# RESILIENCE TO TRIUMPH OVER CHALLENGES



# TENACITY TO EMERGE STRONGER

Annual Report 2017

CARIMIN PETROLEUM BERHAD
(Company No. 908388-K)

# CARIMIN ANNUAL REPORT

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Financial Highlights

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Management Discussion & Analysis


Annual General Meeting

Date 27th November 2017

Time 2.30 p.m.

Vanue Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur.

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Notice of Annual General Meeting

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# ABOUT CARIMIN

**Established in 1989, Carimin evolved to become one of the leading and resilient oil & gas companies providing technical and engineering support services in the oil and gas industry in Malaysia.**

CARIMIN specializes in engineering, scheduled/work pack development, procurement, structural/piping fabrication, electrical/instrumentation installation, recommissioning and commissioning activities. This includes the deployment of marine vessels such as work barges, accommodation vessels, crew boats and anchor handling tug supply vessels as part of the marine spread activities.

The business for the company grew steadily over the past decade from being a manpower service provider to a dynamic and emerging contractor in integrated maintenance, rejuvenation, hook-up and commissioning ("HUC") of onshore/offshore for the Oil and Gas support industries.

Our competency lies in offering unique and feasible solutions to achieve the desired results in accordance with the Client's expectations. To date, CARIMIN has amassed and completed projects valued more than RM1 billion since its inception and among our notable portfolio of clients include oil giants PETRONAS Carigali, Shell, Murphy Oil, Repsol, Exxon Mobil, New Field, Petrofac, HESS and Nippon Oil.

In our registry, we owned an anchor handling tug supply vessel ("AHTS") and two (2) accommodation work boat vessel ("AWB") namely CARIMIN Airis, CARIMIN Acacia and SK Deep Sea respectively. SK Deep Sea was owned through a 14% investment in Synergy Kenyalang Offshore Sdn Bhd, the registered owner of the vessel. Both the AHTS and AWB are integral to the Group's offshore HUC, production platform system maintenance, upgrading services and as well the marine support services.

CARIMIN was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 10 November 2014.

On 8 August 2016, through the acquisition of Noblecorp Builders Sdn Bhd, now known as Carimin Bina Sdn Bhd, CARIMIN had embarked into the civil construction industry delivering general contracting works and trading of geotechnical engineering products.

# ABOUT CARIMIN

**CARIMIN list of subsidiaries and nature of business:-**

## CARIMIN Group of Companies

Strengthened by our strategic collaboration with global partners, Carimin is in a strong position to offer enhanced services at the highest possible industry competence and quality expectations.

## CARIMIN Sdn Bhd

- Pro vision Of Professional Technical & Non-Technical Personnel Service
- Geophysical Services
- Engineering Consultancy & Technical Support
- Quality Assurance & Integrated Inspection Sevices

## CARIMIN Equipment Management Sdn Bhd

- Asset & Yard Management
- Management of Project Equipment Materials Receiving
- Equipment Inspection and Maintenance

## CARIMIN Corporate Services Sdn Bhd

- Corporate Affairs
- Human Capital Management Services
- Finance & Accounting Support
- Invoicing & Cost Control Management
- Supply Chain Management
- Business Development

## CARIMIN Resources Services Sdn Bhd

- Project & Management Services
- Consultancy & Services

## CARIMIN Engineering Services Sdn Bhd

- Hook-up & Commissioning
- Topside & Facilities Maintenance
- Retrofit, Rejuvenation & Maintenance
- Fabrication & Construction of Offshore Structure
- Piping & Associated Work
- Installation & Support Services

## CARIMIN Marine Services Sdn Bhd

❯ **CARIMIN Airis Offshore Sdn Bhd**

❯ **CARIMIN Acacia Offshore Sdn Bhd**

- Offshore Support Vessel Services
- Offshore Transportation
- Marine Spread Charter & Maintenance

## CARIMIN Bina Sdn Bhd

- General Civil Contracting
- Geotechnical Engineering

# KEY MILESTONES

## 1989

Carimin Sdn Bhd (CSB) was incorporated.

## 1990

CSB began business operations with the provision of manpower supply services.

## 1992

Secured a 2-year contract from Esso Malaysia to provide general inspection services.

## 2005

Our minor fabrication yard located at Jalan Jakar in Kemaman, Terengganu began to operate.

## 2006

Carimin Engineering Services Sdn Bhd (Carimin Engineering) began business operations.

## 2007

Secured our first offshore hook up and commissioning contract, which was from Murphy Oil in Malaysia.

Secured hook up and commissioning contract from Talisman.

## 2012

Through Carimin Marine Services Sdn Bhd, Carimin has a 14% investment in Synergy Kenyalang Offshore Sdn Bhd, who owns SK Deep Sea, an Accommodation Work Boat, paving the way for Carimin's entry into the provision of offshore marine support vessel services.

## 2013

Acquired Carimin Airis, an Anchor Handling Tug Supply vessel.

Secured the Peninsular Malaysia hook up and commissioning contract.

## 2014

Successfully listed on the Main Market of Bursa Malaysia.

Commissioned to build Carimin Acacia, an Accommodation Work Boat.

# KEY MILESTONES

## 1997

Secured a manpower supply services contract to supply technical professionals. The contract was carried out over a 4-year period.

## 2000

Secured a manpower supply services contract to supply drilling professional from Murphy Oil.

## 2003

Diversified our business to provide minor fabrication services for the offshore oil and gas industry.

## 2004

Continued to diversify our business, and started to provide production platform system maintenance services. Our first production platform system maintenance service project was for Petronas Carigali, involving topside maintenance for a platform offshore Terengganu.

## 2010

Secured the Sarawak/Sabah hook up and commissioning contract.

Relocated our minor fabrication facilities from Jalan Jakar in Kemaman, Terengganu to a new facility at Kawasan Industri Telok Kalong in Kemaman, Terengganu.

## 2011

Carimin Equipment Management Sdn Bhd began business operations. We began to provide equipment rental services.

CSB received ISO 9001:2008 quality management system certification for the scope of "Provision of manpower supply for oil and gas industry".

Carimin Engineering received ISO 9001:2008 quality management system certification for the scope of "Provision of engineering, procurement, construction, hook up and commissioning for oil and gas industry".

## 2015

Secured an Umbrella (2 years) contract for the provision of spot charter marine vessel from Petronas.

Secured a (2+1 years) contract from Lundin for provision of topside major maintenance in Bertam offshore oil field.

## 2016

Delivery of new built Accommodation Work Boat, Carimin Acacia.

Acquired Noblecorp Builders Sdn Bhd now known as Carimin Bina Sdn Bhd and diversify into general Contracting Business and geotechnical engineering.

## 2017

Collaborate with Emas Energy Services (Thailand) Limited to pursue tender bids involving decommissioning, well plug and abandonment services.

Secured its first ever (3+1 years) EPCIC contract from ROC Oil.

Secured Maintenance, Construction and Modification ("MCM") Services for Peninsular Malaysia Operations – Oil.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Dato' Kamaruzzaman Bin Shariff**
*Non-Independent Non-Executive Chairman*

**Mokhtar Bin Hashim**
*Managing Director*

**Shatar Bin Abdul Hamid**
*Executive Director*

**Lim Yew Hoe**
*Executive Director*

**Yip Jian Lee**
*Independent Non-Executive Director*

**Mohd Rizal Bahari Bin Md Noor**
*Independent Non-Executive Director*

**Wan Muhamad Hatta Bin Wan Mos**
*Independent Non-Executive Director*

**Dato' Ir Mohamad Razali Bin Othman**
*Independent Non-Executive Director*

### AUDIT COMMITTEE
Yip Jian Lee *(Chairperson)*
Mohd Rizal Bahari Bin Md Noor
Wan Muhamad Hatta Bin Wan Mos

### NOMINATION COMMITTEE
Mohd Rizal Bahari Bin Md Noor *(Chairman)*
Tan Sri Dato' Kamaruzzaman Bin Shariff
Yip Jian Lee

### REMUNERATION COMMITTEE
Dato' Ir. Mohamad Razali Bin Othman *(Chairman)*
Mokhtar Bin Hashim
Yip Jian Lee

### RISK MANAGEMENT COMMITTEE
Wan Muhamad Hatta Bin Wan Mos *(Chairman)*
Dato' Ir. Mohamad Razali Bin Othman
Mokhtar Bin Hashim
Shatar Bin Abdul Hamid

### COMPANY SECRETARY
Tea Sor Hua (MACS 01324)

### REGISTERED OFFICE
Third Floor, No. 79 (Room A)
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya, Selangor
Tel: 03-7725 1777
Fax: 03-7722 3668

### HEAD OFFICE
B-1-6, Block B, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03 -2168 7000
Fax: 03 -2164 2199
Website: www.carimin.com

### SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03 -2783 9299
Fax: 03 -2783 9222

### AUDITORS
Crowe Horwath (AF 1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03-2788 9999
Fax: 03-2788 9998

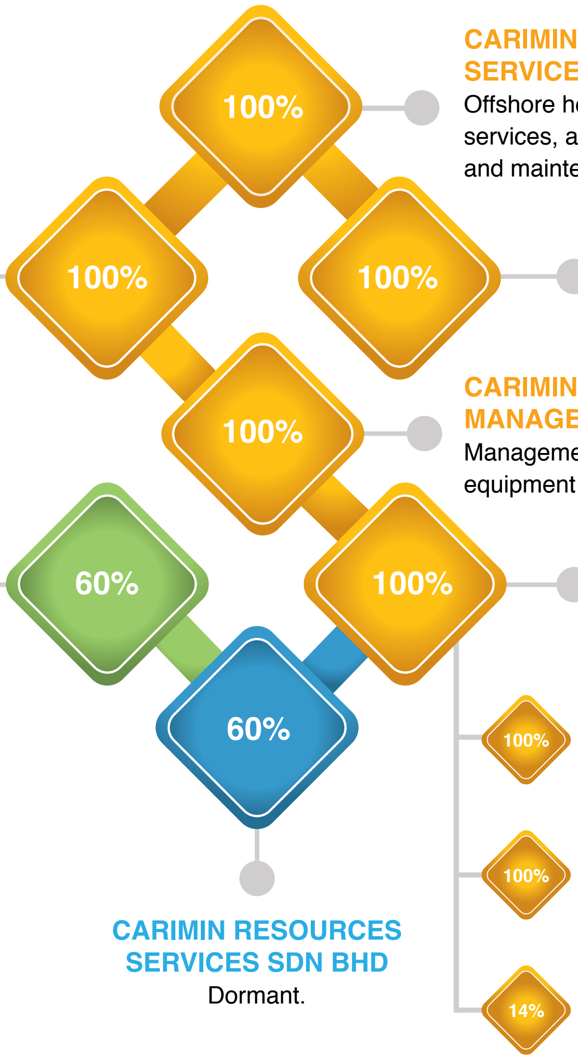
### PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
Ambank (M) Berhad
Bank Pembangunan Malaysia Berhad
Malayan Banking Berhad
Malaysia Debt Ventures Berhad
United Overseas Bank (Malaysia) Berhad

### STOCK INFORMATION
Bursa Malaysia Securities Berhad
Main Market
Stock Name: CARIMIN
Stock Code: 5257

# CORPORATE STRUCTURE

CARIMIN
GROUP OF COMPANIES

**CARIMIN PETROLEUM BERHAD**
(Company No. 908388-K)
Investment Holding




**CARIMIN ENGINEERING SERVICES SDN BHD**
Offshore hook up and commissioning services, and engineering, fabrication and maintenance services.

**CARIMIN CORPORATE SERVICES SDN BHD**
Project management services.

**CARIMIN SDN BHD**
Manpower Supply Services.

**CARIMIN EQUIPMENT MANAGEMENT SDN BHD**
Management of fabrication yards and equipment rental services.

**CARIMIN BINA SDN BHD**
General contracting work and trading of geosynthetic products.

**CARIMIN MARINE SERVICES SDN BHD**
Chartering of offshore support vessel.

**CARIMIN AIRIS OFFSHORE SDN BHD**
Chartering of offshore support vessel.

**CARIMIN ACACIA OFFSHORE SDN BHD**
Chartering of offshore support vessel.

**SYNERGY KENYALANG OFFSHORE SDN BHD**
Chartering of offshore support vessel.

**CARIMIN RESOURCES SERVICES SDN BHD**
Dormant.

Oil & Gas supported services   Civil Engineering   Dormant

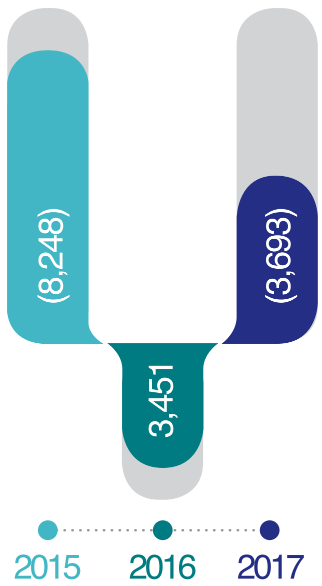
# FINANCIAL HIGHLIGHTS

| Financial Results | FYE 2015 | FYE 2016 | FYE 2017 |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| Revenue | 163,439 | 123,527 | 115,579 |
| (Loss)/Profit before tax | (5,161) | 6,287 | (3,516) |
| (Loss)/Profit after tax | (8,248) | 3,451 | (3,693) |
| Net (Loss)/Profit attributable to: | | | |
| Owners of the company | (8,246) | 3,452 | (4,263) |
| Non-controlling interests | (2) | (1) | 570 |
| **Financial Position** | | | |
| **Assets** | | | |
| Property, plant and equipment | 131,488 | 146,380 | 138,255 |
| Investments | 5,139 | 5,118 | 5,220 |
| Current assets | 178,648 | 124,431 | 123,109 |
| Total assets | 315,275 | 275,929 | 266,584 |
| **Equity** | | | |
| Share capital | 116,939 | 116,939 | 116,939 |
| Non-distributable reserves | (48,356) | (48,354) | (48,360) |
| Retained earnings | 91,033 | 94,482 | 90,242 |
| Total equity attributable to owners of the company | 159,616 | 163,067 | 158,821 |
| **Non-controlling interests** | (2) | – | 1,315 |
| **Liabilities** | | | |
| Deferred tax liabilities | 691 | 1,027 | – |
| Bank borrowing | 44,400 | 94,581 | 80,982 |
| Current liabilities | 110,570 | 17,254 | 25,466 |
| Total equity and liabilities | 315,275 | 275,929 | 266,584 |
| **Weighted average no. of ordinary share** | **211,926,219** | **233,878,000** | **233,878,000** |
| **Financial Indicators** | | | |
| (Loss)/Earnings per share (sen) | (3.89) | 1.48 | (1.82) |
| Net dividend per share (sen) | 1.00 | – | – |
| Net assets per share (RM) | 0.75 | 0.70 | 0.68 |
| Return on equity (%) | (5.17) | 2.12 | (2.68) |

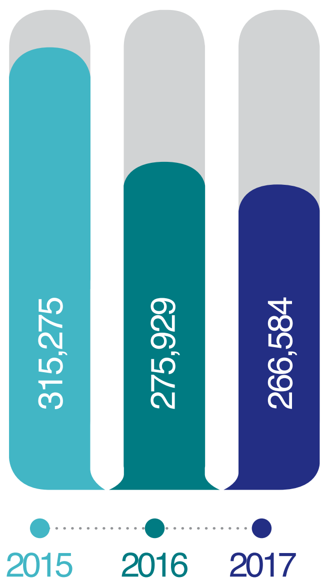
## FINANCIAL HIGHLIGHTS (CONT'D)

### REVENUE
RM'000

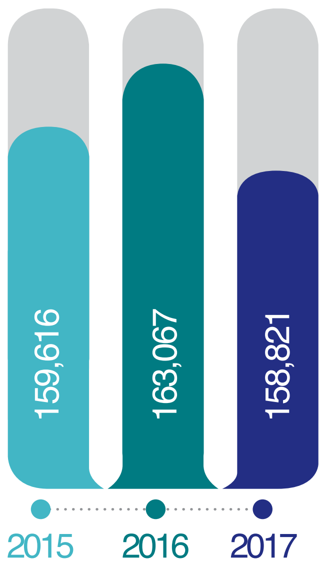

### PROFIT/(LOSS) AFTER TAX
RM'000

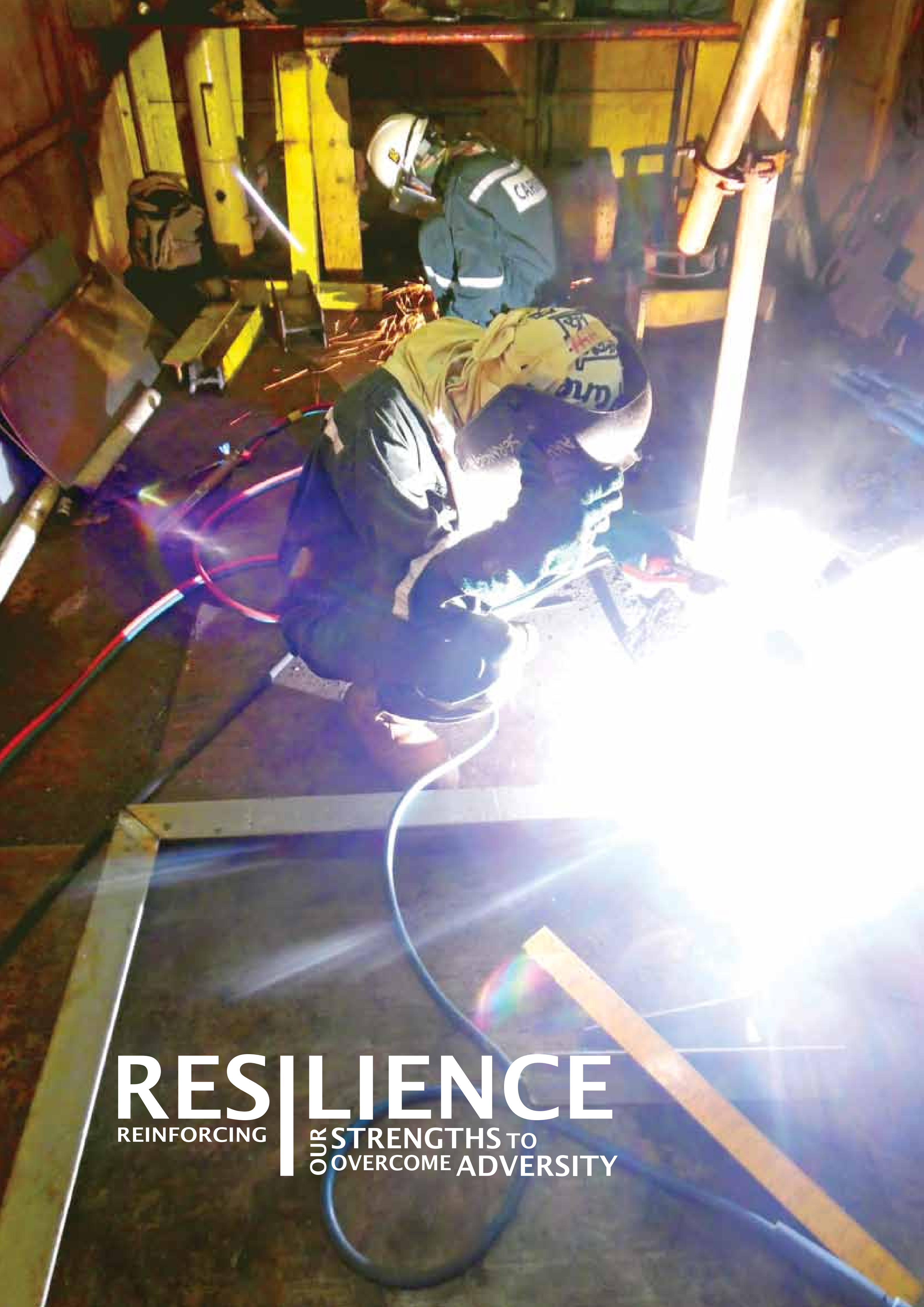



### TOTAL ASSETS
RM'000




### SHAREHOLDER'S EQUITY
RM'000





# RESILIENCE

REINFORCING OUR STRENGTHS TO OVERCOME ADVERSITY

# BOARD OF DIRECTORS

**TAN SRI DATO' KAMARUZZAMAN BIN SHARIFF**

***Non-Independent Non-Executive Chairman***

**Nationality**
Malaysian

**Age** 76

**Gender**
Male

**Tan Sri Dato' Kamaruzzaman Bin Shariff was appointed to the Board on 7 January 2014 as our Non-Independent Non-Executive Chairman. He is a member of the Nomination Committee of the Company.**

He graduated with a Bachelor of Arts Degree from the University of Malaya in 1964 and obtained a Diploma in Public Administration from Carleton University, Canada in 1969. Later in 1979, he obtained a Master's in Public Administration from Syracuse University, United States. In 1964, his career started as a Government Service Officer with the Ministry of Education. He then joined the Public Service Department in 1972 as an Assistant Secretary. He then served in the Prime Minister's Department from 1980 to 1988, where he was the Director of External Assistance and General Affairs for the Economic Planning Unit from 1980 to 1983, and the Secretary of the Cabinet Division from 1983 to 1988. He was then appointed as the Penang State Secretary later that same year. Subsequently in 1992, he returned to the Public Service Department as Deputy Director General and, in the same year, he was appointed as Secretary General of the Ministry of Defence. He was Mayor of Kuala Lumpur from 1995 to 2001. He is currently the Non-Executive Chairman of Bintai Kinden Corporation Berhad.

