

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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**PERISAI PETROLEUM TEKNOLOGI BHD**

(Company No. 632811 - X)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**Proposed provision of financial assistance to Allied Marine & Equipment Sdn Bhd ("AME"), a 55%-owned subsidiary of Perisai Petroleum Teknologi Bhd ("Perisai"), of approximately RM15.13 million by way of a corporate guarantee in respect of AME's banking facilities**

Manager

**RHB INVESTBANK**

Corporate Finance • Capital Markets • Securities

**RHB INVESTMENT BANK BERHAD**

*(formerly known as RHB Sakura Merchant Bankers Berhad)*

(Company No.: 19663-P)

Notice of the Extraordinary General Meeting of Perisai to be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 26 March 2007 at 10.00 am, together with the Form of Proxy are enclosed herewith. The Form of Proxy must be completed in accordance with the instructions therein as soon as possible and in any event must be lodged at the Registered Office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, not less than 48 hours before the time of the meeting or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout and for the purpose of this Circular:

Act	:	Companies Act, 1965
AME	:	Allied Marine & Equipment Sdn Bhd, a 55%-owned subsidiary of Perisai
AME Asset	:	AME Asset Holdings Sdn Bhd
AME Group	:	AME and its subsidiaries, collectively
Board	:	Board of Directors of Perisai
Bursa Securities	:	Bursa Malaysia Securities Berhad
EGM	:	Extraordinary General Meeting
FYE	:	Financial year(s) ended 31 December
MBB	:	Malayan Banking Berhad
NA	:	Net assets
PAT	:	Profit after taxation
PATMI	:	Profit after taxation and minority interest
PBT	:	Profit before taxation
Perisai or Company	:	Perisai Petroleum Teknologi Bhd
Perisai Group or Group	:	Perisai and its subsidiaries, collectively
Proposed Financial Assistance	:	Proposed provision of financial assistance to AME of approximately RM15.13 million by way of a corporate guarantee in respect of AME's banking facilities
RHB INVESTBANK	:	RHB Investment Bank Berhad ( <i>formerly known as RHB Sakura Merchant Bankers Berhad</i> )
RM and sen	:	Ringgit Malaysia and sen, respectively
USD	:	United States Dollar

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## **Perisai Petroleum Teknologi Bhd**

(Company No. 632811 - X)  
(Incorporated in Malaysia under the Act)

### **Registered Office:**

Suite 2, Penthouse,  
Lobby A, Wisma Leopad,  
No. 9, Jalan Tun Sambanthan,  
50470 Kuala Lumpur

7 March 2007

### **Board of Directors:**

Dato' Dr. Mohamed Ariffin bin Hj. Aton (*Independent Non-Executive Chairman*)  
Nagendran a/l C. Nadarajah (*Managing Director*)  
Chan Feoi Chun (*Independent Non-Executive Director*)  
Yogesvaran a/l T. Arianayagam (*Non-Independent Non-Executive Director*)  
Tengku Daud Shaifuddin bin Tengku Zainudin (*Executive Director*)  
Mohd Jeffrey De Jong Bin Abdullah (*Executive Director*)  
Juhari bin Husin (*Alternate Director to Tengku Daud Shaifuddin bin Tengku Zainudin*)

**To : Shareholders of Perisai Petroleum Teknologi Bhd**

Dear Sir/Madam,

**Proposed provision of financial assistance to AME of approximately RM15.13 million by way of a corporate guarantee in respect of AME's banking facilities**

### **1. INTRODUCTION**

On 9 February 2007, RHB INVESTBANK, on behalf of the Board, announced that Perisai proposed to provide financial assistance to AME of approximately RM15.13 million by way of a corporate guarantee in respect of AME's banking facilities with MBB of RM27.5 million.

The purpose of this Circular is to provide shareholders with detailed information on the Proposed Financial Assistance and to seek shareholders' approval for the relevant resolution pertaining to the Proposed Financial Assistance to be tabled at the forthcoming EGM.

### **2. PROPOSED FINANCIAL ASSISTANCE**

#### **2.1 Details of the Proposed Financial Assistance**

AME currently has banking facilities with MBB amounting to RM27.5 million for which AME Asset is providing a corporate guarantee for the entire amount. AME Asset has a 45% direct equity interest in AME. Perisai proposes to provide the corporate guarantee proportionate to its 55% shareholdings in AME amounting to approximately RM15.13 million.

