shares as shown below:-

	No of ordinary shares of RM0.30 each '000	Amount RM'000
a) Issued pursuant to exercise of warrants	402	121
b) Issued pursuant to conversion of ICULS	40,000	12,000
	<u>40,402</u>	<u>12,121</u>

The proceeds raised from the exercise of warrants amounted to RM120,690 is to be utilised for the working capital purpose of the Group. No proceeds is raised from the conversion of ICULS.

**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 an increase in revenue by about 37% to approximately RM3.38 million when compared to the revenue performance for the preceding financial quarter of approximately RM2.47 million. This improved revenue coupled with better overall gross profit margin earned for work performed or serviced have enabled the Group to report about 79% hike in gross profit from RM0.91 million recorded in the preceding financial quarter to approximately RM1.64 million.

In addition the Group has recognised unrealised gain on foreign exchange of approximately RM2.12 million in the Administrative expenses caption for the current financial quarter as compared to RM0.33 million recorded in the preceding financial quarter. The Group posted a pre-tax profit of approximately RM3.31 million, an increase of about 208% from RM1.08 million registered in the preceding financial quarter.

For the current financial quarter under review, the Group registered higher profit attributable to equity holders of the Company of about RM2.72 million when compared to approximately RM0.95 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 and repayments of borrowings to Malayan Banking Berhad pursuant to the Debt Settlement Agreement dated 6 September 2013 ("DSA") while the Company may consider distributing any surplus available back to its shareholders. 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**

EKSTB Disposal

The Company had on 12 December 2014 disposed of Forty-Nine (49) shares of Dirhams Five Thousand (AED5,000) each ("Sale Shares"), representing 49% of equity interest in EKSTB for a total cash sale consideration of USD73,000 [equivalent to approximately RM255,000 based on foreign exchange rate of USD1.00:RM3.4950 as at 12 December 2014] to Samudra Oil.

The EKSTB Disposal was deemed completed as at end of the current financial quarter with a gain on disposal of approximately RM29,000 and EKSTB ceased to be an associated company of the Group.

Termination of Management Agreement with Destini Berhad ("Destini") ("Termination of Management Agreement")

The Company had on 17 December 2014 announced that the Company and Destini had vide a letter dated 17 December 2014 mutually agree to terminate the Management Agreement with effect from 1 December 2014. The Management Agreement was entered into by both parties on 27 March 2014 pursuant to the Disposal of Samudra Oil for the Company to provide administration, general management and technical support services to enable Destini to carry on the business of Samudra Oil at the terms and conditions contained in the Management Agreement.

The Termination of Management Agreement was due to Destini had built up a Management team that is capable of managing and undertaking the operation of Samudra Oil at their preferred business direction in the Oil and Gas sector. Accordingly the services rendered by the Company under the Management Agreement were deemed to be redundant.

Utilisation of proceeds raised from the Disposal of Rigs

The status of utilisation of proceeds raised from the Disposal of Rigs as at 31 December 2014 was as follows:-

	<b>Note (a) As reported RM'000</b>	<b>Utilisation as at 31 Dec 2014 RM'000</b>	<b>Balance unutilised RM'000</b>
Repayment of Borrowings	25,759	22,828	2,931
Purchase of equipment and tools	3,000	785	2,215
Working capital	5,886	4,336	1,550
Estimated corporate expenses	320	320	-
	<u>34,965</u>	<u>28,269</u>	<u>6,696</u>

*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 31 December 2014 was as follows:-

	<b>Note (a) As reported RM'000</b>	<b>Utilisation as at 31 Dec 2014 RM'000</b>	<b>Balance unutilised RM'000</b>
Acquisition of prospective new businesses and/or assets	77,100	-	77,100
Estimated corporate expenses	2,900	2,900	-
	<u>80,000</u>	<u>2,900</u>	<u>77,100</u>

**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.

On 27 February 2015, the Company announced that Bursa Securities had vide its letter dated 17 February 2015 ("Notice") notified the Company that it is an affected listed issuer pursuant to Paragraph 8.03(1) of the MMLR of Bursa Securities and the Company is required to make immediate Initial Announcement in accordance with the requirements prescribed in Paragraph 2.1 of PN 16 of the MMLR upon the Board of Directors' approval of the unaudited quarterly financial statements for the quarter ended 31 December 2014. In this respect, the Company must strictly comply with the provisions and requirements in Paragraph 8.03 and PN 16 of the MMLR of Bursa Securities.

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 1 month 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**

A first and final dividend of 4.5 sen per ordinary share of RM0.30 each in the Company ("KSTB Shares") for the financial year ended 30 June 2014 has been approved by the shareholders at the Annual General Meeting held on 31 December 2014 ("FY 2014 Dividend"). The FY 2014 Dividend is payable on 30 March 2015 while the KSTB Shares will be traded and quoted "Ex-FY 2014 Dividend" as from 4 March 2015.

**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 31 December 2014 and 2013.

**B11 Realised and Unrealised profits / (losses)**

	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realised	25,828	23,882
- Unrealised	2,173	450
Total retained profits as per consolidated accounts	<u>28,001</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  
27 February 2015