**MOKHTAR BIN HASHIM**

***Managing Director and Key Senior Management***

**Nationality**
Malaysian

**Age** 58

**Gender**
Male

**Mokhtar Bin Hashim was appointed to the Board on 7 January 2014 as our Managing Director. He is a member of the Remuneration Committee and Risk Management Committee of the Company.**

In 1976, he obtained a Malaysian Certificate of Education from the Royal Military College, Sungai Besi, and completed his A-Levels at Llandrillo Technical College, United Kingdom in 1979. In 1982, he graduated with a Bachelor of Science Degree in Civil Engineering from the University of Salford, United Kingdom and in the same year, he started his career with the Public Works Department as a Road Design Engineer. In 1984, he left the Public Works Department and joined Esso Malaysia where he held various posts including Project Construction Supervisor, Senior Contracts Engineer/Administrator, Senior Construction Engineer, Senior Off-Take and Structures Engineer, Lead Construction Supervisor and Senior Fabrication Supervisor. Subsequently in 1994, he left Esso Malaysia and joined our Group. Since then, he has been instrumental in the growth and development of our Group. As the Managing Director, he is currently responsible for the overall management and charting strategic directions of our Group.

# BOARD OF DIRECTORS (CONT'D)

**SHATAR BIN ABDUL HAMID**

***Executive Director and Key Senior Management***

**Nationality**
Malaysian

**Age** 51

**Gender**
Male

**Shatar Bin Abdul Hamid was appointed to the Board on 7 January 2014 as our Executive Director. He is a member of the Risk Management Committee of the Company.**

He obtained a Diploma in API 653 Above Ground Tank Management from the Singapore Welding Society in 1998. He started his career with Sime Sembawang Engineering Sdn Bhd (now known as Sime Darby Engineering Sdn Bhd) as a Quality Assurance/ Quality Control Inspector in 1984. In 1987, he left Sime Sembawang Engineering Sdn Bhd and joined Velosi (M) Sdn Bhd as a Welding and Barge Inspector. In 1991, he left Velosi (M) Sdn Bhd and joined Atkins Inspection Services Sdn Bhd as a General Inspector. He left Atkins Inspection Services Sdn Bhd in 1992 and joined EMS Engineering Services (M) Sdn Bhd as Senior General Welding Inspector. Through the company, he was seconded to various companies including Intelsma Co Sdn Bhd, DSD Construction Co (M) Sdn Bhd, Teknispek Sdn Bhd, Arashin Sdn Bhd and OGP Consultancy. He left EMS Engineering Services (M) Sdn Bhd and joined our Group in 1998 as a Construction Site Supervisor and was later promoted to Senior Construction Engineer in 2003. In 2005, he left our Group and joined Petronas Carigali as Senior Construction Engineer and Project Manager. He left Petronas Carigali in 2007 and joined Carimin Engineering Services Sdn Bhd as Project Director and Project Manager, and currently holds the position of Technical Director of our Group. He is currently responsible for overseeing our project management activities including cost control, performance, asset management, procurement, manpower, quality, safety and negotiations.

**LIM YEW HOE**

***Executive Director and Key Senior Management***

**Nationality**
Malaysian

**Age** 49

**Gender**
Male

**Lim Yew Hoe was appointed to the Board on 19 April 2016 as our Executive Director.**

He has been involved in the construction industry for more than two decades. Having started his career with Intan Kuala Lumpur Sdn Bhd, a trading company involved in geosynthetic products and building materials, he later joined Emas Kiara Group in 1995. He held various positions and portfolios within Emas Kiara and was the Group Chief Operating Officer prior to Emas Kiara Industries Berhad's public listing on Bursa Malaysia in 2004. Subsequent to the divestment of Emas Kiara's manufacturing business in 2011 to a multinational global leader in the industry, he was designated as the managing director of the geosynthetic engineering division.

En Lim was also an Executive Director of Emas Kiara Industries Berhad Group (now known as MB World Group Berhad) from 2004 to February 2016 and was responsible for the business development, operations, management and corporate finance of the Group. In 2001, he obtained an Executive Master's in Business Administration from Greenwich University, Australia.

# BOARD OF DIRECTORS (CONT'D)

### YIP JIAN LEE

***Independent Non-Executive Director***

**Nationality**
Malaysian

**Age**
62

**Gender**
Female

**Yip Jian Lee was appointed to the Board on 7 January 2014 as an Independent Non-Executive Director. She is the Chairperson of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.**

She qualified as a Chartered Accountant with the Institute of Chartered Accountants, England & Wales in 1981, and is a member of the Malaysian Institute of Accountants since 1984. She completed her articleship with Hays Allan, United Kingdom between 1977 and 1981. She joined PricewaterHouse Tax Services Sdn Bhd in 1982, where she was a Tax Supervisor. She then joined Hong Leong Assurance Berhad in 1985 as a Finance & Admin Manager. Later that year, she joined the Institute of Bankers Malaysia as a Director where she served for 15 years before leaving in 2000. Currently, she is on the board of Tokio Marine Insurance Malaysia Berhad.

### MOHD RIZAL BAHARI BIN MD NOOR

***Independent Non-Executive Director***

**Nationality**
Malaysian

**Age**
47

**Gender**
Male

**Mohd Rizal Bahari Bin Md Noor was appointed to the Board on 14 February 2014 as an Independent Non-Executive Director. He is the Chairman of Nomination Committee and a member of the Audit Committee of the Company.**

He is currently practising law in Messrs Bahari & Bahari. He graduated with a LLB (Hons) Degree from the University of Newcastle Upon Tyne, United Kingdom in 1993. In 1994, he completed his Certificate of Legal Practice and was admitted to the Malaysian Bar in 1995. He has also completed Level 2 (Certificate) of the Association of Chatered Certified Accountants in 1994.

### WAN MUHAMAD HATTA BIN WAN MOS

***Independent Non-Executive Director***

**Nationality**
Malaysian

**Age**
64

**Gender**
Male

**Wan Muhamad Hatta Bin Wan Mos was appointed as an Independent Non-Executive Director on 14 February 2014. He is the Chairman of the Risk Management Committee and a member of the Audit Committee of the Company.**

He graduated with a Bachelor of Engineering (Civil) degree from the University of Malaya in 1977. He obtained his Master of Science in Highway Engineering from the University of Birmingham, United Kingdom in 1989. He is a registered Professional Engineer with Board of Engineers Malaysia, a member of The Institute of Engineers Malaysia and also a member of the Road Engineering Association of Asia & Australasia.

He started his career with the Public Works Department in 1977 as a Civil Engineer in the Design and Research Division, and was promoted to Resident Engineer in 1984, where he was responsible for supervising construction works for airport development. During his tenure with the Public Works Department, he attended the University of Birmingham to pursue his Master of Science in 1988 and 1989. Thereafter, he returned to his position in the Public Works Department and served until 1990. He then joined Kinta Kelas Berhad, a project management company as Regional Construction Manager in 1990, and was promoted to Head of Contract Division in 1994. He left Kinta Kelas Berhad in 1996 and joined Cahya Mata Sarawak Berhad as the Executive Director of its construction arm. He was with Cahya Mata Sarawak Berhad between 1996 and 2001, where he was responsible for construction works comprising roads, highways, bridges, buildings, water treatment plants, seaports and airports in Sarawak. In 2002 he acquired an equity stake in Embun Pelangi Sdn Bhd, a construction company. He is also a shareholder in HTM Consultants Sdn Bhd, a civil and structural engineering services company.

**DATO' IR. MOHAMAD RAZALI BIN OTHMAN**

***Independent Non-Executive Director***

**Nationality**
Malaysian

**Age** 65

**Gender**
Male

**Dato' Ir. Mohamad Razali Bin Othman was appointed to the Board on 14 February 2014 as an Independent Non-Executive Director. He is the Chairman of Remuneration Committee and a member of the Risk Management Committee of the Company.**

He graduated with a Bachelor of Engineering (Honours) (Civil) from the University of Malaya in 1977. He subsequently obtained a Master of Science in Construction Management from Loughborough University of Technology, United Kingdom in 1989. He is a registered Professional Engineer with Board of Engineers Malaysia, a Council Member of the Chartered Institution of Highway and Transport Malaysian Branch, a Member of the Institution of Engineers Malaysia, a Member of the Road Association of Malaysia, and a Member of the Association of Consulting Engineers.

He began his career with the Public Works Department as an Engineer in 1977. He served the Ministry of Works in a number of senior positions, including Director of Operations, Malaysian Highway Authority between 1992 and 1995; Senior Superintending Engineering at the Public Works Department Headquarters (Road Maintenance) between 1995 and 1998; Director of Roads between 2000 and 2005; Deputy Director General and Acting Director General in 2007; and Director General of the Malaysia Highway Authority between 2007 and 2009. As the Director of Roads, he had overall responsibility for the road and highway maintenance and construction projects that were undertaken during his tenure, including the planning, design, tendering, contract negotiation, construction and post-construction stages. As the Director General of the Malaysia Highway Authority, he was responsible for monitoring the concession companies to ensure that the privatised highways were constructed and maintained in accordance to the specified standards. He left the Government service in 2009 and was appointed Chairman of the KL-Kuala Selangor Expressway Bhd (LATAR Expressway), a position that he currently holds.

*Notes:*

1. *None of the Directors have family relationships with any Directors and/or major shareholders of the Company.*
2. *None of the Directors have any conflict of interests with the Company.*
3. *None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2017, other than for traffic offences.*

# KEY SENIOR MANAGEMENT PROFILE

**Abd Hamid Husin ("En. Hamid")**

***General Manager – Project Services***

**Nationality**
Malaysian

**Age** 57

**Gender**
Male

**En. Hamid, is the General Manager of Project Services Department at Carimin. He graduated from University of London with a Bachelor of Science in Civil Engineering in 1986. In 1987, he was a Trainee Engineer with the Development Division of the Melaka Tengah District Office.**

He began his career in 1988 with Esso Production Malaysia Inc as Project Engineer, where he was responsible for the daily supervision of offshore contractors, supervision of repair work on oil risers at production platforms, and supervising fabrication work at third-party fabrication yards in Pasir Gudang, Johor. Subsequently, in 1996, he joined Sumatec Corporation Sdn Bhd as a Project Manager responsible for onshore construction work on oil terminals, refineries and petrochemical plants. He left Sumatec Corporation Sdn Bhd in 2010 and joined Kencana HL Sdn Bhd as a Senior Proposal Manager, where he was in charge of the company's tendering department. He left Kencana HL Sdn Bhd and joined our Group in 2011 as General Manager of Project Services Department.

**Mohd Zamzuri Yusoff ("Mohd Zamzuri")**

***General Manager – Project Management***

**Nationality**
Malaysian

**Age** 42

**Gender**
Male

**En. Mohd Zamzuri, is the General Manager of Project Management Department at Carimin. He graduated from University Technology of Malaysia with a Bachelor of Chemical Engineering (Major in Gas) in 1999.**

His first job in 1999 was as a Project Engineer in Right Gas Sdn Bhd focusing on onshore pipeline construction for Peninsular gas Utilization (PGU) loop line. Subsequently, in 2005 he moved to Oil, Gas and Plant (OGP) Technical Services, a subsidiary of PETRONAS as a Senior Mechanical/Piping Engineer responsible for Procurement, Construction and Commissioning (PCC) package for Miri Crude Oil Terminal (MCOT) Rejuvenation and Malaysia Liquefied Natural Gas (MLG) 2 Debottlenecking project. He left OGP Technical Services and joined Kencana HL Sdn Bhd in 2018 as a Senior Project Engineer. In 2009, he left Kencana HL Sdn Bhd and joined Carimin Engineering Services Sdn Bhd as a Project Manager and was promoted to the position of General Manager in January 2017.

# KEY SENIOR MANAGEMENT PROFILE (CONT'D)

**Mazhar Bin Palil ("Mazhar")**

***Manager of Human Resource and Administration***

**Nationality**
Malaysian

**Age** 55

**Gender**
Male

**En. Mazhar, is the Manager of Human Resource and Administration Department of Carimin. He graduated from University of Malaya (UM) with Masters in Management.**

He began his career in 1981 as Commissioning Officer with the Malaysian Armed Forces (MAF) in various positions and fields of responsibilities for the operations of various size of organisations. His experience in the Armed Forces extended from domestic operation, joint operation with other countries to international assignment with the United Nation. He has served the MAF for 25 years before embarking his career into private sector.

In 2005 he started his career in private sector with Edaran Otomobil Nasional Berhad (EON) as Senior Executive for Health, Safety and Environment ("HSE") & Security. A year later he joined Mewah Oil Groups Sdn Bhd (Manufacturing Industry) as Assistant Manager for HSE & Security for two years. His passion in managing human capital from his past MAF experience was put in practice when he joined Sankyu (M) Sdn Bhd ("Sankyu"), a logistic Company as Human Resource Manager for two years. He resigned from Sankyu in 2010 and joined Carimin as Manager of Human Resource and Administration till to date.

**Patrick Choong ("Patrick")**

***Manager, Corporate Finance***

**Nationality**
Malaysian

**Age** 42

**Gender**
Male

**En. Patrick, is the Corporate Finance Manager of Carimin. He graduated from Association of Chartered Certified Accountants (ACCA) in 2005 and is a member of Malaysia Institute of Accountant (MIA).**

He began his career with Hong Leong Management Co Sdn. Bhd. in 1997 as an Accounts Supervisor. He later joined Bandaraya Developments Berhad in 1999 until 2002 before joining Road Builders (M) Holdings Berhad as Group Assistant Accountant. In 2005 he was offered an employment contract with SPK-Bina Puri Joint Venture as the Finance Manager to undertake a construction project in Abu Dhabi, United Arab Emirates. Following completion of the project, he joined Pembinaan SPK Sdn Bhd, Abu Dhabi as Head of Finance and Accounts and continued his career overseas until 2012. Thereafter, in 2013, he joined Emas Kiara Industries Berhad (now known as MB World Group Berhad) as Group Financial Controller overseeing the reporting and finance operation before assuming his present role at Carimin in August 2016.

*Notes:*

1. *None of the key senior management has any directorship in other public companies and listed corporations.*
2. *None of the key senior management has any family relationship with any Directors and/or major shareholders of the Company.*
3. *None of the key senior management has any conflict of interests with the Company.*
4. *None of the key senior management has been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2017, other than traffic offences.*

# MANAGEMENT DISCUSSION & ANALYSIS

**Over the course of financial year 2017, Carimin Petroleum Berhad, like all other oil & gas players, focussed its efforts on preserving its business amidst the prevailing market challenges brought on by a period of low crude oil prices and subdued global economic conditions. The Group took proactive measures to consolidate its resources, optimise cost efficiencies and diversify its revenue streams. Whilst the Group's financial performance for the year in review ended with a net loss of RM 3.69 million, the Group is confident that the building blocks steadfastly put in place will ensure our return to profitability over the mid to long-term.**

## A CHALLENGING OPERATING ENVIRONMENT

The year in review was one in which the resilience of oil & gas players throughout the value chain continued to be tested. Already besieged by volatile crude oil prices, weak trade growth and pressures on low operating margins, industry players also had to face a potential prolonged period of low crude oil prices and excess supply.

These challenges coupled with cost-cutting measures on the capital expenditure ("Capex") and operational expenditure ("Opex") fronts by oil majors led to both reduced work orders and contract sums. The sharp downturn in the oil & gas industry also caused a sudden surplus of resources leading to intensified competition among industry players. As expected, the Group's oil & gas business was impacted with lower business volumes and thinner margins which ultimately affected its overall financial performance.

On a positive note, the global crude oil price seemed to have stabilised at around USD50 per barrel after the consensus reached by the Organisation of Petroleum Exporting Countries ("OPEC") and a number of non-OPEC countries to cut surplus crude oil production output until end 2017.

## BUSINESS AND STRATEGIES FOR SUSTAINABLE GROWTH

Today, Carimin maintains its position as one of the leading and more resilient oil & gas companies providing technical and engineering support services for upstream oil & gas activities. Among the major customers that we cater to are Petronas Carigali, Repsol, Lundin and ROC Oil. To manage the host of challenges within the oil & gas industry, specific strategies were implemented to mitigate risks, maintain business sustainability and safeguard shareholders' interests.

The Group continued to draw upon its core competencies at the start of FY2017 that included the provision of hook up, construction and commissioning ("HUC"), topside major maintenance ("TMM") services and manpower services. The addition of an Accommodation Workboat ("AWB"), Carimin Acacia, equipped with state-of-the-art Dynamic Positioning ("DP2") capabilities further strengthened the Group's marine fleet resource capability and capacity.

Toward the end FY2017, a business diversification into civil engineering was approved by shareholders. The Group moved to acquire 60.0% equity in Noblecorp Builders Sdn Bhd, an existing civil engineering company and renamed it Carimin Bina Sdn Bhd ("CBSB"). The strategic acquisition of CBSB accelerated the Group's entry into the construction industry with the Construction Division contributing some 23.5% or over RM27.17 million towards the Group's revenue in FY2017.

Over the course of FY2017, the Group progressed from being a pure HUC and TMM contractor to one offering total engineering, procurement, construction, installation and commissioning ("EPCIC") services. Through collaboration with strategic partners the Group has expanded into decommissioning activities for non-viable facilities, including the associated well plugging

and abandonment activities. The Group has also started to explore turnaround services for onshore facilities via strategic alliances.

Aside from exploring ways to increase our revenue base, the year also saw us continuing to roll out of several cost-reduction measures. These included streamlining the workforce by 11.0%, reorganising work procedures to enable multi-tasking among employees and reducing the number of working hours. The Group reacted quickly to circumstances by deferring approved Capex to expand its fabrication yard but made the decision to proceed with major maintenance on one of its vessels to balance the need to keep the Group's assets in good working condition. Other proactive steps taken to manage costs included decisions to lay up vessels that were not on charter during the monsoon months and establishing an in-house ship management team to eliminate the higher cost of outsourcing ship management. Moving forward, the Group will continue to focus on cost control measures while ensuring a lean corporate structure to remain competitive.

In order to have sustained growth, the Group is actively developing its capabilities, continuing to explore opportunities and leveraging on its strengths, while maintaining its service levels among existing and new clients. As part of the strategy to sustain business momentum for the mid-term, the Group will continue adapting to market demand and reinvent itself to gain further market share from the segments it operates in including exploring opportunities beyond Malaysian shores.

## OUR FINANCIAL PERFORMANCE

Despite best efforts to mitigate the effects of the challenging operating environment, Carimin turned in a weaker financial performance in FY2017. The Group posted revenue of RM115.58 million, a decrease of RM7.95 million or some 6.4% lower than the previous financial year. The lower revenue was mainly attributable to the reduced number of work orders coupled with lower rates from clients. The RM29.57 million or 52.7% and RM13.84 million or 20.5% drops in revenue and RM8.29 million or 100% increase in revenue posted by the Manpower, HUC and Marine Divisions respectively were offset by revenue amounting to RM27.17 million from the Civil Construction Division which posted its first year's consolidated results.