The proceeds for the said banking facilities was utilised in the following manner:

<b>Bank</b>	<b>Facility</b>	<b>Detail</b>	<b>Amount (RM'000)</b>
MBB	Term Loan	Purchase of vessel*	12,000
	Overdraft	Working capital	10,000
	Term Loan	Purchase of vacant land**	2,500
	Bank Guarantee	Bank guarantee for performance bonds	2,000
	Overdraft	Working capital	1,000
			<b>27,500</b>

*Note:*

\* *The term loan was utilised for the purchase of MV Allied Centurion*

\*\* *The vacant land is currently used for storage of AME's equipments*

The Proposed Financial Assistance does not warrant immediate cash payouts by Perisai, unless AME defaults on its obligations pursuant to the terms of its banking facilities. The proposed salient terms of the corporate guarantee by Perisai shall be as follows:

- (a) Perisai shall guarantee the payment by AME to the financial institution of 55% of the outstanding indebtedness and Perisai unconditionally and irrevocably guarantee to pay and satisfy 55% of the outstanding indebtedness to the financial institution;
- (b) if AME becomes insolvent or bankrupt or an order is made for the winding up of AME, the financial institution may prove in the insolvency, bankruptcy or winding up of AME for the whole amount of the indebtedness owing or remaining due and unpaid to the financial institution by AME and no money or dividend received by the financial institution shall be treated as a discharge of the guarantee and indemnity unless 55% of the amount of the outstanding indebtedness guaranteed is paid by Perisai;
- (c) the guarantee shall be binding and as a continuing security on Perisai and its successors in title and permitted assigns and as the case may be, shall remain bound by the guarantee and shall pay to the financial institution on demand 55% of the outstanding indebtedness and obligations due by AME; and
- (d) 55% of the outstanding indebtedness paid or given to the financial institution by Perisai shall constitute a valid settlement or discharge of the liability of Perisai under the guarantee.

The actual salient terms of the corporate guarantee to be provided by Perisai in future would not be available until upon the finalisation of the corporate guarantee by the financial institution. The Company undertakes that should any of the salient terms of the corporate guarantee to be provided in the future are materially different from the above terms, the relevant announcement would be made to Bursa Securities.

The above terms are also applicable to AME Asset in respect of its corporate guarantee for its 45% direct shareholding in AME and the terms of the corporate guarantee applicable to AME Asset is no more favorable than that applicable to Perisai. In the event of default in the banking facilities, the liability of Perisai and AME Asset will be proportionate to their shareholdings in AME.

In the event of AME's default on its debt obligations, Perisai intends to fulfil the corporate guarantee obligations by utilising Perisai's internally generated funds and/or bank borrowings. Should Perisai utilise bank borrowings to fulfil its corporate guarantee obligations, Perisai will charge AME interest equivalent to the same interest rate to be incurred by Perisai for such purpose. Similarly, if AME Asset utilise bank borrowings to fulfil its corporate guarantee obligations, AME Asset will charge AME interest equivalent to the same interest rate to be incurred by AME Asset for such purpose.

## **2.2 Information on AME**

AME was incorporated in Malaysia as a private limited company under the Act on 28 November 1988.

AME has 3 subsidiaries and is principally involved in the provision of offshore diving and related services for inspection, repair and maintenance of structures, pipelines and risers and for the construction of underwater facilities for the oil and gas industry.

Further information on AME is set out in Appendix I of this Circular.

## **2.3 Information on AME Asset**

AME Asset was incorporated in Malaysia as a private limited company under the Act on 9 October 2000. AME Asset is an investment holding company principally involved in the management of its subsidiaries.

Further information on AME Asset is set out in Appendix II of this Circular.

## **2.4 Estimated time frame for completion**

The Board expects to complete the Proposed Financial Assistance by the first quarter of 2007.