The Group registered a loss before tax ("LBT") of RM3.52 million as compared to a profit before tax ("PBT") of RM6.29 million previously. The weaker performance came on the back of an overall RM7.95 million reduction in revenue, additional impairment provided for trade receivables amounting to RM0.44 million and higher impairment of Property, Plant and Equipment amounting to RM2.09 million. FY2016's PBT included a one-off gain from a realised forward exchange contract for the purchase of an Accommodation Workboat ("AWB") (RM 11.69 million) as compared to FY2017's LBT. Corresponding to the acquisition of the AWB, Carimin Acacia, the Group's financing cost on a term loan (approximately RM65.00 million), increased.

**Liquidity And Capital Resources**

The Group's cash and cash equivalents dropped marginally to RM53.12 million as at 30 June 2017 from RM62.31 million previously. The reduction of RM9.19 million was mainly attributable to higher financing costs, repayment of a term loan for vessel financing, an increase in pledged deposits for issuance of bank guarantees and partially offset by deferment of payments to suppliers and sub-contractors.

There were no major Capex during the year except for the purchase of motor vehicles and a major overhaul of a generator for one of our vessels, Carimin Airis. The Group does not anticipate any changes in its capital structure and resources.

**Gearing Ratio**

The Group's gearing ratio dropped to 0.51 times from 0.58 times as certain borrowings of the Group are approaching maturity. The Group's balance sheet remains healthy with total equity amounting to RM160.14 million as at 30 June 2017, and a net cash position of RM53.12 million.

**Capital Management, Future Commitments And Funding Sources**

For the next financial year, the Group plans to expand its fabrication yard facilities in Kemaman, Terengganu. The proposed expansion of fabrication yard would strengthen Carimin's overall fabrication capabilities for larger projects and as well as cater for current job requirements.

**Dividend**

Carimin does not have a dividend policy and the Board of Directors has not recommended any payment of dividend for the financial year under review.

## PERFORMANCE BY BUSINESS DIVISIONS

**Hook Up, Construction And Commissioning**

The Group's Hook Up, Construction and Commissioning Division is undertaken by Carimin Engineering Services Sdn Bhd ("CESSB"). Today, aside from HUCC services, CESSB also undertakes TMM, EPCIC, decommissioning and equipment management activities within its fabrication yards.

In FY2017, very few HUC and greenfield projects were tendered out while there was a dearth of brownfield projects. Given the drop in oil & gas activities, the division's revenue dropped by RM13.84 million or 20.5% to RM53.63 million in comparison to RM67.47 million previously. The division posted a lower LBT of RM0.26 million, as compared to LBT of RM2.98 million over the preceding year despite the decreased revenue. The comparatively better performance was because FY2016's LBT included the charging out of project costs post-completion and finalisation of accounts.

Over the course of FY2017, CESSB continued to execute the following projects: the provision of TMM services for Lundin Malaysia B.V.'s Wellhead Platform ("WHP") and Floating Production Storage and Offloading ("FPSO") unit, located in the Bertam offshore oil field; Angsi Water Flooding Optimisation ("WFO") project; and the provision of mechanical static maintenance services for Petronas Carigali Sdn Bhd ("PCSB"). The latter project is slated for completion in 2018 with an option to extend for another one year.

As a result of the scarcity of HUC projects, CESSB turned its attention to more opportunities by way of ECPIC and decommissioning projects. On 5th April 2017, CESSB entered into a collaboration agreement with Emas Energy Services (Thailand) Limited to pursue tender bids involving decommissioning, well plug and abandonment services. CESSB was granted the decommissioning licence by Petronas in February 2017.

During calendar year 2017, CESSB garnered the following new projects:

On 1st August 2017, Carigali-PTTEPI Operating Company Sdn Bhd ("CPOC") awarded CESSB a contract for the provision of equipment, tools, consumables and manpower services for flowline and piping repair works for Blocks B-17, C-19 and B-17-01. The contract is for the duration of three years with a one-year extension option commencing 1st September 2017.

On 3rd August 2017, CESSB accepted a Letter of Award ("LOA") dated 1st August 2017 from ROC Oil (Sarawak) Sdn Bhd ("ROC") for the provision of detailed design and EPCIC works for a vent boom on the helideck of the J4DP-A. The contract is for the duration of ten months commencing 1st August 2017.

On 25th September 2017, CESSB accepted a LOA dated 20th September 2017 from PCSB for the provision of maintenance, construction and modification ("MCM") services for the Peninsular Malaysia oil operations. The contract will be for a duration of five years beginning 20th September 2017 and will expire on 19th September 2022.

All the above contracts are expected to contribute positively to the Group's revenue going forward.

**Manpower Services**

The Manpower Services Division comes under Carimin Sdn Bhd ("CSB"). In the past, the division had generated revenues of some RM100 million annually. However, with requirements for manpower dropping drastically amidst the highly challenging oil & gas operating environment, the division saw its revenue dropping by RM29.57 million or 52.7% to RM26.49 million in FY2017 from RM56.06 million previously. As a result, CSB's PBT dropped to RM1.46 million from the RM9.84 million registered in FY2016.

Demand for manpower requirements remained low throughout FY2017. Margins shrank drastically and the tenure of contracts reduced substantially, evidenced by the reduction in manpower supply from over 400 personnel to just 100 personnel.

On a positive note, manpower contracts continued to be secured in FY2017. Among the contracts secured was the provision of manpower supply services to both Petronas Technical Services Sdn Bhd and Petronas Refinery and Petrochemical Corporation Sdn Bhd, with both contracts running concurrently from 1st April 2017 to 31st March 2019.

The Group anticipates that work orders from the contracts secured will remain low taking into consideration the current market outlook. Going forward, despite the reduced margins, Carimin will continue to maintain the Manpower Services Division but with a smaller workforce. For the near-term, in view of the current downtrend domestically, the foreseeable growth strategy for the division would be to secure contracts in the international arena.


**Marine Services**

Carimin's Marine Services Division presently owns and operates three vessels. The Group began its marine activities through investing 14% equity interest in SK Deep Sea, an AWB. Carimin then went on to acquire an anchor handling tug boat ("AHTS"), namely Carimin Airis and in 2016, added another DP2 AWB, Carimin Acacia, to its fleet of vessels. With the vessel investment and the ability to manage vessels, Carimin possess the competitive edge and technical capability to bid for larger contracts.

In FY2017, the division posted revenue of RM8.29 million (as vessel utilisation was low) and a LBT of RM5.77 million. The LBT was due to the higher financing cost incurred and an impairment loss recognised on one of the vessels. The weak performance was partly attributable to the cold lay up of vessels during the monsoon and non-charter periods.

Moving forward, Carimin's aims is to be the leading HUC service provider and the Marine Division will support this through strengthening its capability on the HUC front.

## Civil Construction

The year in review marked the maiden year of the Group's venture into the civil construction industry. Following the acquisition, the Division turned in RM27.17 million in revenue and a PBT of RM1.71 million for the year under review.

Today, the Group is leveraging on CBSB's track record, personnel, pool of strategic partners and suppliers to fast-track its growth as a construction player. Amongst the division's present projects include Petronas's RAPID project, the West Coast Expressway project and notable private sector clientele such as SP Setia.

CBSB will maintain its geotechnical engineering business and continue to develop its capabilities as a civil engineering company. It is envisaged that CBSB will become a major revenue contributor to the Group, especially upon its successful transformation into a full-fledged construction company while retaining its niche. Another opportunity CBSB has is to obtain the Construction Industry Development Board ("CIDB") Bumiputra G7 license which would enable CBSB to participate in Government tenders reserved for Bumiputera contractors.

## BUSINESS RISKS

As Carimin ventures forth, the Group recognises that it may be exposed to certain anticipated or known risks that may have a material effect on its operations, performance, financial condition and liquidity. In line with Bursa Malaysia Securities Berhad's disclosure requirements, the risks and strategies to mitigate such risks are discussed below:

| Risk Category | Description of Risk and Possible Consequences | Mitigation Measures |
|---|---|---|
| External | A continued global economic slowdown may lead to a decline in project tenders/offers. This in turn will lead to declining revenue as the award of work orders will be slower. Ultimately, profitability will be affected. | • The Group undertakes business development activities that enable it to gain market insights and intelligence of upcoming projects / work orders and clients requirements.<br>• Remains open to establishing business with other non-traditional clients on a selective basis and continues to remain competitive in tender bids.<br>• The Group's diversification into the construction business demonstrates its adaptability to the market realities.<br>• The Group's Business Plan (updated annually) enables it to set a pathway to profitability. |
| External | Competition from existing competitors may lead to the loss of new business and market share which will ultimately impact revenue and profitability. | • The Group constantly ensures it delivers quality performance for every job undertaken and maintains good rapport and healthy relationships with its clientele.<br>• Continues to provide a good value proposition via higher specs in bids and maintains its competitiveness. Seeks new business/agencies.<br>• Continues to analyse competitors and is setting up a dedicated Business Development Team. |
| External | A fall in the market price of hydrocarbons may lead to thinner margins and a decline in profits. It may also result in an oversupply in the global crude oil market and disrupt our operations. | • The Group has no control over oil prices but has to be very engaged with the industry to adapt to changes in demand or shifts of demand for product or services.<br>• Domestically, the Group liaises with industry leaders, experts and clients to gain insights and forward looking direction (i.e. Capex/Opex budgets) so it can plan ahead. |
| External | A change in government policy may cause a disruption in our operations, fluctuations in profit and increase our costs due to additional compliance requirements. It may also lead to heightened competition and reduced opportunities in the instance of an open tender as compared to tender by invitation. | • Constantly keeps abreast of the latest developments, laws, statutory requirements, incentives, interest rates, exchange rates, etc. and incorporates them in the Business Plan.<br>• Seeks professional advice where appropriate.<br>• Continuously strengthening competencies and capacity to maintain competitive edge. |
| Regulatory | Non-compliance with rules and regulations governing the oil and gas industry (e.g. the Petroleum Development Act 1974, Petroleum (Safety Measures) Act 1984, Environmental Quality Act 1974, PDPA, and Construction industry regulations e.g. CIDB, PKK) may result in fines and penalties being imposed by the authorities or the loss of our operating license. Moreover, additional costs may be incurred in ensuring better compliance with requirements while there may also be negative publicity, damage to our reputation and disruption in operations. | • Conduct activities and monitoring to ensure health, safety and environmental regulations among others regulations are not compromised.<br>• The respective departments are responsible for monitoring any changes and updates. Dedicated personnel will be appointed such as safety managers, etc.<br>• The Group ensures it adheres to existing SOPs and ISO procedures, while a dedicated department handles compliance matters. |

# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

| Risk Category | Description of Risk and Possible Consequences | Mitigation Measures |
|---|---|---|
| Financial | There is always the threat of slow payments, delinquent debts or bad debts - all of which can adversely affect our cashflow. We also face additional costs when recovering bad debts. | • Conducts monthly credit meetings to review all collections.<br>• Undertakes close monitoring of debts and follow-up reporting process on delinquent receivables.<br>• Guidelines in place to initiate legal action for recovery of debts.<br>• The Group has a doubtful debt provision policy. The Management has a separate agenda to review accounts categorised under doubtful debt. |
| Financial | Inadequate budgetary control and monitoring may result in excessive expenditure. This in turn may result in cost overruns, reduced profit margins and delays in project delivery. | • Budget cost control meetings are conducted to highlight various variances to the Project Management Team for their feedback and remedial action. Remedial actions must be acted on promptly and carried out in a stringent manner to address variances.<br>• The developed Standard Operating Procedure ("SOP")/ Financial Authority Limit ("FAL") is strictly adhered to while divisional budgets are prepared and consolidated for Board / Management approval and thereafter used as yardsticks for cost control. |
| Financial | Any reduction in the final Variation Order value may lead to loss of revenue once the cost incurred becomes unclaimable. This may impact our cashflow and result in a misstatement of financial position and a reprimand from the regulators. | • To mitigate the risk, confirmation from clients prior to executing Variation Order works is required.<br>• The Group ensures SOP and/or FAL procedures are strictly adhered to and undertakes close follow-up with clientele on such orders. |
| Customer | A change in a customers' policy (e.g. removing licensing requirements, allowing foreign suppliers to operate in Malaysia), may disrupt our business operations. The increased competition may result in lower margins and may make winning tenders more difficult. This in turn may make it very difficult to meet a customer's requirements and may lead to the loss of market share and customers. | • Constantly building relationships with all stakeholders such as the authorities and customers.<br>• Leverages on membership and participation with local oil & gas associations such as the Malaysian Oil & Gas Services Council ("MOGSE") and Malaysian Shipowners' Association ("MASA").<br>• Develops new clients and proactively acts to understand the scope of contracts and market requirements.<br>• Business model is always to be competitive when entering for tenders / bids. |

## OUTLOOK AND PROSPECTS

The outlook for the oil & gas sector is likely to remain challenging. Although Brent crude oil has been trading between USD45 and USD55 a barrel since February 2017 and there seems to be some stability in the movement of crude oil prices, the total Capex by global oil majors in the exploration and production sector in 2018 is expected to decline year-on-year by 2.2%.

With oil majors expected to continue with Capex and Opex cutbacks, the number and value of tenders is expected to decline significantly. Competition is expected to intensify within the industry with more players bidding for a limited number of contracts thus causing further downward pressure on already thin margins.

On top of that, the oil & gas industry has to contend with the threat from renewable energy sources. Globally, many investment projects capable of producing clean energy such as hydro-power, solar power and biogas will impact the long-term demand for fossil fuel. The contribution of renewables to the energy mix has grown rapidly in the last decade due to the significant decline in the cost of wind, solar and other renewables. This is the result of technological advancements; utility-scale solar power generation capacity delivering a price below that of coal / natural gas power plants; extensive use of solar panels in powering residential and office buildings; an increase in the usage of ethanol in the transport sector; and the cost reductions and environmental factors that favour renewable energy over traditional energy sources.

Despite the above, the market remains optimistic about the prospects of downstream operations given that the plunge in crude oil prices has lowered the cost of raw materials. Petronas is expected to award a total of approximately RM6.0 billion worth of maintenance, construction and modification or MCM contracts to preserve the integrity of their facilities and to ensure production rates are maintained. At the time of writing, Carimin is one of three companies that have secured a portion of the MCM contracts.

Going forward, the Group will continue to participate actively in oil & gas as well as civil construction activities in which it has the competencies and capabilities. Carimin will continue to build its capability and expertise as well as explore new avenues of opportunity to improve its oil & gas revenue base, plus position itself as a preferred upstream service provider. The Group will construct a bigger fabrication yard equipped with the required facilities to cater for the current high volume of works in anticipation of the renewed demand once the industry recovers. This also fits in neatly with the plan to become a de-commissioner whereby the additional yard space would be an asset. Plans are also in the pipeline to develop a painting and blasting capability. The Group has applied for a maintenance license to undertake pressure vessel and tank cleaning. There is huge potential in all these areas and the Group will arm itself with new technologies to make good strides forward on all fronts.

Carimin is also confident that the strategy of diversifying into the steadfastly growing civil construction sector will continue to stand the Group in good stead. This sector is expected to gain momentum especially on the back of the effective implementation of the various projects identified under the 11th Malaysia Plan ("11MP") and the Economic Transformation Programme, along with the execution of various public-private partnership projects. Under the 11MP (2016-2020), a budget allocation of RM260 billion has been set aside for development expenditure. With some RM45 billion already utilised in 2016 and another RM46 billion allocated for 2017, this leaves a balance of RM169 billion to be utilised for the years 2018 to 2020.

On the operational front, Management will continue to strengthen the Group's business fundamentals and internal capabilities as well as maintain a steadfast focus on achieving sustainable growth. The Board is in support of the proactive steps taken by Management to ensure that the Group is able to deliver on its strategy of aggressively rebasing its costs and ensuring the long-term sustainability of the business, thereby safeguarding shareholders' interests.

Carimin today remains in a healthy position financially with a stable cash reserve and contracts in hand that will continue see us through the oil & gas downturn and ensure our sustainable growth for the long-term. The Board and Management is confident about our prospects going into 2018.

## OUR COMMITMENT TO RESPONSIBLE CORPORATE PRACTICES

The Board of Directors is committed to ensuring the tenets of transparency, accountability, integrity and the highest standards of professionalism, expertise and technical know-how are implemented throughout every part of our operations. The directors are also committed to upholding the Best Practices in Corporate Governance outlined in the new Malaysian Code on Corporate Governance 2017 ("the Code"). The many measures put into effect to ensure compliance with the Code are detailed in the Corporate Governance Statement on pages 29 to 39 of this Annual Report.

Since the Group's public listing in 2014, the Group has sought to play its part in assisting and empowering marginalised communities. In line with our commitment to implementing corporate social responsibility ("CSR") initiatives among communities, our staff and Management once again rose to the task to lend a helping hand to those in need. For the year in review, Carimin undertook the following CSR initiatives among others:

- In early April 2017, Carimin once again sponsored sports attire for Kolej Yayasan Saad's "Sukan Razak 2017" annual event in Melaka. This event provides a platform for students to foster esprit de corps, improve their social skills and strengthen their organisational skills.

- During the month of Ramadhan, a donation was made towards the Ihya' Ramadhan Programme at Maahad Tahfiz Al-Quran Pengkalan Damar-Ihya' in Kuantan, Pahang. This religious teaching school houses over 50 students and caters to the strengthening of their faith.

- Carimin also made a donation during Ramadhan to Sekolah Agama Ayer Manis in Johor. The funds were utilised for the ongoing programmes and smooth running of this religious school which houses some 280 students comprising orphans and needy schoolchildren.

- In June 2017, the Group made a donation towards printing and supplying the Al Quaran in Braille for Persatuan Orang Cacat Penglihatan Islam Malaysia.


It is always heartening to see people volunteering their time, resources and efforts to spearhead community and social outreach activities and truly make a difference in the lives of many.

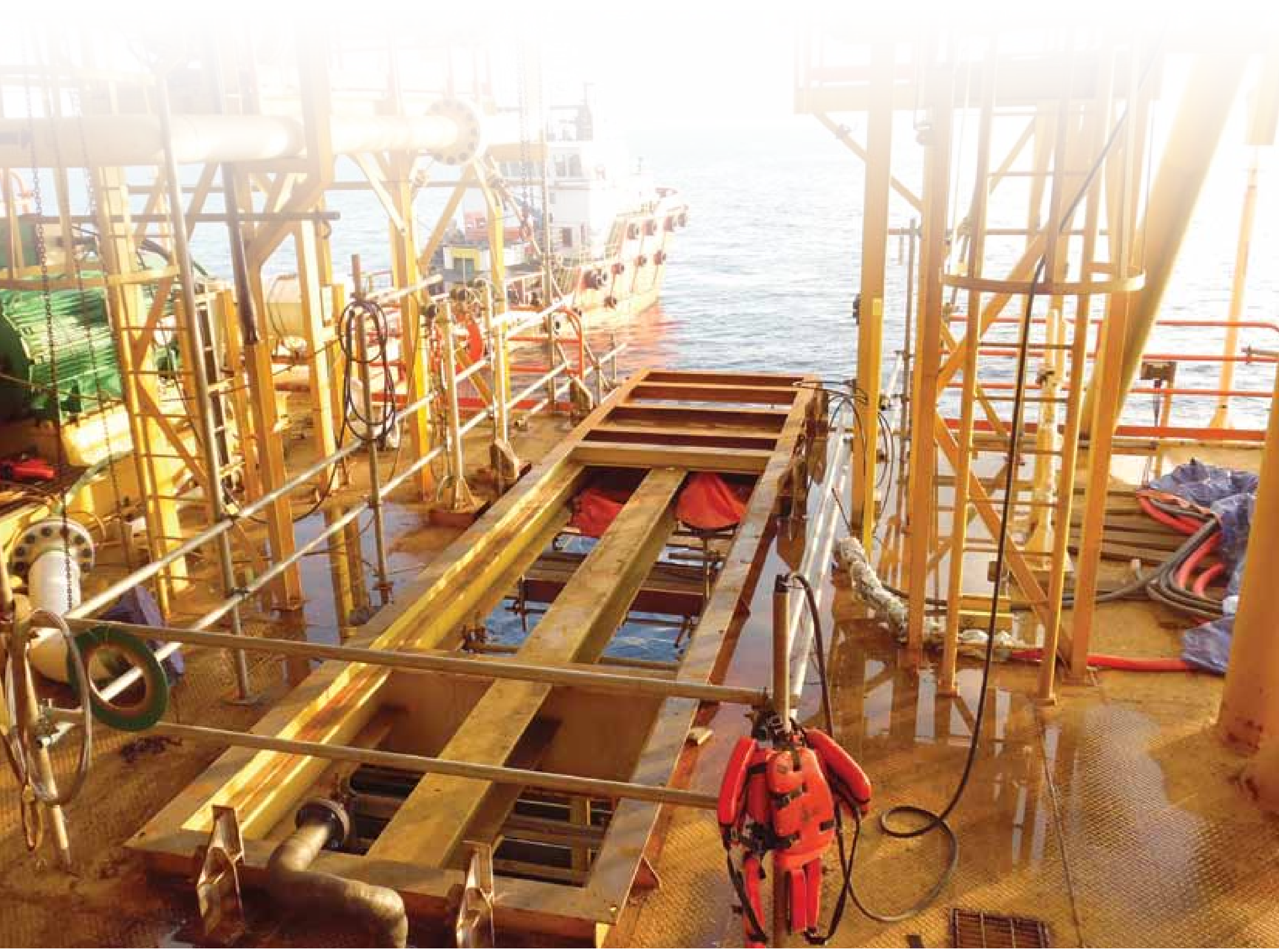
## IN APPRECIATION

The Board of Carimin wish to thanks the many parties who have played a part in helping us remain resilient amidst another challenging year for the oil & gas industry.

We would like thank our valued shareholders, customers and business partners for their unswerving confidence and trust in us despite the difficult times our industry is facing.

We also wish to extend our deep appreciation to the Group's loyal staff whose professionalism, tenacity and commitment to excellence saw us through another tough year.

Moving forward, we call upon all stakeholders to continue lending us their support as we work together to pursue new opportunities and overcome any challenges the new financial year may bring. Thank you.




# RESILIENCE
## TRANSFORMING CHALLENGES INTO SUCCESSES

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Carimin Petroleum Berhad ("the Company") recognises the importance of good corporate governance practices. The Board is committed to put in place a proper framework and implement controls that are in line with the principles of best practices as recommended by the Malaysian Code of Corporate Governance 2012 ("MCCG 2012" or "the Code") which was issued by the Securities Commission Malaysia and took effect on 31 December 2012.

The establishment, implementation and practice of the Principles and Recommendations of MCCG 2012 would support the business operations as well as the financial management of the Company and would invariably enhance the financial performance and shareholders' value in the long term.

The Board is pleased to report herein the manner which the Company has applied the Principles and Recommendations of the MCCG 2012 for the financial year ended 30 June 2017 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

## A. THE BOARD

### 1. Board Responsibilities

The Board collectively leads and is responsible for the performance and affairs of the Company and its subsidiaries ("the Group") including adherence to a high standard of good governance. All Board members are expected to demonstrate good stewardship and act in a professional manner whilst upholding core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long term objectives and shareholders' value. The Board retains full and effective control of the Group's strategic plans, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

a. Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies on promoting sustainability;

b. Overseeing the conduct and evaluation of the Group's business management;

c. Discussing principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;

d. Ensuring that all members appointed to the Board are of sufficient caliber, including having in place a process to provide for the orderly succession of the members of the Board;

e. Responsible for all statutory, regulatory and formal communications to the Company's shareholders, investors or stakeholders; and

f. Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also delegated certain responsibilities to the following Committees to assist in the execution of its responsibilities:

i. Audit Committee
ii. Nomination Committee
iii. Remuneration Committee
iv. Risk Management Committee

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of various committees provide a verbal report on the outcome of their committee meetings to the Board, and any further deliberation is made at the Board level, if required.

Each Committee operates in accordance with respective terms of reference approved by the Board. The Board appoints the members and Chairman of each Committee.

**2. Composition and Board Balance**

The Board currently has eight members, comprising one Non-Independent Non-Executive Chairman, three Executive Directors and four Independent Non-Executive Directors. This composition ensures that at least one-third of the Board comprise of Independent Directors in accordance to the requirement of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities.

The presence of four Independent Non-Executive Directors ensures that views, consideration, judgement and discretion exercised by the Board in decision making remains objective and independent. They would ensure the interest of other stakeholders such as minority shareholders are adequately protected, accorded due consideration and provide the necessary checks and balances on the decision making process of the Board. This is evidenced by their participation as members of the various committees of the Board.

There is a clear separation of functions between the Board and Management. The Board has full control of the Group and oversees its business affairs and the Management is responsible for implementing the Board's corporate objective, policies and procedures on risk and internal control.

The role of the Chairman and the Managing Director ("MD") are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

Currently, the Group does not have a Chief Executive Officer and the day-to-day management of the Group is carried out and performed by the MD and Executive Directors jointly and collectively with each Executive Director placed in charge of a portfolio of specific responsibility within the Group broadly segregated as follows:-

i. Project Services
ii. Project Management
iii. Corporate Finance & Financial Reporting and Human Resource & Administration

The responsibilities and authorities of the Chief Executive Officer ("CEO"), Chief Operating Officer ('COO") and Chief Financial Officer ("CFO") have been developed and detailed by the Board. However, until such vacancies are designated, the functions of CEO, COO and CFO are currently carried out by the Executive Directors.

The Board took note of the recommendations on best practices in respect of gender diversity of the Board members in meeting the target 30% women directors. Presently, the Company has not implement gender diversity policies and/or measures to meet the targets as both genders are given fair and equal treatment. The Board, through its Nomination Committee, believes that candidature to the Board should be based on a candidate's merits, capability, experience, skill-sets and integrity but in line with the Code, the Board will consider more female members onto the Board in due course to bring about a more diverse perspective. The Board currently has one female representation in the Board.

In line with the Code, the Group is led and managed by a diverse, competent and experienced Board of Directors. The Board comprises of a mix of diverse and suitably qualified individuals who has expertise and experiences within the oil & gas and civil engineering industry. There is also diversity in professional knowledge ranging from engineering, law, management, banking and accounting. The current Board is drawn from different age group, ethnic, culture and socio-economic background. The Board believes boardroom and workplace diversity is an important element of a well functioned organisation and shall accord due consideration to inculcate diversity policy which encapsulates not only to gender, but also age and ethnicity.

**3. Board Charter**

The Board has embarked on the relevant Corporate Governance Principles and Recommendations as set out in the MCCG 2012 and accordingly adopted its Board Charter on 7 October 2014 to incorporate the relevant principles and recommendations which establishes the role and responsibilities of the Board and those functions delegated to Management. It also serves as a reference point for the Board activities. It is designed to provide guidance and clarity for the Directors and Management with regard to the roles of the Board and its Committees, the requirements of the Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter.

A copy of the Board Charter is published in the corporate website of the Company at www.carimin.com.

A Whistle Blowing Policy was also formalised on 7 October 2014 with the intention to promote the highest standard of corporate governance and business integrity that provides avenue for all employees of the Group and members of the public to raise concerns or disclose any improper conduct within the Group and to take appropriate action to resolve them effectively.

**4. Independence**

i. Tenure of Independent Director

The Board is aware that the tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval in accordance with the Principles and Recommendations of MCCG 2012.

ii. Annual Assessment of Independence

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or the Group as all of the Independent Directors have satisfactorily demonstrated that they are independent from Management and free from any business or other relationship with the Group that could materially affect or interfere with the exercise of objective, unfettered or independent judgement to act in the best interest of the Group.

The Board had through the Nomination Committee conducted an evaluation on the level of independence of the Independent Directors of the Company against the criteria as set out in the annual assessment form. The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or Group.

**5. Board Committees**

The Board has delegated certain responsibilities to the Board Committees that operates within clearly defined terms of reference. These Committees are:

i. Audit Committee

The principle objectives of the Audit Committee is to assist the Board of the Company in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Group and to ensure proper disclosure to the shareholders of the Company.

The members of Audit Committee and its summary of the works carried out during the financial year ended 30 June 2017 are set forth in the Audit Committee Report of this Annual Report.

The term of office and performance of the Audit Committee and its members should be reviewed by the Nomination Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with its Terms of Reference.

ii. Nomination Committee

The Nomination Committee of the Company is responsible to oversee the selection and assessment of directors. The Nomination Committee will assess the candidates and recommend to the Board who will thereon assess the shortlisted candidates and arrive at a decision on the appointment of the director.

The Nomination Committee also assesses and evaluates the performance of each Director of the Company, on an annual basis through the Self-Appraisal Evaluation Form and was satisfied with the overall performance and competency of the Board and Board Committees to effectively discharge their respective roles and duties.

The Nomination Committee of the Company comprises the following members, all being Non-Executive Directors and majority of whom are Independent Directors:-

| Name of Committee Members | Designation |
|---|---|
| Mohd Rizal Bahari Bin Md Noor, Chairman | Independent Non-Executive Director |
| Tan Sri Dato' Kamaruzzaman Bin Shariff, Member | Non-Independent Non-Executive Chairman |
| Yip Jian Lee, Member | Independent Non-Executive Director |

The Nomination Committee meets as and when required. The Nomination Committee met once in the financial year ended 30 June 2017 and the activities undertaken by the Committee were as follows:

a. Reviewed and assessed the Managing Director, Executive Directors and Non-Executive Directors' Annual Performance Evaluation Forms.

b. Reviewed and assessed the independence of the Independent Directors of the Company.

c. Considered and recommended to the Board for consideration, the re-election of Directors who retire by rotation pursuant to Company's Constitution and re-appointment of Tan Sri Dato' Kamaruzzaman Bin Shariff who was over 70 years of age at the Fourth Annual General Meeting of the Company.

iii. Remuneration Committee

The Remuneration Committee of the Company is principally responsible for assessing and reviewing the remuneration packages of the Executive Directors and subsequently furnishes their recommendations to the Board for adoption. The Board had also through the Remuneration Committee, established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Remuneration Committee of the Company comprises the following members:-

| Name of Committee Members | Designation |
|---|---|
| Dato' Ir. Mohamad Razali Bin Othman, Chairman | Independent Non-Executive Director |
| Mokhtar Bin Hashim, Member | Managing Director |
| Yip Jian Lee, Member | Independent Non-Executive Director |

iv. Risk Management Committee

The Risk Management Committee of the Company was established on 20 August 2015 to act as a Committee of the Board with the primary objective to assist the Board in the following functions:

a. carrying out its responsibility of overseeing the Group's risk management framework and policies;

b. ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and

c. determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

The Risk Management Committee of the Company comprises the following members:-

| Name of Committee Members | Designation |
|---|---|
| Wan Muhamad Hatta Bin Wan Mos, Chairman | Independent Non-Executive Director |
| Dato' Ir. Mohamad Razali Bin Othman, Member | Independent Non-Executive Director |
| Mokhtar Bin Hashim, Member | Managing Director |
| Shatar Bin Abdul Hamid, Member | Executive Director |

The Risk Management Committee met once in the financial year ended 30 June 2017 and the activities undertaken by the Committee were as follows:

a. Discussed on potential new risk area, threats and measures put forward in mitigating such risk, if any; and

b. Reviewed the report on the Key Risk Profile ("KRP") presented by the Management on report dated 7 February 2017, and recommend for changes, if any.

## 6. Board Meetings and Supply of Information

The Board schedules at least four meetings in a year with additional meetings to be convened where necessary. During the financial year ended 30 June 2017, the Board met six (6) times where they deliberated and approved various reports and issues, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed on potential investments, strategic decisions as well as the Group's financial performance.

Details of the Directors' attendance at Board meetings during the financial year ended 30 June 2017 are set out as follows:

| Name of Directors | Attendance |
|---|---|
| Tan Sri Dato' Kamaruzzaman Bin Shariff (Chairman) | 6/6 |
| Mokhtar Bin Hashim | 6/6 |
| Shatar Bin Abdul Hamid | 6/6 |
| Lim Yew Hoe | 6/6 |
| Yip Jian Lee | 6/6 |
| Mohd Rizal Bahari Bin Md Noor | 5/6 |
| Wan Muhamad Hatta Bin Wan Mos | 6/6 |
| Dato' Ir Mohamad Razali Bin Othman | 6/6 |

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Prior to the Board meetings, all Board members are provided with the agenda and Board papers containing information relevant to the business of the meeting, typically at least three working days prior to the date of the meeting, to enable them to obtain further explanations, where necessary, in order to be properly briefed before meetings. The Board Papers provide sufficient details of matters to be deliberated during the meeting which includes information on major financial, operational and corporate matters of the Group and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at a sound and informed decision.

Where necessary, Senior Management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

In the event a potential conflict of interest situation arises, the Director concerned is to declare his interest and shall abstain from any deliberation and participation in respect of such resolution pertaining to the transaction.

Records of the deliberation, issues discussed and conclusion were recorded by the Company Secretary who attends all the meetings. The minutes will then be circulated to all Directors for their confirmation before it is signed by the Chairman of the meeting. Minutes of Board meetings together with decisions made by way of circular resolution are duly recorded and properly kept by the Company Secretary. In ensuring adherence to board policies and procedures, the Board consults the Company Secretary on procedural and regulatory requirements.

Pursuant to Recommendation of 1.6 of MCCG 2012, the Board is regularly updated by the Company Secretary who plays an important advisory role and advises on the requirements to be observed by the Company and the Board arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Securities amongst others.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the shares of the Company, in accordance with closed periods for dealing in the Company's securities pursuant to Chapter 14 of the Main Market Listing Requirements of Bursa Securities.

The Board recognises the fact that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of his functions.

**7. Access to Information and Independent Advice**

The Board understands that the decision making process is highly dependent on the quality of information furnished. The Board members have full and unrestricted access to all information concerning the Group's affairs pursuant to Recommendation 1.5 of the MCCG 2012.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Directors also have access to the Internal and External Auditors of the Group, with or without Management present to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information, on a case to case basis, in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

**8. Appointment and Re-election of Directors**

In accordance with Clause 103 of the Company's Constitution, at least one-third of the Directors for the time being shall retire from office and be subject to retirement by rotation at each Annual General Meeting ("AGM").

Directors who are appointed by the Board in the course of the year shall be subject to re-election at the next AGM to be held following their appointment.

Directors who are over seventy years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965. With the coming into force of the Companies Act 2016 on 31 January 2017, Section 129(6) of the Companies Act 1965 was repealed and there is no longer age limit for Directors.

Tan Sri Dato' Kamaruzzaman Bin Shariff during his tenure as the Non-Independent Non-Executive Chairman provided strong leadership and was responsible for ensuring the adequacy and effectiveness of the Board's governance process.

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee scrutinises the candidates and recommend the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

All Board members shall notify the Chairman of the Board before accepting any new directorships in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorships or significant commitments outside the Company.

**9. Directors' Training**

Pursuant to Recommendation 4.2 of MCCG 2012, the Board acknowledges that continuous education is essential for the Directors to keep abreast with the dynamic environment in which the Group operates and that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes. Besides, the Directors are also being updated on a continuing basis by the Company Secretary on new and/or amended Main Market Listing Requirements of Bursa Securities as and when the same are advised by Bursa Securities.

The Directors have individually or collectively attended various training programmes during the financial year ended 30 June 2017 amongst others, the following:-

| Name of Directors | Programmes Attended |
|---|---|
| Tan Sri Dato' Kamaruzzaman Bin Shariff | • Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |
| Mokhtar Bin Hashim | • Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |
| Shatar Bin Abdul Hamid | • International Construction Safety Leadership Conference 2017<br>• Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |
| Lim Yew Hoe | • Advocacy Sessions on Management Discussion and Analysis Statement (MD&A)<br>• Petronas Vendor Integrity Programme (PVIP)<br>• Invest Asean 2017<br>• Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |

| Name of Directors | Programmes Attended |
|---|---|
| Yip Jian Lee | • Board Briefing on Emerging Trends<br>• Board Briefing on Reinsurance Treaty<br>• Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |
| Mohd Rizal Bahari Bin Md Noor | • Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |
| Wan Muhamad Hatta Bin Wan Mos | • Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |
| Dato' Ir Mohamad Razali Bin Othman | • Updates on the Malaysian Code of Corporate Governance 2017 released by Securities Commission Malaysia |

The Directors will continue to undergo relevant training programmes and seminars to further enhance their skills and knowledge as well as awareness of the industry and market place that inevitably can contribute to the Group.

**10. Directors' Remuneration**

The determination of remuneration packages of the Directors are matters for the Board as a whole. The remuneration of the Directors is structured to attract, retain and motivate them to run the Group successfully. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for the Executive Director(s).

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission or percentage of profits or turnover.

Each individual Director shall abstain from the deliberation and voting on all matters pertaining to their own remuneration.

The aggregate remuneration of the Directors for the financial year ended 30 June 2017 for the Company and the Group is as follows:-

| | The Company | | | The Group | | | |
|---|---|---|---|---|---|---|---|
| Name of Directors | Fees (RM) | Meeting Allowance (RM) | Total (RM) | Fees (RM) | Salaries, EPF & Benefits in Kind (RM) | Meeting allowance (RM) | Total (RM) |
| Executive Directors | – | – | – | – | 1,420,948 | – | 1,420,948 |
| Non–Executive Directors | 209,500 | 26,500 | 236,000 | 209,500 | – | 26,500 | 236,000 |
| **TOTAL** | **209,500** | **26,500** | **236,000** | **209,500** | **1,420,948** | **26,500** | **1,656,948** |

| Range of Remuneration | Company | | Group | |
|---|---|---|---|---|
| | Executive | Non–Executive | Executive | Non–Executive |
| Nil | 3 | – | – | – |
| RM50,000 and below | – | 4 | – | 4 |
| RM50,001 to RM100,000 | – | 1 | – | 1 |
| RM150,001 to RM200,000 | – | – | 1 | – |
| RM350,001 to RM400,000 | – | – | 1 | – |
| RM650,001 to RM700,000 | – | – | 1 | – |

### 11. Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

A Corporate Disclosure Policy was formalised on 7 October 2014 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

## B. SHAREHOLDERS

### 1. Relationship With Shareholders

The Board shall promptly communicate, effectively and proactively with its shareholders and investors to keep them informed and constantly kept abreast of the performance, corporate governance, and other matters affecting shareholders' interest. Such information is disseminated through the following channels:

a. Quarterly Financial Reports, Annual Audited Financial Statements and Annual Report
b. Circulars to Shareholders
c. Various disclosures and announcements to Bursa Securities
d. Press releases

The Company's corporate website at www.carimin.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The main forum for dialogue with shareholders remains at the AGM which encourages the shareholders to enquire about the operations and financials of the Group.

### 2. AGM

At each AGM, shareholders will be accorded time and opportunity to ask the Board on the resolutions being proposed and also matters relating to the performance, developments and the future direction of the Group.

Shareholders will also be invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the AGM are put to vote by way of poll and the votes casted shall be validated by an independent scrutineer.

The outcome of all resolutions proposed at the AGM is to be announced to Bursa Securities at the end of the meeting day. While a summary of the key matters discussed at the AGM shall be published on the Company's website as soon as practicable after the conclusion of the AGM.

## C. ACCOUNTABILITY AND AUDIT

### 1. Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual audited financial statements to shareholders.

The Board and Audit Committee of the Company have to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgement estimates.

The Board, via the Audit Committee, has established a formal and transparent arrangement for maintaining an appropriate relationship with its auditors, both external and internal.

The External Auditor's appointment and independence policy had been developed and adopted by the Board. The annual assessment on the suitability and independence of the External Auditors is carried out by the Audit Committee. The re-appointment of the External Auditors is subject to the Board's deliberation.

### 2. Internal Control and Risk Management

The Board affirms its overall responsibility for maintaining sound systems of risk management and internal controls to ensure that risks faced by the Group are identified, assessed and managed to tolerable levels determined by the Board so that shareholders' investments and the Group's assets are safeguarded.

The Group has also established an internal audit function which is outsourced to a professional service firm Axcelasia Columbus Sdn. Bhd. They report directly to the Audit Committee. The outsourced Internal Auditors carries out internal audit reviews in accordance with the approved internal audit plan and the results of their reviews are presented to the Audit Committee at their scheduled meetings.

Further information on the main features of the Group's risk management process and internal control system are presented in the Statement on Risk Management and Internal Control of this Annual Report.