## **3. RATIONALE FOR THE PROPOSED FINANCIAL ASSISTANCE**

The banking facilities in respect of the Proposed Financial Assistance were used for the purchase of a vessel and land (which is used for storing AME's equipments), for working capital purposes and as bank guarantee for performance bonds. As such the banking facilities are necessary for the day-to-day operations of AME. AME is one of the major profit contributor to the Perisai Group contributing approximately 35.10% of the Perisai Group's PATMI for the FYE 2005.

The remaining shareholder of AME, ie. AME Asset, is currently providing corporate guarantee in respect of the entire amount of the said banking facilities taken up by AME. In accordance to the terms of the shareholders' agreement between Perisai, AME and AME Asset, Perisai is obliged to assume the corporate guarantee proportionately to its shareholdings in AME.

## **4. RISK FACTORS**

The Board does not envisage any specific risks associated with the Proposed Financial Assistance as the Board is of the view that, barring any unforeseen circumstances, AME will be able to service its loan obligations as and when they fall due. The Proposed Financial Assistance does not warrant immediate cash payouts by Perisai, unless AME defaults on its obligations pursuant to the terms of its banking facilities.

## **5. EFFECTS OF THE PROPOSED FINANCIAL ASSISTANCE**

The effects of the Proposed Financial Assistance on the share capital, shareholdings of the major shareholders, NA, gearing and earnings of Perisai are set out below:

### **5.1 Share Capital and Shareholdings of Major Shareholders**

The Proposed Financial Assistance does not have any effect on the share capital and major shareholders' shareholding of Perisai.

## **5.2 NA and Gearing**

The Proposed Financial Assistance is not expected to have any material effect on the NA of the Perisai Group. Any potential effect on the gearing of the Perisai Group would be dependent on whether the corporate guarantee provided by Perisai would crystallise in the future and whether Perisai utilises internally generated funds and/or bank borrowings to fulfil its corporate guarantee obligations.

## **5.3 Earnings**

The Proposed Financial Assistance is not expected to have any material effect on the earnings of the Perisai Group.

## **6. CONDITIONS OF THE PROPOSED FINANCIAL ASSISTANCE**

The Proposed Financial Assistance is conditional upon the approval of the shareholders of Perisai at the forthcoming EGM.

## **7. OTHER CORPORATE EXERCISES**

There is no other corporate exercise, which has been announced but not yet completed prior to the date of this Circular.

## **8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Aloysius Albert Michael is a major shareholder and director of AME and AME Asset and was a director of Perisai within the preceding 6 months from the date of the announcement of the Proposed Financial Assistance.

However, Bursa Securities had, vide its letter dated 24 May 2006, approved, inter-alia, Perisai's application to exempt the Proposed Financial Assistance from being regarded as a related-party transaction pursuant to the Listing Requirements of Bursa Securities for the MESDAQ Market.

Accordingly, none of the Directors or major shareholders of Perisai or any of the persons connected to them, are deemed interested, whether direct or indirect, in the Proposed Financial Assistance.

## **9. DIRECTORS' OPINION AND RECOMMENDATION**

Your Board, having considered all aspects of the Proposed Financial Assistance is of the opinion that the Proposed Financial Assistance is in the best interest of the Company. Accordingly, your Board recommends that the shareholders vote in favour of the resolution in relation to the Proposed Financial Assistance to be tabled at the forthcoming EGM.

## **10. EGM**

An EGM, the notice of which is enclosed in this Circular, will be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 26 March 2007 at 10.00 am, for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Financial Assistance.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, not less than 48 hours before the time of meeting or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

**11. FURTHER INFORMATION**

Shareholders are requested to refer to the attached appendices for further information.