### 3. Relationship with Internal and External Auditors

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance.

The Audit Committee undertakes an annual review of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee will make its recommendation to the Board for re-appointment, upon which the shareholders' approval will be sought at the AGM of the Company.

Similar to the External Auditors, the outsourced Internal Auditors have direct reporting access to the Audit Committee to ensure that any audit findings highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are fully accountable for ensuring that the financial statements are drawn up in accordance with the requirements of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the operation results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2017, the Directors have:

a. applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;

b. made judgements and estimates that are prudent and reasonable; and

c. applied the going concern basis for the preparation of the financial statements

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy the financial position of the Group and the Company and to enable proper financial statements to be prepared in accordance with the applicable laws and regulations. The Directors also have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors of Carimin Petroleum Berhad ("Board") is pleased to present the Statement of Risk Management and Internal Control ("Statement" ) which outlines the nature and scope of the risk management and internal control of the Company and its subsidiaries ("Group") during the financial period under review and up to the date of this Statement for inclusion in the Annual Report.

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound system of risk management and internal controls to ensure that shareholders' interest and the Group's assets are safeguarded as well as for reviewing the adequacy and effectiveness of these systems. The responsibility for reviewing the adequacy and effectiveness of the risk management and internal control system has been delegated to the Audit Committee.

However, as there are inherent limitations in any system of risk management and internal controls, such systems put into effect by Management can only reduce but not eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, such systems can only provide reasonable and not absolute assurance against material misstatements or losses.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries but do not apply to the joint ventures. The Group's interest in the joint ventures are served through Board representation. This representation also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the joint ventures.

## MANAGEMENT RESPONSIBILITY

The Management team led by the Managing Director and Executive Directors acknowledges that the Groups' business activities involve a certain degree of risk. Key Management staff and Heads of Department are delegated with the responsibility of managing identified risks within defined parameters and standards. Such identified risks are discussed annually with Management at the Risk Profile meeting and are brought to the Risk Management Committee and subsequently to the Board for deliberation at its scheduled meetings.

## RISK MANAGEMENT PROCESS

The Risk Management Committee comprising two Executive Directors and two Independent Non-Executive Directors was established with the primary objective of assisting the Board in the following:

- Overseeing the Group's risk management framework and policies;
- Ensuring that Management maintains a sound system of internal controls and risk management; and
- Determining the nature and extent of significant risks which Management has taken in achieving the Group's strategic objectives.

During the financial year ended 30 June 2017, Management carried out a risk assessment exercise to update the Group's risk profile. The updated risk profile was presented and deliberated at the Risk Management Committee Meeting held on 25 May 2017.

The abovementioned risk management practice is an on-going process used to identify, assess and mitigate risks during the financial year under review and up to the date of approval of the Statement.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional service firm, assists the Board and Audit Committee in providing an independent assessment of the adequacy and effectiveness of the Group's internal control, risk management and governance processes. The Internal Auditors report directly to the Audit Committee.

During the financial year under review, the Internal Auditors carried out the following:

(a) Executed internal control reviews in accordance with the approved risk based internal audit plan. The entities and business processes reviewed were as follows:

| Entity | Business Process |
|---|---|
| Carimin Sdn Bhd (Manpower Division) | - Manpower Operation Management; and<br>- Billing Management and Collection |
| Carimin Engineering Services Sdn Bhd (Hook Up, Construction & Commissioning Division) | - Project Management and Billing Management;<br>- Project Asset Management |
| Carimin Petroleum Berhad | - Business Development;<br>- Financial Statement Close Process; and<br>- Review of Recurrent Related Party Transaction ("RRPT") |

(b) Performed follow-up reviews to ensure that corrective actions have been implemented in a timely manner.

Based on the abovementioned work carried out, the findings of the reviews were discussed with Senior Management and subsequently presented to the Audit Committee at their scheduled meetings. None of the weaknesses noted resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2017 is RM90,000.

## OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The following are the other key elements of the Group's current internal controls:-

i. Organisation Structure

The Group has a defined organisational structure with clear lines of accountability and delegation of authority for major tenders, major projects capital expenditure, acquisition and disposal of business and other significant transactions that require the Board's approval. The Management team is led by the Managing Director and assisted by the Executive Directors together with the respective heads of departments. The Group has in place competent and responsible personnel to oversee the Group's operating functions.

ii. Clearly defined policies and procedures and authority limits

The terms of references, responsibilities and authority limits of the various committees, the Managing Director, Executive Directors and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

These terms of references, responsibilities and authority limits are formally documented in official documents such as the Group Financial Authority Limit and various Standard Operating Procedures and Guidelines.

iii. Regular Management Meetings

Management Committee meetings are held regularly and are attended by Executive Directors and Heads of Business Units to discuss operational performance and operational matters.

iv Periodic Financial Performance Reviews

The Group Finance Department prepares the Monthly Management accounts for review by the Chief Financial Officer and subsequently presents it to the Managing Director at their scheduled meetings. The Audit Committee and the Board review the quarterly financial performance results with the Executive Directors to monitor the Group's progress in achieving its business objectives.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 June 2017. Their review was carried out in accordance with the Recommended Practice Guide 5 ("RPG 5") (Revised) issued by the Malaysian Institute of Accountants. The External Auditors report to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures requested by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls Guidelines for Directors of Listed Issuers, nor it is factually inaccurate.

## ASSURANCE TO THE BOARD

The Board has received assurance from the Managing Director and Chief Financial Officer of the Company that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, in meeting the business objectives of the Group and nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material respect.

The Board is of the view that the Group's internal control and risk management systems are adequate to safeguard shareholders' investment and the Group's assets. However, the Board recognises that the development of risk management and internal control systems is an on-going process. Therefore, the Board will continue to strengthen the systems of internal control and risk management.

# AUDIT COMMITTEE REPORT

The principle objectives of the Audit Committee is to assist the Board of Directors ("Board") of Carimin Petroleum Berhad ("the Company") in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and its subsidiaries ("the Group") and to ensure proper disclosure to the shareholders of the Company.

## MEMBERS

The current members of the Audit Committee of the Company are as follows:

| Name of Committee Members | Designation |
|---|---|
| Yip Jian Lee, Chairperson | Independent Non-Executive Director |
| Mohd Rizal Bahari Bin Md Noor, Member | Independent Non-Executive Director |
| Wan Muhamad Hatta Bin Wan Mos, Member | Independent Non-Executive Director |

The Terms of Reference of the Audit Committee is available for reference on the Company's website at www.carimin.com/IRhome/Corporate Governance.

## SUMMARY OF WORKS DURING THE FINANCIAL YEAR

During the financial year under review, the Audit Committee convened seven (7) meetings. Details of attendance of the members of the Audit Committee at those meetings are as follows:

| Committee Members | No. of meetings attended |
|---|---|
| Yip Jian Lee, Chairperson | 7 of 7 |
| Mohd Rizal Bahari Bin Md Noor, Member | 6 of 7 |
| Wan Muhamad Hatta Bin Wan Mos, Member | 7 of 7 |

The following is a summary of the main works carried out by the Audit Committee during the financial year under review:

i. Reviewed the Group's quarterly financial results and annual audited financial statements of the Company including the announcements pertaining thereto before recommending to the Board for approval and release to Bursa Securities;

ii. Reviewed the Audit Review Memorandum for the Group's audit for the financial year ended 30 June 2016 and Audit Planning Memorandum of the Group for the financial year ended 30 June 2017 presented by the External Auditors;

iii. Reviewed with the Internal Auditor, the internal audit plan, work done and reports of the internal audit function and considered the findings of internal auditors and management responses thereon, and ensured that appropriate actions are taken on the recommendations raised by the Internal Auditors;

iv. Reviewed the re-appointment of Messrs. Crowe Horwath as External Auditors of the Company and their audit fees of the Company and its subsidiaries for the financial year ended 30 June 2016 and recommend it to the Board for approval.

v. Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Statement on Corporate Governance and its recommendation to the Board for inclusion in the Annual Report;

vi. Reviewed if there is any, updates of the Financial Authority Limit ("FAL") and Standard Operating Procedures ("SOP") of the company.

vii. Reviewed if there is any, the related party transactions and/or recurrent related party transactions that transpired within the Group during the financial year under review to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

## SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the internal audit function carried out the following:

(a) Executed internal control reviews in accordance with the approved risk based internal audit plan. The entities and business processes reviewed were as follows:

| Entity | Business Process |
|---|---|
| Carimin Sdn Bhd (Manpower Division) | - Manpower Operation Management; and<br>- Billing Management and Collection |
| Carimin Engineering Services Sdn Bhd (Hook Up, Construction & Commissioning Division) | - Project Management and Billing Management;<br>- Project Asset Management |
| Carimin Petroleum Berhad | - Business Development;<br>- Financial Statement Close Process; and<br>- Review of Recurrent Related Party Transaction ("RRPT") |

(b) Performed follow-up reviews to ensure that corrective actions have been implemented in a timely manner.

The results of the abovementioned work carried out by the internal audit function were tabled to the Audit Committee at their scheduled meetings.

# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The entire enlarged issued share capital of the Company comprising 233,898,000 was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). In conjunction with and as an integral part of the listing, the Company also undertook a public issue of 60,700,000 new ordinary shares ("IPO"). Relevant details of the IPO exercise were set out in the Prospectus issued by the Company on 23 October 2014.

The gross proceeds from the IPO amounted to RM66.77 million and the status of the utilisation of the proceeds raised as at 30 June 2017 is as follows:-

| Details of utilisation | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Balance Utilisation RM'000 | % of utilisation | Time Frame for utilisation |
|---|---|---|---|---|---|
| Purchase of offshore support vessel | 35,320 | 35,320 | — | — | |
| Development of minor fabrication yard | 12,000 | 922 | 11,078 | 7% | Within 12 months |
| Repayment of bank borrowings | 8,000 | 8,000 | — | — | |
| Working capital | 7,950 | 7,950 | — | — | |
| Estimated listing expenses | 3,500 | 3,500 | — | — | |
| **Total** | **66,770** | **55,692** | **11,078** | **83%** | |

## AUDIT FEES

The fees incurred for services rendered by the External Auditors during the financial year ended 30 June 2017 are as below:-

| Description | Audit Fee (RM) | Non Audit Fee (RM) | Total (RM) |
|---|---|---|---|
| The Company | 43,000 | 13,000 | 56,000 |
| The Group | 207,000 | 13,000 | 220,000 |

## MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business of the Group) entered by the Company and its subsidiaries involving Directors and major shareholders' interest during the financial year ended 30 June 2017.

## RECURRENT RELATED PARTY TRANSACTION

At the Extraordinary General Meeting of the Company held on 22 November 2016, the Company had obtained shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue and/or trading nature which are necessary for the day to day operations of the Group and in the ordinary course of business with related parties.

The aforesaid mandate will lapse at the conclusion of the forthcoming 5th Annual General Meeting (5th AGM") of the Company. The Company will be seeking its shareholders' approval for the renewal of the existing RRPT mandate at the forthcoming 5th AGM of the Company.

The list of RRPTs of a revenue and/or trading nature entered into by the Group during the financial year under review is disclosed in Note 43 to the financial statements.

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

## RESULTS

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| Loss after taxation for the financial year | (3,693) | (9,854) |
| Attributable to:- | | |
| Owners of the Company | (4,263) | (9,854) |
| Non-controlling interests | 570 | – |
| | (3,693) | (9,854) |

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of a new subsidiary as disclosed in Note 5 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS

The names of directors of the Company who served during the financial year until the date of this report are as follows:-

Tan Sri Dato' Kamaruzzaman Bin Shariff
Mokhtar Bin Hashim
Dato' IR. Mohamad Razali Bin Othman
Lim Yew Hoe
Mohd Rizal Bahari Bin Md Noor
Shatar Bin Abdul Hamid
Wan Muhamad Hatta Bin Wan Mos
Yip Jian Lee

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:

Abd Hakim Bin Asmaun
Mad Daud Bin Sukarmin
Mazhar Bin Palil
Muhammad Hatta Bin Noah
Ng Mai Mai *(Appointed on 10 August 2016)*
Sh Mohd Firdaus Bin Sh Mohmed Puzi *(Appointed on 10 August 2016)*
IR. Dr. Mohd Asbi Bin Othman *(Appointed on 13 March 2017)*
Wan Hamdan Bin Wan Embong *(Appointed on 13 March 2017)*
Chung Chee Wai *(Resigned on 27 October 2016)*
Kudus Bin Shoib *(Resigned on 10 August 2016)*
Wong Kong Foo *(Resigned on 31 March 2016)*

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | At 1.7.2016 | Bought | Sold | At 30.6.2017 |
| *Direct Interests in the Company* | | | | |
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 7,050,000 | – | – | 7,050,000 |
| Mokhtar Bin Hashim | 58,873,234 | – | – | 58,873,234 |
| Dato' IR. Mohamad Razali Bin Othman | 50,000 | – | – | 50,000 |
| Lim Yew Hoe | 1,550,300 | 4,266,100 | – | 5,816,400 |
| Mohd Rizal Bahari Bin Md Noor | 50,000 | – | – | 50,000 |
| Shatar Bin Abdul Hamid | 8,871,638 | 246,500 | – | 9,118,138 |
| Wan Muhamad Hatta Bin Wan Mos | 50,000 | – | – | 50,000 |
| Yip Jian Lee | 50,000 | – | – | 50,000 |

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 40 to the financial statements.

## INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors of the Company were RM5,000,000 and RM11,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 46 to the financial statements.

## SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 47 to the financial statements.

## AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed in accordance with a resolution of the directors dated 25 October 2017.

**Tan Sri Dato' Kamaruzzaman Bin Shariff**

**Mokhtar Bin Hashim**

# STATEMENT BY DIRECTORS
## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' Kamaruzzaman Bin Shariff and Mokhtar Bin Hashim, being two of the directors of Carimin Petroleum Berhad, state that, in the opinion of the directors, the financial statements set out on pages 59 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 48, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 25 October 2017.

**Tan Sri Dato' Kamaruzzaman Bin Shariff** **Mokhtar Bin Hashim**

# STATUTORY DECLARATION
## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Mokhtar Bin Hashim, I/C No. 590515-10-6481, being the director primarily responsible for the financial management of Carimin Petroleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 129 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Mokhtar Bin Hashim, I/C No. 590515-10-6481,
at Kuala Lumpur in the Federal Territory
on this 25 October 2017.

**Mokhtar Bin Hashim**

Before me

Lai Din (No. W668)
Commissioner for Oaths
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARIMIN PETROLEUM BERHAD
(Incorporated in Malaysia) Company No: 908388 - K

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Carimin Petroleum Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 129.

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

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| **Revenue recognition and contract assets/(liabilities)**<br>Refer to Note 29 to the financial statements | |
|---|---|
| Key Audit Matter | How our audit addressed the Key Audit Matter |
| Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results. The Group's Hook Up, Construction and Commissioning and Civil Construction divisions recognise revenue and cost by reference to the progress towards complete satisfaction of the performance obligation. This requires significant management judgement and estimates in determining the completeness and accuracy of the estimates. Significant changes to contract revenue and cost estimates may lead to significant effects in the reported revenue position and resulting profits. | • Our procedures included amongst others:-<br><br>- Making enquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the project revenue and cost;<br><br>- Reviewing major contracts and identifying its distinct performance obligations; and<br><br>- Reviewing the reasonableness and basis of estimation of the contract works awarded and comparing to actual costs incurred to-date reflects each performance obligation. |

**Key Audit Matters (Cont'd)**

We have determined the matters described below to be the key audit matters to be communicated in our report. (Cont'd)

| **Impairment on property, plant and equipment**<br>Refer to Note 6 to the financial statements | |
|---|---|
| Key Audit Matter | How our audit addressed the Key Audit Matter |
| As at 30 June 2017, the carrying value of vessels recorded in the Group's statement of financial position amounted to approximately RM128.77 million. The Group's main customers are from oil and gas companies involved in upstream exploration activities. Crude oil prices in 2017 continued to affect the business activities of the industry in which the Group operates. As a result, the Group has been facing challenges in achieving high charter hires for the Group's vessels for the current financial year.<br><br>The recoverable amount of the vessels were determined based on fair value less costs to sell. Independent valuations have been performed by an external expert on all vessels.<br><br>We focused on this area as the valuations are highly subjective and based on non-observable market data. | • Our procedures included amongst others:-<br><br>- Evaluating the qualifications and competence of the external expert appointed by the Group to determine whether there were any matters that might have affected the objectivity or limited the scope of their work;<br><br>- Testing, on a sample basis, the accuracy and relevance of key input data (aged of vessels, open market value of similar vessels and current market demand) used by the appointed expert to estimate the fair values of the vessels by comparing the data to independent sources; and<br><br>- Reviewing the adequacy of disclosures in the financial statements. |

| **Recoverability of trade receivables**<br>Refer to Note 9 to the financial statements | |
|---|---|
| Key Audit Matter | How our audit addressed the Key Audit Matter |
| Trade receivables are presented and disclosed as a major component of the financial position and the risk of customers' becoming insolvent could be high. Hence, significant judgement is applied in the Group's assessment of the recoverability of these trade receivables. | • Our procedures included amongst others:-<br><br>- Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy;<br><br>- Testing the Group's recent invoices and collections during and after the financial year especially for major receivables and comparing against historical data from the Group's previous collection experience; and<br><br>- Reviewing the adequacy of the Group's disclosure in this area. |

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARIMIN PETROLEUM BERHAD (CONT'D)
(Incorporated in Malaysia) Company No: 908388 - K

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 48 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**
Firm No: AF 1018
Chartered Accountants

**Ung Voon Huay**
Approval No: 03233/09/2018 J
Chartered Accountant

25 October 2017
Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2017

| | Note | The Group 2017 RM'000 | The Group 2016 RM'000 | The Company 2017 RM'000 | The Company 2016 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiaries | 5 | – | – | 83,289 | 92,089 |
| Property, plant and equipment | 6 | 138,255 | 146,380 | – | – |
| Investment in joint venture | 7 | 5,170 | 5,068 | – | – |
| Other investments | 8 | 50 | 50 | – | – |
| | | 143,475 | 151,498 | 83,289 | 92,089 |
| CURRENT ASSETS | | | | | |
| Trade receivables | 9 | 24,106 | 20,022 | – | – |
| Other receivables, deposits and prepayments | 10 | 2,102 | 2,367 | 51 | 24 |
| Contract assets | 11 | 8,938 | 13,725 | – | – |
| Amount owing by subsidiaries | 12 | – | – | 43,163 | 68,083 |
| Amount owing by joint venture | 13 | 2,580 | 2,580 | – | – |
| Tax recoverable | | 4,319 | 3,430 | – | – |
| Short-term investments | 14 | 36,655 | 13,733 | 24,530 | 2,015 |
| Fixed deposits with licensed banks | 15 | 33,849 | 52,784 | – | – |
| Cash and bank balances | | 10,560 | 15,790 | 1,233 | 331 |
| | | 123,109 | 124,431 | 68,977 | 70,453 |
| **TOTAL ASSETS** | | 266,584 | 275,929 | 152,266 | 162,542 |

# STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2017 (CONT'D)

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| Share capital | 16 | 116,939 | 116,939 | 116,939 | 116,939 |
| Share premium | 17 | 32,429 | 32,429 | 32,429 | 32,429 |
| Merger deficit | 18 | (80,802) | (80,802) | – | – |
| Retained profits | | 90,242 | 94,482 | 2,540 | 12,394 |
| Capital reserve | 19 | 17 | 17 | – | – |
| Fair value reserve | 20 | (4) | 2 | (5) | (2) |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | 158,821 | 163,067 | 151,903 | 161,760 |
| NON-CONTROLLING INTERESTS | | 1,315 | – | – | – |
| **TOTAL EQUITY** | | 160,136 | 163,067 | 151,903 | 161,760 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term borrowings | 21 | 64,809 | 80,806 | – | – |
| Deferred tax liabilities | 22 | – | 1,027 | – | – |
| | | 64,809 | 81,833 | – | – |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 25 | 11,942 | 7,708 | – | – |
| Other payables and accruals | 26 | 12,788 | 8,931 | 335 | 355 |
| Amount owing to subsidiaries | 12 | – | – | – | 420 |
| Provision for taxation | | 736 | 615 | 28 | 7 |
| Short-term borrowings | 27 | 16,173 | 13,478 | – | – |
| Bank overdrafts | 28 | – | 297 | – | – |
| | | 41,639 | 31,029 | 363 | 782 |
| **TOTAL LIABILITIES** | | 106,448 | 112,862 | 363 | 782 |
| **TOTAL EQUITY AND LIABILITIES** | | 266,584 | 275,929 | 152,266 | 162,542 |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | 29 | 115,579 | 123,527 | – | – |
| COST OF SALES | 30 | (103,013) | (123,157) | – | – |
| GROSS PROFIT | | 12,566 | 370 | – | – |
| OTHER INCOME | 31 | 3,105 | 20,283 | 992 | 1,153 |
| | | 15,671 | 20,653 | 992 | 1,153 |
| ADMINISTRATIVE EXPENSES | 32 | (9,515) | (10,070) | (702) | (826) |
| OTHER EXPENSES | 33 | (3,282) | (863) | (9,938) | – |
| FINANCE COSTS | 34 | (6,492) | (3,412) | – | – |
| SHARE OF RESULTS IN JOINT VENTURE, NET OF TAX | | 102 | (21) | – | – |
| (LOSS)/PROFIT BEFORE TAXATION | | (3,516) | 6,287 | (9,648) | 327 |
| INCOME TAX EXPENSE | 35 | (177) | (2,836) | (206) | (31) |
| (LOSS)/PROFIT AFTER TAXATION | | (3,693) | 3,451 | (9,854) | 296 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Items that May be Reclassified Subsequently to Profit or Loss | | | | | |
| Fair value changes for available-for-sale financial assets | | (6) | 2 | (3) | (2) |
| TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR | | (3,699) | 3,453 | (9,857) | 294 |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-** | | | | | |
| Owners of the Company | | (4,263) | 3,452 | (9,854) | 296 |
| Non-controlling interests | | 570 | (1) | – | – |
| | | (3,693) | 3,451 | (9,854) | 296 |
| **TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:-** | | | | | |
| Owners of the Company | | (4,269) | 3,454 | (9,857) | 294 |
| Non-controlling interests | | 570 | (1) | – | – |
| | | (3,699) | 3,453 | (9,857) | 294 |
| **(LOSS)/EARNINGS PER SHARE (SEN)** | | | | | |
| - Basic | 36 | (1.82) | 1.48 | | |
| - Diluted | 36 | (1.82) | 1.48 | | |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

| The Group | Share Capital RM'000 | Share Premium RM'000 | Merger Deficit RM'000 | Capital Reserve RM'000 | Fair Value Reserve RM'000 | Retained Profits RM'000 | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1.7.2015 | 116,939 | 32,429 | (80,802) | 17 | – | 91,033 | 159,616 | (2) | 159,614 |
| Profit after taxation for the financial year | – | – | – | – | – | 3,452 | 3,452 | (1) | 3,451 |
| Other comprehensive income for the financial year:- | | | | | | | | | |
| - Fair value changes of available for-sale financial assets | – | – | – | – | 2 | – | 2 | – | 2 |
| Total comprehensive income for the financial year | – | – | – | – | 2 | 3,452 | 3,454 | (1) | 3,453 |
| Changes in a subsidiary's ownership interests that do not result in a loss of control | – | – | – | – | – | (3) | (3) | 3 | – |
| Total transactions with owners | – | – | – | – | – | (3) | (3) | 3 | – |
| Balance at 30.6.2016 | 116,939 | 32,429 | (80,802) | 17 | 2 | 94,482 | 163,067 | – | 163,067 |

# STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

| The Group | | Share Capital RM'000 | Share Premium RM'000 | Merger Deficit RM'000 | Capital Reserve RM'000 | Fair Value Reserve RM'000 | Retained Profits RM'000 | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 30.6.2016/1.7.2016 | | 116,939 | 32,429 | (80,802) | 17 | 2 | 94,482 | 163,067 | – | 163,067 |
| Loss after taxation for the financial year | | – | – | – | – | – | (4,263) | (4,263) | 570 | (3,693) |
| Other comprehensive income for the financial year:- | | | | | | | | | | |
| - Fair value changes of available-for-sale financial assets | | – | – | – | – | (6) | – | (6) | – | (6) |
| Total comprehensive expenses for the financial year | | – | – | – | – | (6) | (4,263) | (4,269) | 570 | (3,699) |
| Contributions by and distributions to owners of the Company:- | | | | | | | | | | |
| - Acquisition of a subsidiary | 38.1 | – | – | – | – | – | – | – | 568 | 568 |
| - Issuance of shares in a subsidiary to non-controlling interests | | – | – | – | – | – | – | – | 200 | 200 |
| | | – | – | – | – | – | – | – | 768 | 768 |
| Changes in a subsidiary's ownership interests that do not result in a loss of control | 38.2 | – | – | – | – | – | 23 | 23 | (23) | – |
| Total transactions with owners | | – | – | – | – | – | 23 | 23 | 745 | 768 |
| Balance at 30.6.2017 | | 116,939 | 32,429 | (80,802) | 17 | (4) | 90,242 | 158,821 | 1,315 | 160,136 |

# STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

| The Group | Share Capital RM'000 | Share Premium RM'000 | Fair Value Reserve RM'000 | Retained Profits RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|
| Balance at 1.7.2015 | 116,939 | 32,429 | – | 12,098 | 161,466 |
| Profit after taxation for the financial year | – | – | – | 296 | 296 |
| Other comprehensive income for the financial year:<br>- Fair value changes of available-for-sale financial assets | – | – | (2) | – | (2) |
| Total comprehensive income for the financial year | – | – | (2) | 296 | 294 |
| Balance at 30.6.2016/1.7.2016 | 116,939 | 32,429 | (2) | 12,394 | 161,760 |
| Loss after taxation for the financial year | – | – | – | (9,854) | (9,854) |
| Other comprehensive income for the financial year:<br>- Fair value changes of available-for-sale financial assets | – | – | (3) | – | (3) |
| Total comprehensive expenses for the financial year | – | – | (3) | (9,854) | (9,857) |
| Balance at 30.6.2017 | 116,939 | 32,429 | (5) | 2,540 | 151,903 |

# STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | | | |
| (Loss)/Profit before taxation | (3,516) | 6,287 | (9,648) | 327 |
| Adjustments for:- | | | | |
| Depreciation of property, plant and equipment | 7,163 | 4,649 | – | – |
| Gain on disposal of property, plant and equipment | (52) | (4) | – | – |
| Impairment loss:- | | | | |
| - investments in subsidiaries | – | – | 9,938 | – |
| - property, plant and equipment | 2,086 | – | – | – |
| - trade receivables | 444 | 150 | – | – |
| Interest income | (2,175) | (2,303) | (427) | (22) |
| Interest expense | 6,498 | 3,461 | – | – |
| Negative goodwill from business combination | (15) | – | – | – |
| Reversal of impairment loss on trade receivables | (74) | – | – | – |
| Share of results in joint venture | (102) | 21 | – | – |
| Unrealised gain on foreign exchange | (690) | (911) | – | – |
| Operating profit/(loss) before working capital changes | 9,567 | 11,350 | (137) | 305 |
| Decrease in contract assets | 5,415 | 9,582 | – | – |
| (Increase)/Decrease in trade and other receivables | (55) | 49,993 | (27) | (23) |
| Increase/(Decrease) in trade and other payables | 3,845 | (80,443) | (20) | (14) |
| CASH FROM/(FOR) OPERATIONS | 18,772 | (9,518) | (184) | 268 |
| Interest paid | (6,498) | (3,461) | – | – |
| Tax refund | 50 | – | – | – |
| Tax paid | (2,022) | (3,614) | (185) | (315) |
| NET CASH FROM/(FOR) OPERATING ACTIVITIES | 10,302 | (16,593) | (369) | (47) |

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| BALANCE BROUGHT FORWARD | | 10,302 | (16,593) | (369) | (47) |
| CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES | | | | | |
| Acquisition of a subsidiary, net of cash and cash equivalents acquired | 38.1 | (128) | – | (838) | – |
| Additional investment in a subsidiary | | – | – | (300) | – |
| Interest received | | 2,175 | 2,283 | 427 | 22 |
| Purchase of property, plant and equipment | 37 | (699) | (32,639) | – | – |
| Proceeds from disposal of property, plant and equipment | | 52 | 19 | – | – |
| Repayment from subsidiaries | | – | – | 24,917 | 12,121 |
| NET CASH FROM/(FOR) INVESTING ACTIVITIES | | 1,400 | (30,337) | 24,206 | 12,143 |
| CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES | | | | | |
| Acquisition of non-controlling interests | | – | # | – | – |
| Additional investment in a non-controlling interests | | 200 | – | – | – |
| Drawdown of term loans | | – | 62,428 | – | – |
| (Increase)/Decrease in placement of pledged deposits | | (8,247) | 368 | – | – |
| Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control | 38.2 | * | – | – | – |
| Repayment to subsidiaries | | – | – | (420) | (10,016) |
| Repayment of term loans | | (13,139) | (5,823) | – | – |
| Repayment of hire purchase obligations | | (393) | (943) | – | – |
| Repayment of invoice financing | | – | (608) | – | – |
| NET CASH (FOR)/FROM FINANCING ACTIVITIES | | (21,579) | 55,422 | (420) | (10,016) |
| BALANCE CARRIED FORWARD | | (9,877) | 8,492 | 23,417 | 2,080 |

# - RM20
* - RM4

# STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| BALANCE BROUGHT FORWARD/NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (9,877) | 8,492 | 23,417 | 2,080 |
| EFFECTS OF FOREIGN EXCHANGE TRANSLATION | | 684 | 913 | – | – |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | 62,308 | 52,903 | 2,346 | 266 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 39 | 53,115 | 62,308 | 25,763 | 2,346 |

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

| | |
|---|---|
| Registered office | : Third Floor, No. 79 (Room A),<br>Jalan SS21/60, Damansara Utama,<br>47400 Petaling Jaya,<br>Selangor Darul Ehsan. |
| Principal place of business | : B-1-6, Block B, Megan Avenue 1,<br>189 Jalan Tun Razak,<br>50400 Kuala Lumpur. |

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 October 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**3.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-**

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

## 3. BASIS OF PREPARATION (CONT'D)

**3.2 During the current financial year, the Group has early adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-**

MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 15: Effective Date of MFRS 15
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with customers'

The adoption of these MFRSs required the Group to recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. There were no material impacts on the Group's financial statements on early adoption of MFRS 15.

**3.3 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-**

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|---|
| MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) | 1 January 2018 |
| MFRS 16 Leases | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 107: Disclosure Initiative | 1 January 2017 |
| Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| Amendments to MFRS 140: Transfers of Investment Property | 1 January 2018 |
| Annual Improvements to MFRS Standards 2014 - 2016 Cycles: | |
| • Amendments to MFRS 12: Clarification of the Scope of the Standard | 1 January 2017 |
| Annual Improvements to MFRS Standards 2014 - 2016 Cycles: | |
| • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters | |
| • Amendments to MFRS 128: Measuring an Associates or Joint Venture at Fair Value | 1 January 2018 |

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

(a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

## 3. BASIS OF PREPARATION (CONT'D)

**3.3 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:- (Cont'd)**

(b) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

**(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(b) Profit Recognition of Construction Contract**

(i) Hook up, Construction and Commissioning

The Group recognises construction contract revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the value transferred by the Group to the customer to the satisfaction of the performance obligation. Significant judgement is required in determining the progress of the construction contract. In making the judgement, the Group relies on survey of works performed by the customers.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

**(b) Profit Recognition of Construction Contract (Cont'd)**

(ii) Civil Construction

The Group recognises construction contract revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in contract cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience.

**(c) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

**(d) Impairment of Non-financial Assets**

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**(e) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**(f) Impairment of Goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

#### (h) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

#### (i) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The acquisitions resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common business combination.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 BASIS OF CONSOLIDATION (CONT'D)

#### (a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

#### (b) Acquisition Method of Accounting for Non-Common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 BASIS OF CONSOLIDATION (CONT'D)

**(d) Changes in Ownership Interests in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

**(e) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted joint ventures.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets (Cont'd)

(i) Financial Assets at Fair Value Through Profit or Loss (Cont'd)

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) Equity Instruments

Ordinary shares classified as equity are measured initially at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.7 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 JOINT ARRANGEMENTS (CONT'D)

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 30 June 2017. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not re-measured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

### 4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is stated at cost less impairment losses and is not depreciated.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

| | |
|---|---|
| Leasehold land | Over the lease period of 60 years |
| Buildings | 3% - 5% |
| Furniture and fittings | 20% |
| Operation tools and equipment | 20% |
| Office equipment | 20% |
| Motor vehicles | 20% |
| Plant and equipment | 10% |
| Renovation | 20% |
| Vessels | 4% |
| Others | 20% |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

Vessel-in-progress in the previous financial year represented assets under construction, and which was not ready for commercial use at the end of the reporting period. Vessel-in-progress was stated at cost, and was transferred to the relevant category of assets and depreciated accordingly when the assets were completed and ready for commercial use. Cost of the vessel-in-progress included direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets were completed and put into use.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

## 4.9 IMPAIRMENT

### (a) Impairment of Financial Assets

All financial assets and contract assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investment in joint venture), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 IMPAIRMENT (CONT'D)

#### (b) Impairment of Non-financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 4.10 FINANCE LEASED ASSETS

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

### 4.11 INCOME TAXES

#### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.11 INCOME TAXES (CONT'D)

#### (b) Deferred Tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

#### (c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

### 4.12 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### 4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and restricted cash.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.14 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.15 EMPLOYEE BENEFITS

**(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

### 4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

### 4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.18 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### 4.19 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) the entity is controlled or jointly controlled by a person identified in (a) above.
(vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.20 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 4.21 REVENUE AND OTHER INCOME

**(a) Revenue from Contracts with Customers**

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and Measurement

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.  A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices. A good or service is distinct if:-

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract.

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.21 REVENUE AND OTHER INCOME (CONT'D)

#### (a) Revenue from Contracts with Customers (Cont'd)

Revenue is measured based on the consideration specified in a contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- he Group's performance creates or enhances a customer-controlled asset; or
- the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The revenue recognition policies for each of the Group's major activities are described below:-

(i) Construction Activities

Revenue is recognised progressively when construction services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.21 REVENUE AND OTHER INCOME (CONT'D)

**(b) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method unless collectability is in doubt in which case it is recognised on a cash receipt basis.

**(c) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established and it is probable that future economic benefits associated with the dividend will flow to the Group and the amount can be measured reliably.

**(d) Rental Income**

Rental income from an operating lease is recognised over the non-cancellable lease term on a straight-line method.

## 5. INVESTMENTS IN SUBSIDIARIES

| | The Company | |
|---|---|---|
| | 2017<br>RM'000 | 2016<br>RM'000 |
| In Malaysia:- | | |
| Unquoted shares, at cost | 93,227 | 92,089 |
| Accumulated impairment losses | (9,938) | – |
| | 83,289 | 92,089 |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent | | Principal Activities |
|---|---|---|---|---|
| | | 2017 % | 2016 % | |
| Carimin Sdn. Bhd. | Malaysia | 100 | 100 | Providing manpower supply services. |
| Carimin Engineering Services Sdn. Bhd. | Malaysia | 100 | 100 | Offshore hook up and commissioning services, and engineering, fabrication and maintenance services. |
| Carimin Equipment Management Sdn. Bhd. | Malaysia | 100 | 100 | Management of fabrication yards and equipment rental services. |
| Carimin Corporate Services Sdn. Bhd. | Malaysia | 100 | 100 | Providing corporate and management services. |
| Carimin Marine Services Sdn. Bhd. | Malaysia | 100 | 100 | Providing chartering of offshore support vessel. |
| Carimin Resources Services Sdn. Bhd. | Malaysia | 60 | 100 | Dormant. |
| Carimin Airis Offshore Sdn. Bhd.# | Malaysia | 100 | 100 | Providing chartering of offshore support vessel. |
| Carimin Acacia Offshore Sdn. Bhd.# | Malaysia | 100 | 100 | Providing chartering of offshore support vessel. |
| Carimin Bina Sdn. Bhd. (formerly known as Noblecorp Builders Sdn. Bhd.) | Malaysia | 60 | – | General contracting work and trading of geosynthetic products. |

*# Interest held by Carimin Marine Services Sdn. Bhd.*

(a) During the current financial year, the Company acquired 60% equity interests in Carimin Bina Sdn. Bhd. (formerly known as Noblecorp Builders Sdn. Bhd.). The details of the acquisition are disclosed in Note 38 to the financial statements.

(b) The Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM9,937,650 (2016 - Nil), representing the writedown of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiaries at the end of the reporting period.

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The non-controlling interests at the end of the reporting period comprise the following:-

| | Effective Equity Interest | | The Group | |
|---|---|---|---|---|
| | 2017 % | 2016 % | 2017 RM'000 | 2016 RM'000 |
| Carimin Bina Sdn. Bhd. | 40 | – | 1,148 | – |
| Carimin Resources Services Sdn. Bhd. | 40 | – | 167 | – |
| | | | 1,315 | – |

(d) The summarised financial information (before intra-group elimination) of Carimin Bina Sdn. Bhd. (formerly known as Noblecorp Builders Sdn. Bhd.) that has non-controlling interests that is material to the Group is as follows:-

| | Carimin Bina Sdn. Bhd. 2017 RM'000 |
|---|---|
| At 30 June | |
| Non-current assets | 163 |
| Current assets | 20,880 |
| Non-current liabilities | (47) |
| Current liabilities | (18,125) |
| Net assets | 2,871 |
| <u>Financial Period Ended 30 June</u> | |
| Revenue | 27,170 |
| Profit for the financial year | 1,449 |
| Total comprehensive income | 1,449 |
| Total comprehensive income attributable to non-controlling interests | 580 |

## 6. PROPERTY, PLANT AND EQUIPMENT

| The Group | At 1.7.2016 RM'000 | Additions (Note 37) RM'000 | Acquisition of A Subsidiary (Note 38) RM'000 | Reclassification RM'000 | Depreciation Charges RM'000 | Impairment Loss RM'000 | At 30.6.2017 RM'000 |
|---|---|---|---|---|---|---|---|
| 2017 | | | | | | | |
| Net Book Value | | | | | | | |
| Freehold land | 225 | – | – | – | – | – | 225 |
| Leasehold land | 307 | – | – | – | (22) | – | 285 |
| Buildings | 7,090 | – | – | – | (431) | – | 6,659 |
| Furniture and fittings | 37 | 37 | – | – | (22) | – | 52 |
| Operation tools and equipment | 296 | 37 | – | – | (191) | (109) | 33 |
| Office equipment | 43 | 129 | – | – | (20) | – | 152 |
| Motor vehicles | 433 | 298 | 195 | – | (209) | – | 717 |
| Plant and equipment | 509 | – | – | – | (93) | (416) | – |
| Renovation | 649 | 35 | – | 922 | (277) | – | 1,329 |
| Vessels | 135,830 | 381 | – | – | (5,881) | (1,561) | 128,769 |
| Others | 961 | 12 | – | (922) | (17) | – | 34 |
| | 146,380 | 929 | 195 | – | (7,163) | (2,086) | 138,255 |

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | At 1.7.2015 RM'000 | Additions (Note 37) RM'000 | Disposal RM'000 | Reclassification RM'000 | Depreciation Charges RM'000 | At 30.6.2016 RM'000 |
|---|---|---|---|---|---|---|
| 2016 | | | | | | |
| Net Book Value | | | | | | |
| Freehold land | 225 | – | – | – | – | 225 |
| Leasehold land | 329 | – | – | – | (22) | 307 |
| Buildings | 7,521 | – | – | – | (431) | 7,090 |
| Furniture and fittings | 64 | 7 | – | – | (34) | 37 |
| Operation tools and equipment | 1,074 | – | – | – | (778) | 296 |
| Office equipment | 41 | 23 | (15) | – | (6) | 43 |
| Motor vehicles | 605 | – | – | – | (172) | 433 |
| Plant and equipment | 601 | – | – | – | (92) | 509 |
| Renovation | 741 | – | – | – | (92) | 649 |
| Vessels | 36,704 | 1,093 | – | 101,042 | (3,009) | 135,830 |
| Vessel-in-progress | 83,071 | 17,971 | – | (101,042) | – | – |
| Others | 512 | 462 | – | – | (13) | 961 |
| | 131,488 | 19,556 | (15) | – | (4,649) | 146,380 |

*# Others includes computers and telecommunication equipment.*

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | At Cost RM'000 | Accumulated Depreciation RM'000 | Accumulated Impairment Losses RM'000 | Net Book Value RM'000 |
|---|---|---|---|---|
| 2017 | | | | |
| Freehold land | 225 | – | – | 225 |
| Leasehold land | 440 | (155) | – | 285 |
| Buildings | 9,820 | (3,161) | – | 6,659 |
| Furniture and fittings | 590 | (538) | – | 52 |
| Operation tools and equipment | 7,257 | (6,765) | (459) | 33 |
| Office equipment | 711 | (434) | (125) | 152 |
| Motor vehicles | 1,863 | (1,146) | – | 717 |
| Plant and equipment | 923 | (507) | (416) | – |
| Renovation | 2,213 | (854) | (30) | 1,329 |
| Vessels | 142,038 | (11,708) | (1,561) | 128,769 |
| Others | 1,127 | (938) | (155) | 34 |
| | 167,207 | (26,206) | (2,746) | 138,255 |
| 2016 | | | | |
| Freehold land | 225 | – | – | 225 |
| Leasehold land | 440 | (133) | – | 307 |
| Buildings | 9,820 | (2,730) | – | 7,090 |
| Furniture and fittings | 553 | (516) | – | 37 |
| Operation tools and equipment | 7,220 | (6,574) | (350) | 296 |
| Office equipment | 582 | (414) | (125) | 43 |
| Motor vehicles | 1,810 | (1,377) | – | 433 |
| Plant and equipment | 923 | (414) | – | 509 |
| Renovation | 1,256 | (577) | (30) | 649 |
| Vessels | 141,657 | (5,827) | – | 135,830 |
| Others | 2,049 | (933) | (155) | 961 |
| | 166,535 | (19,495) | (660) | 146,380 |

(a) Included in the net book value of property, plant and equipment at the end of the reporting period are the following assets charged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

| | The Group 2017 RM'000 | The Group 2016 RM'000 |
|---|---|---|
| Buildings | 5,026 | 5,400 |
| Vessels | 128,769 | 135,830 |
| | 133,795 | 141,230 |

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Included in the net book value of property, plant and equipment of the Group at the end of the reporting period are the following assets acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 23 to the financial statements.