**Yours faithfully,  
For and on behalf of the Board of Directors of  
PERISAI PETROLEUM TEKNOLOGI BHD**

**DATO DR. MOHAMED ARIFFIN BIN HJ. ATON  
Independent Non-Executive Chairman**



## INFORMATION ON THE AME GROUP

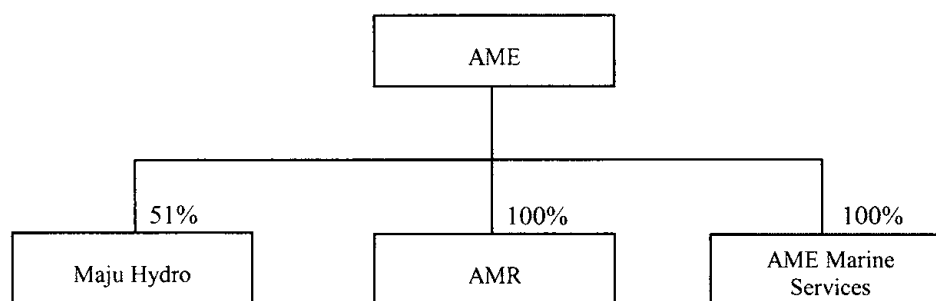
### 1. History and Business

AME was incorporated as a private limited company in Malaysia under the Act on 28 November 1988. Its current registered office is at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur.

The principal activities of AME are the provision of offshore diving and related services for inspection, repair and maintenance of structures, pipelines and risers and for the construction of underwater facilities for the oil and gas industry.

AME undertakes projects within the petroleum industry that involves installation, inspection, repair, maintenance and construction of underwater facilities, which requires specialised equipment, certified personnel and dedicated vessels. AME has the capabilities to host diving and support equipments that can maintain 6 or 9 divers under pressure for 28 days or more, which translates to up to a maximum of 21 hours of effective underwater support at a maximum depth of 300 meters. This type of “saturation diving” is essential in today’s requirement for underwater support in the petroleum industry, but however, the availability of such equipment is limited. AME also employs robotics to carry out certain inspections, surveys and construction. These are called Remote Operated Vehicles (“ROV”), each weighing about 2 tons and capable of conducting intricate operations or carrying large payloads. With two manipulators and a multitude of various available functions, these robots use sonar and avoidance systems and are able to detect and follow buried pipeline using latest technology. ROVs are capable of diving to a depth of 3000 meters. AME conforms strictly to international guidelines. In 2005, AME purchased a vessel, namely MV Allied Centurion, to enhance its marine operations.

AME currently has 3 subsidiaries, namely Maju Hydro Sdn Bhd (“Maju Hydro”), Allied Marine Robotics Sdn Bhd (“AMR”) and AME Marine Services Sdn Bhd (“AME Marine Services”). The AME Group structure is as follows:



Maju Hydro provides surveys related to offshore and marine industries. Maju Hydro started off as a surveying company providing services to AME and other companies. The company has since specialised in report writing and provides survey facilities.

AMR operates and hires remote operated vehicles and related marine and underwater plant and equipment and the provision of related services.

AME Marine Services owns, manages, operates and hires vessels, barges and equipment related to marine industry and provision of related services.

## INFORMATION ON THE AME GROUP

The AME Group utilises a Dive Support Vessel when conducting diving operations in areas other than from clients' barges which ranges from a basic 4 point mooring vessel, which has restricted usage due to underwater pipelines, to a sophisticated Dynamic Positioning II ("DPII") vessel that has full redundancy and capable of remaining in one spot for days or months, without the use of an anchoring system.

The principal market for the services provided by the AME Group is Malaysia. AME's major clients are Petronas and its Production Sharing Contracts ("PSC") contractors. However, the AME Group has also tapped into the international markets and the number of overseas contracts has increased since 2003. The breakdown of AME Group's sales based on domestic and foreign markets for the last 5 financial years ended 31 December 2005 are as follows:

FYE	2001		2002		2003		2004		2005	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	17,668	100.00	28,583	100.00	43,045	97.76	39,370	92.99	78,336	95.81
Foreign	-	-	-	-	985	2.24	2,967	7.01	3,425	4.19
Total	17,668	100.00	28,583	100.00	44,030	100.00	42,337	100.00	81,761	100.00

The properties owned by the AME Group are as follows:

- (i) a workshop facility in Bandar Serendah held under HS (D) 12117 PT No. 7975 Lot No. 6370 Type KT-1B, Bandar Serendah Tambahan, Selangor measuring approximately 337.50 square meters;
- (ii) a factory bearing postal address No. 23, Jalan Industri Batu Caves 1/6, Taman Perindustrian Batu Caves, 68100 Selangor Darul Ehsan, held under the title H.S. (M) 20046 P.T. No 28979 Mukim Batu, Tempat Batu Caves, District Gombak, State of Selangor Darul Ehsan, measuring approximately 17,523 square feet. The factory is used as the AME Group's corporate headquarters and for the storage of equipments owned;
- (iii) a freehold vacant land located at Lot No. 34 Bandar Selayang, held under H.S.(D) 21766 PT 28815 Mukim Batu, District Gombak, State of Selangor measuring approximately 39,936 square feet; and
- (iv) an office premise located at unit C-7-5, Megan Phileo Promenade, 189, Jalan Tun Razak, Kuala Lumpur, with a floor area of 1,538 square feet.