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Operation tools and equipment | – | 84 |
| Motor vehicles | 717 | 433 |
| Plant and equipment | – | 443 |
| | 717 | 960 |

(c) During the financial year, the Group has carried out a review of the recoverable amount of its plant and equipment and vessels because the marine services and equipment rental business lines have been persistently making losses. An impairment loss of RM2,085,995 (2016 - Nil), representing the write-down of the property, plant and equipment to the recoverable amount was recognised in the consolidated statements of profit or loss and other comprehensive income as disclosed in Note 33 to the financial statements, determined based on fair value less cost to sell approach.

The fair values of the vessels have been assessed by an independent professional valuer. The valuation of the vessels was performed by the independent valuer using the market approach, including consideration of the recent market transaction of vessels of similar type and age. The assessment is based on the assumption that it is at a willing buyer and willing seller basis.

## 7. INVESTMENT IN JOINT VENTURE

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Unquoted shares, at cost | 1,400 | 1,400 |
| Share of post acquisition profits | 3,770 | 3,668 |
| | 5,170 | 5,068 |

*The details of the joint venture are as follows:-*

| | | Interest in equity held by | | | | |
|---|---|---|---|---|---|---|
| | | Company | | Subsidiary | | |
| Name of Joint Venture | Principal Place of Business | 2017 | 2016 | 2017 | 2016 | Principal Activities |
| Synergy Kenyalang Offshore Sdn. Bhd.* ("SKO") | Malaysia | – | – | 14% | 14% | Providing chartering of offshore support vessel. |

*- *Not audited by Messrs. Crowe Horwath*

*(a) Held by Carimin Marine Services Sdn. Bhd. The results of SKO are equity accounted based on the unaudited management accounts for the period from 1 July 2016 to 30 June 2017 respectively.*

## 7. INVESTMENT IN JOINT VENTURE (CONT'D)

The summarised unaudited financial information of the joint venture that is material to the Group is as follows:-

| | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| At 30 June | | |
| Non-current assets | 71,024 | 67,072 |
| Current assets | 31,302 | 42,192 |
| Non-current liabilities | (43,533) | (53,465) |
| Current liabilities | (21,118) | (18,872) |
| Net assets | 37,675 | 36,927 |
| Financial year ended 30 June | | |
| Revenue | 11,801 | 17,159 |
| Profit/(Loss) for the financial year | 728 | (563) |
| Total comprehensive income/(expenses) | 728 | (563) |
| Group's share of profit/(loss) for the financial year | 102 | (21) |
| Group's share of other comprehensive income | 102 | (21) |
| Carrying amount of the Group's interest in this joint venture | 5,170 | 5,068 |

## 8. OTHER INVESTMENTS

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Investment in club membership | 50 | 50 |

Investment in club membership of the Group is designated as available-for-sale financial assets and is measured at fair value.

## 9. TRADE RECEIVABLES

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Trade receivables | 19,833 | 14,667 |
| Allowance for impairment losses | (921) | (396) |
| | 18,912 | 14,271 |
| Accrued billings | 4,242 | 5,707 |
| Retention sum | 952 | 44 |
| | 24,106 | 20,022 |

## 9. TRADE RECEIVABLES (CONT'D)

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Allowance for impairment losses:- | | |
| At 1 July | (396) | (886) |
| Addition during the financial year (Note 33) | (444) | (150) |
| Reversal during the financial year (Note 31) | 74 | – |
| Written off during the financial year | – | 640 |
| Acquisition of a subsidiary | (155) | – |
| At 30 June | (921) | (396) |

The Group's normal trade credit terms range from 30 to 60 (2016 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Other receivables | 583 | 698 | 39 | 24 |
| Advances | 1,007 | 32 | 1 | – |
| Deposits | 382 | 270 | – | – |
| Prepayments | 130 | 1,367 | 11 | – |
| | 2,102 | 2,367 | 51 | 24 |

Included in other receivables, deposits and prepayments of the Group during the financial year was an amount of RM950,000 (2016 - Nil) being advances paid to consultants for the proposed sub contract works for construction and completion of rainwater storage tank. The advances will be recovered by way of set-off against the supplies of services.

## 11. CONTRACT ASSETS

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Net carrying amount of contract assets is analysed as follows: | | |
| At 1 July | 13,725 | 23,307 |
| Acquisition of a subsidiary (Note 38) | 628 | – |
| Construction revenue recognised on performance obligation during the financial year | 80,798 | 67,469 |
| Less: Billings during the financial year | (86,213) | (77,051) |
| At 30 June | 8,938 | 13,725 |
| Contract assets | | |
| - construction contracts in progress | 8,938 | 13,725 |

## 12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

| | The Company | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| **Amount Owing by Subsidiaries** | | |
| Current | | |
| Non-trade balances | 43,163 | 68,083 |
| **Amount Owing to Subsidiaries** | | |
| Current | | |
| Non-trade balances | – | (420) |

The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

## 13. AMOUNT OWING BY JOINT VENTURE

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

## 14. SHORT-TERM INVESTMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Money market fund, at fair value | 36,655 | 13,733 | 24,530 | 2,015 |
| At market value | 36,655 | 13,733 | 24,530 | 2,015 |

The investment in money market fund represents investments in highly liquid equity investments with a regular income stream, which is readily convertible to a known amount of cash and have insignificant risk of changes in value. Income distribution bore effective interest rates ranging from 2.74% to 3.83% (2016 - 3.65% to 3.96%) per annum respectively. This investment is designated as available-for-sale financial assets and is measured at fair value.

## 15. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits with licensed banks of the Group at the end of the reporting period is an amount of RM27,948,679 (2016 - RM19,702,337) which are pledged to licensed banks as security for banking facilities granted to the Group. The fixed deposits bore effective interest rates ranging from 2.55% to 3.50% (2016 - 2.55% to 3.77%) per annum respectively. The fixed deposits have maturity periods ranging from 7 to 365 (2016 - 3 to 365) days.

## 16. SHARE CAPITAL

| | The Group/The Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Number of Shares '000 | | RM'000 | RM'000 |
| Authorised | | | | |
| Ordinary shares of RM0.50 each | N/A | 600,000 | N/A | 300,000 |

*N/A – Not Applicable pursuant to the Companies Act 2016 which come into operation on 31 January 2017 as disclosed in item (ii) below.*

| | 2017 | 2016 | 2017 | 2016 |
|---|---|---|---|---|
| Issued and Fully Paid-up | | | | |
| Ordinary shares with no Par Value (2016 - Par Value of RM0.50 each) | 233,878 | 233,878 | 116,939 | 116,939 |

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the number of ordinary shares or the relative entitlement of any of the members as a result of this transition.

## 17. SHARE PREMIUM

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for the under the Act. Therefore, the Group and the Company have not consolidated the share premium into the share capital until the expiry of the transitional period.

## 18. MERGER DEFICIT

The merger deficit relates to the subsidiaries which were consolidated under the merger method of accounting.

The merger deficit arose from the difference between the nominal value of shares issued for the acquisition of subsidiaries and the nominal value of the shares acquired.

## 19. CAPITAL RESERVE

The capital reserve represents surplus arising from the takeover of assets and liabilities of a business by the Company in previous financial years.

## 20. FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

## 21. LONG-TERM BORROWINGS

| | The Group | |
|---|---|---|
| | 2017<br>RM'000 | 2016<br>RM'000 |
| Hire purchase payables (Note 23) | 340 | 264 |
| Term loans (Note 24) | 64,469 | 80,542 |
| | 64,809 | 80,806 |

## 22. DEFERRED TAX LIABILITIES

| The Group | At<br>1.7.2016<br>RM'000 | Recognised in<br>Profit or Loss<br>(Note 35)<br>RM'000 | At<br>30.6.2017<br>RM'000 |
|---|---|---|---|
| **2017** | | | |
| Deferred Tax Liabilities | | | |
| Property, plant and equipment | 6,446 | (6,446) | – |
| Other temporary differences | 389 | (389) | – |
| | 6,835 | (6,835) | – |
| Deferred Tax Assets | | | |
| Allowance for impairment losses on trade receivables | (192) | 192 | – |
| Unabsorbed capital allowances | (5,616) | 5,616 | – |
| | 1,027 | (1,027) | – |

| The Group | At<br>1.7.2015<br>RM'000 | Recognised in<br>Profit or Loss<br>(Note 35)<br>RM'000 | At<br>30.6.2016<br>RM'000 |
|---|---|---|---|
| **2016** | | | |
| *Deferred Tax Liabilities* | | | |
| Property, plant and equipment | 5,168 | 1,278 | 6,446 |
| Other temporary differences | 395 | (6) | 389 |
| | 5,563 | 1,272 | 6,835 |
| *Deferred Tax Assets* | | | |
| Allowance for impairment losses on trade receivables | (192) | – | (192) |
| Unabsorbed capital allowances | (4,680) | (936) | (5,616) |
| | 691 | 336 | 1,027 |

## 23. HIRE PURCHASE PAYABLES (SECURED)

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Minimum hire purchase payments: | | |
| - not later than 1 year | 214 | 453 |
| - later than 1 year and not later than 5 years | 354 | 279 |
| | 568 | 732 |
| Less: Future finance charges | (34) | (35) |
| Present value of hire purchase payables | 534 | 697 |
| Current (Note 27): | | |
| Not later than 1 year | 194 | 433 |
| Non-current (Note 21): | | |
| Later than 1 year and not later than 5 years | 340 | 264 |
| | 534 | 697 |

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 3.50% to 4.80% (2016 - 3.50% to 4.55%) per annum and are secured by a corporate guarantee of a subsidiary.

## 24. TERM LOANS (SECURED)

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Current (Note 27): | | |
| Not later than 1 year | 15,979 | 13,045 |
| Non-current (Note 21): | | |
| Later than 1 year and not later than 2 years | 15,514 | 15,956 |
| Later than 2 years and not later than 5 years | 42,347 | 45,890 |
| Later than 5 years | 6,608 | 18,696 |
| | 64,469 | 80,542 |
| | 80,448 | 93,587 |

Details of the repayment terms are as follows:

| Term Loans | Number of Monthly Instalments | Monthly Instalment RM | Date of Commencement of Repayment | Interest Rate per Annum | The Group 2017 RM'000 | 2016 RM'000 |
|---|---|---|---|---|---|---|
| 1 | 108 | 39,097 | 1 February 2010 | 4.40% | 923 | 1,340 |
| 2 | 120 | 9,896 | 1 May 2012 | 4.60% | 541 | 631 |
| 3 | 120 | 9,145 | 1 August 2012 | 4.45% | 508 | 592 |
| 4 | 96 | 437,343 | 1 December 2013 | 4.80% | 20,499 | 24,655 |
| 5 | 48 | 85,610 | 1 November 2014 | 8.10% | 1,218 | 2,106 |
| 6 | 78 | 845,000 | 31 October 2016 | 7.75% | 56,759 | 64,263 |
| | | | | | 80,448 | 93,587 |

## 24. TERM LOANS (SECURED) (CONT'D)

The term loans bore effective interest rates ranging from 4.40% to 8.10% (2016 - 4.40% to 8.10%) per annum at the end of the reporting period and are secured by:

(i) legal charges over certain buildings and the vessels as disclosed in Note 6 to the financial statements;
(ii) a Deed of Assignment and assignments over the Collection Accounts over certain contract proceeds;
(iii) letters of set-off and Memorandum of Deposit against sinking funds account and subordination of debts;
(iv) pledges of fixed deposits as disclosed in Note 15 to the financial statements;
(v) letters of Negative Pledge executed by certain subsidiaries of the Group;
(vi) a first preferred mortgage on the vessels;
(vii) a first fixed and floating charge by way of Debenture on the present and future assets of two subsidiaries inclusive of their vessels;
(viii) insurance policy assignments on the vessels;
(ix) corporate guarantees of the Company, a subsidiary and a related party respectively; and
(x) a joint and several guarantee of certain directors of the Group.

## 25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2016 - 30 to 60) days.

## 26. OTHER PAYABLES AND ACCRUALS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Other payables | 196 | 62 | 33 | 13 |
| Accruals | 12,575 | 8,852 | 302 | 342 |
| Deposits received | 17 | 17 | – | – |
| | 12,788 | 8,931 | 335 | 355 |

## 27. SHORT-TERM BORROWINGS

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Hire purchase payables (Note 23) | 194 | 433 |
| Term loans (Note 24) | 15,979 | 13,045 |
| | 16,173 | 13,478 |

## 28. BANK OVERDRAFTS (SECURED)

The bank overdrafts of the Group in the previous financial year bore an effective interest rate of 8.10% per annum and were secured in the same manner as the term loans as disclosed in Note 24 to the financial statements.

## 29. REVENUE

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Manpower services | 26,491 | 56,058 |
| Hook up, construction and commissioning | 53,628 | 67,469 |
| Civil construction | 27,170 | – |
| Marine services | 8,290 | – |
| | 115,579 | 123,527 |

## 30. COST OF SALES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Included are the following items: | | | | |
| Depreciation of property, plant and equipment | 6,409 | 3,936 | – | – |
| Interest expense: | | | | |
| - hire purchase | 6 | 49 | – | – |
| Rental of machinery and equipment | (29) | 5 | – | – |
| Rental of vehicles, yard and others | 192 | 278 | – | – |
| Staff costs: | | | | |
| - salaries and others | 8,772 | 19,275 | – | – |
| - defined contribution plan | 636 | 1,347 | – | – |

## 31. OTHER INCOME

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Included are the following items: | | | | |
| Gain on disposal of property, plant and equipment | 52 | 4 | – | – |
| Gain on foreign exchange: | | | | |
| - realised | 33 | 4,952 | – | – |
| - unrealised | 690 | 911 | – | – |
| Interest income: | | | | |
| - fixed deposits | 935 | 1,420 | – | – |
| - repo | 405 | – | 3 | – |
| - short-term investments | 728 | – | 319 | 17 |
| - others | 107 | 883 | 105 | 5 |
| Negative goodwill from business combination (Note 38.1) | 15 | – | – | – |
| Realised fair value gain on forward contract | – | 11,691 | – | – |
| Rental Income | 66 | 66 | – | – |
| Reversal of impairment loss on trade receivables (Note 9) | 74 | – | – | – |

## 32. ADMINISTRATIVE EXPENSES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Included are the following items: | | | | |
| Auditors' remuneration: | | | | |
| - audit fees: | | | | |
| - current financial year | 207 | 172 | 37 | 37 |
| - (over)/underprovision in previous financial years | (1) | (1) | (2) | 2 |
| - non-audit fees: | 13 | 5 | 13 | 5 |
| Contribution to defined contribution plan: | | | | |
| - directors of the Company | 124 | 123 | – | – |
| - directors of the subsidiaries | 8 | – | – | – |
| Directors' fees: | | | | |
| - directors of the Company | 210 | 331 | 210 | 331 |
| Directors' non-fees emoluments: | | | | |
| - directors of the Company | 1,275 | 1,071 | 26 | – |
| - directors of the subsidiaries | 66 | – | – | – |
| Rental of premises | 22 | 24 | – | – |
| Staff costs: | | | | |
| - salaries and others | 5,405 | 6,381 | – | – |
| - defined contribution plan | 637 | 427 | – | – |

## 33. OTHER EXPENSES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Included are the following items: | | | | |
| Depreciation of property, plant and equipment | 754 | 713 | – | – |
| Impairment loss: | | | | |
| - investments in subsidiaries(Note 5) | – | – | 9,938 | – |
| - trade receivables (Note 9) | 444 | 150 | – | – |
| - property, property and equipment (Note 6) | 2,086 | – | – | – |
| Loss on disposal of property, plant and equipment | # | – | – | – |

*# - Less than RM1,000*

## 34. FINANCE COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Included are the following items: | | | | |
| Interest expense: | | | | |
| - bank overdrafts | 2 | 370 | – | – |
| - hire purchase | 27 | 19 | – | – |
| - revolving credits | – | # | – | – |
| - term loans | 6,313 | 2,997 | – | – |
| - others | 150 | 26 | – | – |

# - Less than RM1,000

## 35. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Current tax expense: | | | | |
| - for the financial year | 762 | 2,347 | 62 | 7 |
| - underprovision in the previous financial year | 442 | 153 | 144 | 24 |
| | 1,204 | 2,500 | 206 | 31 |
| Deferred tax expense (Note 22): | | | | |
| - for the financial year | (967) | 350 | – | – |
| - overprovision in the previous financial year | (60) | (14) | – | – |
| | (1,027) | 336 | – | – |
| | 177 | 2,836 | 206 | 31 |

## 35. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| (Loss)/Profit before taxation | (3,516) | 6,287 | (9,648) | 327 |
| Tax at the statutory tax rate of 24% (2016 - 24%) | (844) | 1,509 | (2,316) | 78 |
| Tax effects of:- | | | | |
| Share of results in joint venture | (24) | 5 | – | – |
| Non-taxable income | (174) | (269) | (76) | (76) |
| Non-deductible expenses | 188 | 297 | 2,454 | 5 |
| Deferred tax assets not recognised during the financial year | 702 | 1,155 | – | – |
| Others | (53) | – | – | – |
| Under/(Over)provision in the previous financial year | | | | |
| - current tax | 442 | 153 | 144 | 24 |
| - deferred tax | (60) | (14) | – | – |
| Income tax expense for the financial year | 177 | 2,836 | 206 | 31 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

No deferred tax assets/(liabilities) was recognised for the following items:

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Accelerated capital allowances | (67,420) | (27,688) |
| Unrealised gain on foreign exchange | (784) | (321) |
| Allowance for impairment losses on trade receivables | 921 | 512 |
| Allowance for impairment losses on property, plant and equipment | 2,746 | 660 |
| Unused tax losses | 20,392 | 18,864 |
| Unabsorbed capital allowances | 71,293 | 32,195 |
| | 27,148 | 24,222 |

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM20,392,079 (2016 - RM18,863,564) and RM71,292,747 (2016 - RM32,195,173) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

## 36. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the Group's (loss)/profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, as follows:-

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| (Loss)/Profit attributable to owners of the Company (RM) | (4,263,000) | 3,452,000 |
| Weighted average number of ordinary shares at 30 June | 233,878,000 | 233,878,000 |
| Basic (loss)/earnings per share (Sen) | (1.82) | 1.48 |

The Company has not issued any dilutive potential ordinary shares and hence, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

## 37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Cost of property, plant and equipment purchased (Note 6) | 929 | 19,556 |
| Payment to a supplier for purchase of a vessel | – | 75,511 |
| Amount financed through borrowings | (230) | (62,428) |
| Cash disbursed for purchase of property, plant and equipment | 699 | 32,639 |

## 38. ACQUISITION OF A SUBSIDIARY AND DISPOSAL OF NON-CONTROLLING INTERESTS

### 38.1 ACQUISITION OF A SUBSIDIARY

On 8 August 2016, the Company acquired 60% equity interests in Carimin Bina Sdn. Bhd. (formerly known as Noblecorp Builders Sdn. Bhd.). The acquisition of this subsidiary is to enable the Group to expand its business into the civil construction on general contracting work and trading of geosynthetic products.