In addition to the above, AME Marine Services had on 20 February 2004 purchased a DPII vessel known as MV Allied Commander (formerly Seaway Commander) at a cost of USD1.175 million from Subsea 7AS, a Norwegian company. The vessel was built in Norway and rebuilt in 1996. The actual cost of the vessel with refurbishment prior to its transfer to the Malaysian waters is approximately RM11 million. The AME Group had financed the purchase from internally generated funds. AME Marine Services has registered the vessel with the Malaysia Ship Owners Associations, which will cause the vessel to be more marketable in Malaysia.

Further, AME had on 7 February 2005 purchased a DPII vessel known as MV Allied Centurion (formerly known as Mansal 19) at a cost of USD4.25 million. The vessel was built in Norway and reconstructed and modernised in 1997. The actual cost of the vessel with refurbishment prior to its transfer to the Malaysian waters is approximately RM19 million. The AME Group had financed the purchase partly from internally generated funds and bank borrowings. The Allied Centurion is equipped with 'follow-sub' and 'auto-track' capabilities making it ideal for underwater surveys, and is also set up with independent generators resulting in complete redundancy for Diving Operations.

**INFORMATION ON THE AME GROUP**
**2. Share Capital**

The authorised and issued and paid-up share capital of AME as at 15 February 2007 are as follows:

	RM
<b>Authorised</b>	
10,000,000 ordinary shares of RM1.00 each	10,000,000
<b>Issued and fully paid-up</b>	
8,700,000 ordinary shares of RM1.00 each	8,700,000

Details of changes in the issued and paid-up share capital of AME since incorporation up to 15 February 2007 are as follows:

Date of issue/allotment	No. of AME shares issued	Par value	Consideration	Total issued and paid-up share capital
		RM		RM
28.11.88	2	1.00	Subscribers' shares	2
17.04.89	24,998	1.00	Cash	25,000
13.08.93	75,000	1.00	Cash	100,000
27.12.94	150,000	1.00	Other than cash	250,000
03.04.95	150,000	1.00	Cash	400,000
16.09.03	600,000	1.00	Cash	1,000,000
11.03.05	7,700,00	1.00	Cash	8,700,000

**3. Directors**

Based on the Register of Directors' Shareholding of AME as at 15 February 2007, the Directors of AME and their shareholdings in the company are as follows:

Director	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tengku Daud Shaifuddin Bin Tengku Zainudin	Malaysian	-	-	4,785,000 <sup>(1)</sup>	55.00
Juhari Bin Husin	Malaysian	-	-	4,785,000 <sup>(1)</sup>	55.00
Aloysius Albert Michael	Malaysian	-	-	3,915,000 <sup>(2)</sup>	45.00
Nor Hidayat Bt Abdul Aziz	Malaysian	-	-	3,915,000 <sup>(2)</sup>	45.00
Abd Hamid Bin Ibrahim	Malaysian	-	-	-	-
Hilmy Bin Ahmad	Malaysian	-	-	-	-

Notes:

(1) Deemed interested by virtue of their respective major shareholdings in Perisai

(2) Deemed interested by virtue of their respective major shareholdings in AME Asset

## INFORMATION ON THE AME GROUP

## 4. Major Shareholders

Based on the Register of Substantial Shareholders of AME as at 15 February 2007, the major shareholders and their shareholdings in the company are as follows:

Major Shareholders	Place of Incorporation/ Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Perisai	Malaysia	4,785,000	55.00	-	-
AME Asset	Malaysia	3,915,000	45.00	-	-

## 5. Subsidiaries of AME

The subsidiaries of AME are as follows:

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest held %	Principal activities
AME Marine Services	03.03.04 / Malaysia	1,000	100	The company owns, manages, operates and hires vessels, barges and equipment related to marine industry and provision of related services.
AMR	07.02.04 / Malaysia	150,000	100	The company operates and hires remote operated vehicles and related marine and underwater plant and equipment and the provision of related services.
Maju Hydro	04.05.00 / Malaysia	250,000	51	The company provides surveys related to offshore and marine industries.

## 6. Summary of Financial Data

The table below sets out a summary of AME's audited consolidated results for the past 5 financial years ended 31 December 2005 and the unaudited results for the financial year ended 31 December 2006:

Financial year ended 31 December	← Proforma <sup>(1)</sup> →		← Actual →			Unaudited 2006 RM'000
	2001 RM'000	2002 RM'000	Audited 2003 RM'000	2004 RM'000	2005 RM'000	
Turnover	17,668	28,583	44,030	42,337	81,761	85,845
PBT	981	1,574	9,036	6,117	14,522	(735)
Taxation	(270)	(615)	(2,697)	(2,048)	(3,973)	(4)
PAT	711	959	6,339	4,069	10,549	(739)
MI	-	(5)	(50)	(82)	28	64
PATMI	711	954	6,289	3,987	10,577	(675)
Weighted average number of AME shares in issue ('000)	400	400	574	1,000	7,244	8,700
Net earnings per share (RM)	1.78	2.39	10.96	3.99	1.46	(0.08)
Dividend rate	-	-	-	-	-	-

**INFORMATION ON THE AME GROUP**

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*Notes:*

- \* *There were no exceptional or extraordinary items in all the financial years under review.*
- (1) *The proforma consolidated income statements of the AME Group for the financial years ended for 2001 and 2002 incorporates the income statements of Maju Hydro, as though Maju Hydro was a subsidiary of AME for those financial years. The 51% equity interest in Maju Hydro was acquired on 5 September 2002 but the results of Maju Hydro were only consolidated from 1 January 2003 as AME only took control over the financial and operating policies of Maju Hydro from that date. The other subsidiaries, AME Marine Services and AMR, are excluded from the proforma consolidated income statements as AME Marine Services and AMR were incorporated on 3 March 2004 and 7 February 2004, respectively.*

The decrease in PATMI in FYE 2004 by approximately 36.60% to RM3.99 million was mainly attributable to the initial set up cost and running cost for the first vessel, MV Allied Commander.

The increase in turnover and PATMI in FYE 2005 by approximately 93.12% and 165.29% respectively, compared to the previous year to RM81.76 million and RM10.58 million respectively, was mainly due to the additional work carried out by the 2 vessels in operation, namely the MV Allied Commander and MV Allied Centurion.

The decrease in PATMI in FYE 2006 by approximately 106.38% compared to the previous year, was mainly due to major upgrading and repair works for the abovementioned 2 vessels, higher operating costs incurred and certain lower profit margin jobs undertaken.

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**INFORMATION ON AME ASSET**


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**1. History and Business**

AME Asset was incorporated in Malaysia on 9 October 2000 as a private limited company under the Act. As at 15 February 2007, the authorised share capital of AME Asset is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 680,002 ordinary shares are issued and fully paid-up. AME Asset is an investment holding company principally involved in the management of its subsidiaries.

**2. Directors**

As at 15 February 2007, the Directors of AME Asset and their shareholdings in AME Asset are as follows:

Director	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Aloysius Albert Michael	Malaysian	198,002	29.1	-	-
Hanizam Bin Muhammad Ali	Malaysian	204,000	30.0	-	-
Nor Hidayah Binti Abdul Aziz	Malaysian	278,000	40.9	-	-

**3. Major Shareholders**

As at 15 February 2007, the major shareholders of AME Asset and their shareholdings in AME Asset are as follows:

Major Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Aloysius Albert Michael	198,002	29.1	-	-
Hanizam Bin Muhammad Ali	204,000	30.0	-	-
Nor Hidayah Binti Abdul Aziz	278,000	40.9	-	-

**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY**

This Circular has been reviewed and approved by the Board and its members individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

**2. WRITTEN CONSENT**

The written consent of RHB INVESTBANK for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear, has been granted and has not subsequently been withdrawn.

**3. MATERIAL CONTRACTS**

Save as disclosed below, neither Perisai nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business), within the 2 years immediately preceding the date of this Circular:

- (i) Memorandum of agreement between AME and Mansal Offshore QSC Qatar dated 7 February 2005 for the acquisition of a Dynamic Positioning II vessel named Allied Centurion (formerly known as Mansal 19) for a purchase consideration of USD4.25 million;
- (ii) Facilities agreement dated 16 February 2005 between AME and MBB for a sum of RM12 million in relation to the acquisition of the Dynamic Positioning II vessel;
- (iii) Facilities agreement dated 1 March 2005 between Perisai and RHB Bank Berhad for a sum of RM26.73 million in relation to the acquisition of 55% equity interest in AME;
- (iv) On 24 June 2005, Perisai entered into the following agreements:
  - (a) shareholder agreement with Alpha Thames Subsea Limited ("ATS") governing their commitment and regulating their rights in relation to Alpha Perisai, the joint venture company between Perisai and ATS;
  - (b) a license agreement with Alpha Perisai and ATS in relation to the sole and exclusive right to the AlphaPRIME™ and all other components relating thereto for a consideration of £100,000; and
  - (c) a research and development agreement with Alpha Perisai and ATS in relation to the continued research and development work for the AlphaPRIME™ for a consideration of £900,000;
- (v) On 30 October 2005, Perisai entered into an agreement with Meridian Term Sdn Bhd for the disposal of its entire 37.5% equity interest comprising 37,500 ordinary shares of RM1.00 each in Whizz Water Sdn Bhd for a cash consideration of RM1.5 million;
- (vi) Bridging Loan Facility Agreement dated 8 August 2006 between Perisai and United Overseas Bank (Malaysia) Bhd ("UOB") for the sum of RM20 million. The bridging loan facility to be used by Perisai to on-lend to Corro-Pro(L) Inc ("Corro-Pro"), a wholly owned subsidiary of Perisai, for the part finance of Corro-Pro's acquisition of a vessel called Ocean Hercules ("the Vessel") for USD5,800,000. The security for the repayment of the facility was secured through the following security documents:
  - (a) FD pledge created in favour of UOB;
  - (b) an assignment, charge and mortgage in favour of UOB over the Vessel;

## FURTHER INFORMATION

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- (c) Personal guarantees from Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah and Juhari bin Husin in favour of UOB dated 8 August 2006 for the sum of RM20 million;
  - (d) Corporate guarantee from Corro-Shield (M) Sdn Bhd (“CSSB”), a 60%-owned subsidiary of Perisai, in favour of UOB dated 8 August 2006 for the sum of RM20 million; and
  - (e) Corporate guarantee from AME in favour of UOB dated 8 August 2006 for the sum of RM20 million.
- (vii) Corporate Guarantee dated 8 August 2006 between CSSB and UOB. Pursuant to the terms of the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (vi) above), a corporate guarantee dated 8 August 2006 has been given by CSSB in favour of UOB as part of the security for UOB making available the bridging loan facility to Perisai. The guarantee stands at a sum not exceeding RM20 million;
  - (viii) Corporate Guarantee dated 8 August 2006 between AME and UOB. Pursuant to the terms of the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (vi) above), a corporate guarantee dated 8 August 2006 has been given by AME in favour of UOB as of the security for UOB making available the bridging loan facility to Perisai. The guarantee stands at a sum not exceeding RM20 million;
  - (ix) Deed of Covenants dated 26 September 2006 between Corro-Pro and UOB for the sum of RM20 million. Pursuant to the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (vi) above), a Deed of Covenants has been given by Corro-Pro in favour of UOB as part of the security for UOB making available the bridging loan facility to Perisai.

Further terms include:

- (a) Corro-Pro to execute a Statutory Mortgage by way of a first fixed charge over the Vessel;
  - (b) Assignment by Corro-Pro to UOB all monies insured by or become payable under such policy or policies of insurance taken out in respect of the Vessel; and
  - (c) Corro-Pro shall not during the subsistence of the Deed of Covenants without the consent of UOB execute any form of charge, mortgage, debenture, pledge over or in respect of the Vessel.
- (x) Debenture dated 26 September 2006 between Corro-Pro and UOB for the sum of RM20 million. Pursuant to the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (vi) above). As part of the security for UOB making available the bridging loan facility to Perisai. Corro-Pro as beneficial owner of the Vessel charges and agrees to charge in favour of UOB as security for the payment in full of the secured amounts by way of a first fixed charge. Further terms include:
    - (a) Assignment by Corro-Pro to UOB all monies insured by or become payable under such policy or policies of insurance taken out in respect of the Vessel; and
    - (b) Corro-Pro shall not during the subsistence of the Debenture without the consent of UOB execute any form of charge, mortgage, debenture, pledge over or in respect of the Vessel.



**FURTHER INFORMATION**

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**4. MATERIAL LITIGATION**

Save as disclosed below, neither Perisai nor its subsidiaries are engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and the Board is not aware of any material proceedings pending or threatened against Perisai and/or its subsidiaries or of any other facts likely to give rise to any proceedings which may materially or adversely affect the business or financial position of the Perisai Group:

- (i) Kuala Lumpur Industrial Court matter No. 12/4-1988/04 dated 17 November 2004 between Charles Mok Ngoh Check, being the plaintiff and AME, being the defendant. The plaintiff made a claim for reinstatement or alternatively compensation (unquantifiable) for wrongful dismissal. The matter is fixed for trial on 21 and 22 May 2007. The Directors of AME, after consulting with its legal adviser, believe that it has a good defendable case. In any event, the quantum of the compensation is expected to be limited given that the plaintiff was given an opportunity to return back to work soon after he had left his employment with AME but the plaintiff had sought employment elsewhere.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopard, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, during normal business hours on Mondays to Fridays (excluding public holidays) from the date of this Circular up to the date of the forthcoming EGM:

- (i) the Memorandum and Articles of Association of Perisai and AME;
- (ii) the audited consolidated financial statements of Perisai for the past 2 FYE 2005 and the unaudited consolidated financial results of Perisai for the FYE 2006;
- (iii) the audited consolidated financial statements of AME for the past 2 FYE 2005 and the unaudited consolidated financial results of AME for the FYE 2006;
- (iv) Letter of consent as referred to in Section 2 above;
- (v) Material contracts as referred to in Section 3 above; and
- (vi) Relevant cause papers as referred to in Section 4 above.



## **PERISAI PETROLEUM TEKNOLOGI BHD**

(Company No. 632811 - X)

(Incorporated in Malaysia under the Companies Act, 1965)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of Perisai Petroleum Teknologi Bhd ("Perisai" or "Company") will be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 26 March 2007 at 10.00 am or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

### **ORDINARY RESOLUTION**

**PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO ALLIED MARINE & EQUIPMENT SDN BHD ("AME"), A 55%-OWNED SUBSIDIARY OF PERISAI, OF APPROXIMATELY RM15.13 MILLION BY WAY OF A CORPORATE GUARANTEE IN RESPECT OF AME'S BANKING FACILITIES ("PROPOSED FINANCIAL ASSISTANCE")**

"THAT, subject to the requisite approvals/consents being obtained from all relevant parties as may be required, approval be and is hereby given to Perisai to provide financial assistance to AME of approximately RM15.13 million by way of a corporate guarantee in respect of AME's banking facilities with Malayan Banking Berhad.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Financial Assistance with full powers to do all such acts as they may consider necessary or expedient so as to give full effect to the same with further power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant government or regulatory authorities or the relevant lenders."

### **BY ORDER OF THE BOARD**

**Terwander Singh (MAICSA 0780838)**

**Company Secretary**

Kuala Lumpur

7 March 2007

#### *Notes:*

- 1. A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.*
- 2. A proxy or attorney or corporate representative need not be a member of the Company and if not a Member he/she need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar.*
- 3. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.*
- 4. Where a member appoints two or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.*
- 5. Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- 6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- 7. The instrument of proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, not less than forty eight (48) hours before the time of meeting or any adjournment thereof.*



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AFFIX  
STAMP

**The Company Secretary**  
**PERISAI PETROLEUM TEKNOLOGI BHD**  
Suite 2, Penthouse,  
Lobby A, Wisma Leopad,  
No. 9, Jalan Tun Sambanthan,  
50470 Kuala Lumpur  
Malaysia

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