## 38. ACQUISITION OF A SUBSIDIARY AND DISPOSAL OF NON-CONTROLLING INTERESTS (CONT'D)

### 38.1 ACQUISITION OF A SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

| | Note | The Group 2017 RM'000 |
|---|---|---|
| Equipment | 6 | 195 |
| Trade and other receivables | | 4,134 |
| Contract assets | 11 | 628 |
| Cash and bank balances | | 710 |
| Trade payables and other payables | | (4,246) |
| Net identifiable assets acquired | | 1,421 |
| Less: Non-controlling interests, measured at the proportionate fair value of the net identifiable assets | | (568) |
| Less: Negative goodwill from business combination | 31 | (15) |
| Total purchase consideration, to be settled by cash | | 838 |
| Less: Cash and bank balances of subsidiary acquired | | (710) |
| Net cash outflow from the acquisition of a subsidiary | | 128 |

| | The Company 2017 RM'000 |
|---|---|
| Total purchase consideration, to be settled by cash | 838 |
| Add: Transaction costs | – |
| Net cash outflow from the acquisition of a subsidiary | 838 |

The subsidiary has contributed revenue of RM27,169,613 and profit after taxation of RM1,449,350 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the current financial year of the subsidiary, the Group's revenue and profit after taxation for the current financial year would have been RM30,585,142 and RM1,678,512 respectively.

There were no acquisitions of new subsidiaries in the last financial year.

### 38.2 DISPOSAL OF NON-CONTROLLING INTERESTS

On 18 January 2017, the Company disposed 40% equity interests in Carimin Resources Services Sdn. Bhd. ("Carimin Resources") for RM4 in cash, decreasing its ownership from 100% to 60%. The carrying amount of Carimin Resources's net liabilities in the Group's financial statements on that date was RM56,604. The Group recognised a non-controlling interests of RM22,642 and an increase in retained profits of RM33,962.

## 39. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Fixed deposits with licensed banks (Note 15) | 33,849 | 52,784 | – | – |
| Short-term investments (Note 14) | 36,655 | 13,733 | 24,530 | 2,015 |
| Cash and bank balances | 10,560 | 15,790 | 1,233 | 331 |
| Bank overdrafts | – | (297) | – | – |
| | 81,064 | 82,010 | 25,763 | 2,346 |
| Less: Fixed deposits pledged to licensed banks (Note 15) | (27,949) | (19,702) | – | – |
| | 53,115 | 62,308 | 25,763 | 2,346 |

## 40. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Directors** | | | | |
| Directors of the Company | | | | |
| *Executive Directors* | | | | |
| Short-term employee benefits: | | | | |
| - non-fee emoluments | 1,249 | 1,071 | – | – |
| Defined contribution plan | 124 | 123 | – | – |
| | 1,373 | 1,194 | – | – |
| *Non-executive Directors* | | | | |
| Short-term employee benefits: | | | | |
| - fees | 210 | 331 | 210 | 331 |
| - non-fee emoluments | 26 | – | 26 | – |
| | 236 | 331 | 236 | 331 |
| | 1,609 | 1,525 | 236 | 331 |

The estimated monetary value of benefits-in-kind provided by the Group to the directors were RM47,928 (2016 - RM27,498) respectively.

## 40. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows (Cont'd):-

| | The Group 2017 RM'000 | The Group 2016 RM'000 | The Company 2017 RM'000 | The Company 2016 RM'000 |
|---|---|---|---|---|
| **Directors (Cont'd)** | | | | |
| Directors of the Subsidiaries | | | | |
| *Executive Directors* | | | | |
| Short-term employee benefits: | | | | |
| - non-fee emoluments | 66 | – | – | – |
| Defined contribution plan | 8 | – | – | – |
| | 74 | – | – | – |
| Total directors' remuneration (Note 32) | 1,683 | 1,525 | 236 | 331 |

(b) The number of directors of the Group and of the Company whose total remuneration received or receivable for the financial year falling in bands of RM100,000 are as follows:-

| | The Group 2017 Number Of Directors | The Group 2016 Number Of Directors | The Company 2017 Number Of Directors | The Company 2016 Number Of Directors |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Nil | – | – | 3 | 3 |
| Below RM100,000 | – | 1 | – | – |
| RM100,001 - RM200,000 | 1 | – | – | – |
| RM400,001 - RM500,000 | 1 | 1 | – | – |
| RM500,001 - RM600,000 | – | – | – | – |
| RM700,001 - RM800,000 | 1 | 1 | – | – |
| **Non-executive Directors** | | | | |
| Below RM100,000 | 5 | 5 | 5 | 5 |
| | 8 | 8 | 8 | 8 |

## 41. CAPITAL COMMITMENTS

| | The Group 2017 RM'000 | The Group 2016 RM'000 |
|---|---|---|
| Contracted but not provided for:- | | |
| Purchase of property, plant and equipment | – | 320 |

## 42. FINANCIAL GUARANTEE CONTRACTS

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amounts is not capable of reliable measurement.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries | – | – | 62,618 | 64,944 |
| Corporate guarantee extended to licensed banks by: | | | | |
| - a subsidiary | 20,498 | 27,402 | – | – |
| - a related party | – | 2,567 | – | – |
| Bank/Performance guarantee extended to third parties by: | | | | |
| - subsidiaries | 3,038 | 4,812 | – | – |

## 43. RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, joint ventures, key management personnel and entities within the same group of companies.

### (b) Significant Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| (i) Subsidiaries: | | | | |
| - management fees | – | – | 565 | 860 |
| - interest income | – | – | 48 | – |
| (ii) Joint venture: | | | | |
| - charter vessel paid/payable | (424) | (23,269) | – | – |
| (iii) Key management personnel compensation: | (1,683) | (1,525) | (236) | (331) |

## 43. RELATED PARTY DISCLOSURES (CONT'D)

**(b) Significant Related Party Transactions (Cont'd)**

Key management personnel comprise executive and non-executive directors of the Group who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

## 44. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into five (5) main reportable segments as follows:-

(i) Manpower services ("MPS") - providing services to its customers in sourcing suitable personnel to fulfil specified functions.

(ii) Hook up, construction and commissioning ("HUC") - providing offshore hook up and commissioning on production platforms typically involving the final installation, testing and commissioning of the facilities' structures machinery and equipment.

(iii) Marine services ("MS") - providing vessel chartering to external customers.

(iv) Civil construction ("CC") - providing general contracting work and trading of geosynthetic products to external customers.

(v) Others - comprises investment holding, providing corporate and management services, rental of equipment and machineries to external customers, neither of which are of a sufficient size to be reported separately.

Segment assets

The total of reportable segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Managing Director of the Group. Reportable segment total assets is used to measure the returns of assets of each segment.

Segment liabilities

The total of reportable segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Managing Director of the Group.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment other than goodwill.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

## 44. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS

| | MPS RM'000 | HUC RM'000 | MS RM'000 | CC RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 26,491 | 53,628 | 8,290 | 27,170 | – | – | 115,579 |
| Inter-segment revenue | 776 | – | 16,164 | – | 4,240 | (21,180) | – |
| **Total revenue** | **27,267** | **53,628** | **24,454** | **27,170** | **4,240** | **(21,180)** | **115,579** |
| **Results** | | | | | | | |
| Segment results | 765 | (653) | 46 | 1,696 | (1,149) | – | 705 |
| Finance costs | (200) | (208) | (6,067) | (64) | (7) | 48 | (6,498) |
| Interest income | 899 | 605 | 254 | 26 | 439 | (48) | 2,175 |
| Share of results in joint venture | – | – | – | – | – | – | 102 |
| Loss before taxation | | | | | | | (3,516) |
| Income tax expense | | | | | | | (177) |
| Consolidated loss after taxation | | | | | | | (3,693) |

| | MPS RM'000 | HUC RM'000 | MS RM'000 | CC RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| **Assets** | | | | | | | |
| Segment assets | 102,518 | 28,667 | 213,918 | 20,970 | 157,320 | (261,128) | 262,265 |
| Tax recoverable | | | | | | | 4,319 |
| Consolidated total assets | | | | | | | 266,584 |
| **Liabilities** | | | | | | | |
| Segment liabilities | 35,147 | 11,237 | 206,322 | 17,915 | 7,222 | (172,131) | 105,712 |
| Deferred tax liabilities | | | | | | | – |
| Provision for taxation | | | | | | | 736 |
| Consolidated total liabilities | | | | | | | 106,448 |

## 44. Operating Segments (CONT'D)

**BUSINESS SEGMENTS (CONT'D)**

| | MPS RM'000 | HUC RM'000 | MS RM'000 | CC RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| Capital expenditure | | | | | | | |
| Additions to non-current assets other than financial instruments: | | | | | | | |
| - property, plant and equipment | 18 | 525 | 381 | – | 5 | – | 929 |
| **2017** | | | | | | | |
| Other material items of (income)/expenses consist of the following: | | | | | | | |
| Depreciation of property, plant and equipment | 626 | 336 | 5,881 | 32 | 288 | – | 7,163 |
| Impairment loss on: | | | | | | | |
| - investments in subsidiaries | – | – | – | – | 9,938 | (9,938) | – |
| - trade receivables | 291 | 70 | – | 83 | – | – | 444 |
| - property, plant and equipment | – | – | 1,561 | – | 525 | – | 2,086 |
| Interest expense | 200 | 208 | 6,067 | 64 | 7 | (48) | 6,498 |
| Interest income | (899) | (605) | (254) | (26) | (439) | 48 | (2,175) |

| | MPS RM'000 | HUC RM'000 | MS RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| **Revenue** | | | | | | |
| External revenue | 56,058 | 67,469 | – | – | – | 123,527 |
| Inter-segment revenue | 14,225 | 2,281 | 7,419 | 4,915 | (28,840) | – |
| Total revenue | 70,283 | 69,750 | 7,419 | 4,915 | (28,840) | 123,527 |
| **Results** | | | | | | |
| Segment results | 8,463 | (3,012) | 2,646 | (631) | – | 7,466 |
| Finance costs | (332) | (435) | (2,614) | (80) | – | (3,461) |
| Interest income | 1,708 | 472 | 100 | 23 | – | 2,303 |
| Share of results in joint venture | – | – | – | – | – | (21) |
| Profit before taxation | | | | | | 6,287 |
| Income tax expense | | | | | | (2,836) |
| Consolidated profit after taxation | | | | | | 3,451 |

## 44. Operating Segments (CONT'D)

### BUSINESS SEGMENTS (CONT'D)

| | MPS RM'000 | HUC RM'000 | MS RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 134,030 | 58,177 | 217,126 | 174,063 | (310,897) | 272,499 |
| Tax recoverable | | | | | | 3,430 |
| Consolidated total assets | | | | | | 275,929 |
| **Liabilities** | | | | | | |
| Segment liabilities | 66,491 | 40,331 | 203,757 | 13,392 | (212,751) | 111,220 |
| Deferred tax liabilities | | | | | | 1,027 |
| Provision for taxation | | | | | | 615 |
| Consolidated total liabilities | | | | | | 112,862 |
| **2016** | | | | | | |
| **Capital expenditure** | | | | | | |
| Additions to non-current assets other than financial instruments: | | | | | | |
| - property, plant and equipment | 1 | 479 | 19,064 | 12 | – | 19,556 |
| **2016** | | | | | | |
| Other material items of (income)/ expenses consist of the following: | | | | | | |
| Depreciation of property, plant and equipment | 657 | 106 | 3,010 | 876 | – | 4,649 |
| Impairment loss on: | | | | | | |
| - trade receivables | 150 | – | – | 522 | (522) | 150 |
| Interest expense | 332 | 435 | 2,614 | 80 | – | 3,461 |
| Interest income | (1,708) | (472) | (100) | (23) | – | (2,303) |
| Realised fair value gain on forward contract | (11,691) | – | – | – | – | (11,691) |

### GEOGRAPHICAL SEGMENTS

No geographical segment information has been prepared as all the business operations of the Group are located in Malaysia.

### MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group Revenue:

| | Revenue 2017 RM'000 | Revenue 2016 RM'000 | Segment |
|---|---|---|---|
| Customer A | 52,479 | 63,262 | HUC Segment |
| Customer B | 17,730 | – | CC Segment |
| Customer C | 13,957 | 23,282 | MPS Segment |
| Customer D | – | 13,452 | MPS Segment |

## 45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities with the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

*Foreign Currency Exposure*

| The Group | United States Dollar RM'000 | Australian Dollar RM'000 | Singapore Dollar RM'000 | Ringgit Malaysia RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Financial Assets** | | | | | |
| Other investments | – | – | – | 50 | 50 |
| Trade receivables | 788 | – | – | 23,318 | 24,106 |
| Other receivables and deposits | – | – | – | 588 | 588 |
| Amount owing by joint venture | – | – | – | 2,580 | 2,580 |
| Short-term investments | – | – | – | 36,655 | 36,655 |
| Fixed deposits with licensed banks | – | – | – | 33,849 | 33,849 |
| Cash and bank balances | 4,259 | 75 | 3 | 6,223 | 10,560 |
| | 5,047 | 75 | 3 | 103,263 | 108,388 |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

| The Group | United States Dollar RM'000 | Australian Dollar RM'000 | Singapore Dollar RM'000 | Ringgit Malaysia RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Financial Liabilities** | | | | | |
| Trade payables | 253 | – | – | 11,689 | 11,942 |
| Other payables and accruals | – | – | – | 12,465 | 12,465 |
| Hire purchase payables | – | – | – | 534 | 534 |
| Term loans | – | – | – | 80,448 | 80,448 |
| | 253 | – | – | 105,136 | 105,389 |
| **2017** | | | | | |
| **Net financial assets/ (liabilities)** | 4,794 | 75 | 3 | (1,873) | 2,999 |
| Less: Net financial liabilities denominated in the respective entities' functional currencies | – | – | – | 1,873 | 1,873 |
| Currency Exposure | 4,794 | 75 | 3 | – | 4,872 |
| **2016** | | | | | |
| **Financial Assets** | | | | | |
| Other investments | – | – | – | 50 | 50 |
| Trade receivables | 792 | – | 29 | 19,201 | 20,022 |
| Other receivables and deposits | – | – | – | 1,000 | 1,000 |
| Amount owing by joint venture | – | – | – | 2,580 | 2,580 |
| Short-term investments | – | – | – | 13,733 | 13,733 |
| Fixed deposits with licensed banks | – | – | – | 52,784 | 52,784 |
| Cash and bank balances | 7,676 | 67 | 3 | 8,044 | 15,790 |
| | 8,468 | 67 | 32 | 97,392 | 105,959 |
| **2016** | | | | | |
| **Financial Liabilities** | | | | | |
| Trade payables | – | – | – | 7,708 | 7,708 |
| Other payables and accruals | – | – | – | 8,931 | 8,931 |
| Hire purchase payables | – | – | – | 697 | 697 |
| Term loans | – | – | – | 93,587 | 93,587 |
| Bank overdrafts | – | – | – | 297 | 297 |
| | – | – | – | 111,220 | **111,220** |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

| The Group | United States Dollar RM'000 | Australian Dollar RM'000 | Singapore Dollar RM'000 | Ringgit Malaysia RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2016** | | | | | |
| Net financial assets/ (liabilities) | 8,468 | 67 | 32 | (13,828) | (5,261) |
| Less: Net financial liabilities denominated in the respective entities' functional currencies | – | – | – | 13,828 | 13,828 |
| **Currency Exposure** | 8,468 | 67 | 32 | – | 8,567 |

| The Company | Ringgit Malaysia RM'000 | Total RM'000 |
|---|---|---|
| **2017** | | |
| Financial Assets | | |
| Other receivables and deposits | 1 | 1 |
| Amount owing by subsidiaries | 43,163 | 43,163 |
| Short-term investments | 24,530 | 24,530 |
| Cash and bank balances | 1,233 | 1,233 |
| | 68,927 | 68,927 |
| Financial Liabilities | | |
| Other payables and accruals | 335 | 335 |
| Net financial assets | 68,592 | 68,592 |
| Less: Net financial assets denominated in the Company's functional currency | (68,592) | (68,592) |
| Currency Exposure | – | – |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

| The Company | Ringgit Malaysia RM'000 | Total RM'000 |
|---|---|---|
| **2016** | | |
| **Financial Assets** | | |
| Other receivables and deposits | 24 | 24 |
| Amount owing by subsidiaries | 68,083 | 68,083 |
| Short-term investments | 2,015 | 2,015 |
| Cash and bank balances | 331 | 331 |
| | 70,453 | 70,453 |
| **Financial Liabilities** | | |
| Other payables and accruals | 355 | 355 |
| Amount owing to subsidiaries | 420 | 420 |
| | 775 | 775 |
| Net financial assets | 69,678 | 69,678 |
| Less: Net financial assets denominated in the Company's functional currency | (69,678) | (69,678) |
| **Currency Exposure** | – | – |

*Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Effects on (Loss)/Profit After Taxation | | | | |
| USD/RM | | | | |
| - strengthened by 10% | 364 | 644 | – | – |
| - weakened by 10% | (364) | (644) | – | – |
| AUD/RM | | | | |
| - strengthened by 10% | 6 | 5 | – | – |
| - weakened by 10% | (6) | (5) | – | – |
| SGD/RM | | | | |
| - strengthened by 10% | # | 2 | – | – |
| - weakened by 10% | # | (2) | – | – |

# - Less than RM1,000

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities with variable rates. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group's fixed deposits with licensed banks and hire purchase payables are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 14, 24 and 28 to the financial statements.

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| **Effects on (Loss)/Profit After Taxation** | | | | |
| Increase of 100 basis points (bp) | (333) | (609) | 186 | 15 |
| Decrease of 100 bp | 333 | 609 | (186) | (15) |

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 365 days, which are deemed to have higher credit risk, are monitored individually.

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 78% (2016 - 52%) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing Analysis

The ageing analysis of the trade receivables of the Group is as follows:-

| The Group | Gross Amount RM'000 | Collective Impairment RM'000 | Carrying Value RM'000 |
|---|---|---|---|
| **2017** | | | |
| Not past due | 13,392 | – | 13,392 |
| Past due: | | | |
| - less than 1 month | 6,181 | – | 6,181 |
| - 2 to 3 months | 2,096 | – | 2,096 |
| - over 3 months | 1,541 | (71) | 1,470 |
| - more than 1 year | 865 | (850) | 15 |
| Non-retention sum portion | 24,075 | (921) | 23,154 |
| Retention sum portion | 952 | – | 952 |
| | 25,027 | (921) | 24,106 |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

The ageing analysis of the trade receivables of the Group is as follows (Cont'd):-

| The Group | Gross Amount RM'000 | Collective Impairment RM'000 | Carrying Value RM'000 |
|---|---|---|---|
| **2016** | | | |
| Not past due | 14,216 | – | 14,216 |
| Past due: | | | |
| - less than 1 month | 2,174 | – | 2,174 |
| - 2 to 3 months | 1,543 | – | 1,543 |
| - over 3 months | 2,441 | (396) | 2,045 |
| - more than 1 year | – | – | – |
| Non-retention sum portion | 20,374 | (396) | 19,978 |
| Retention sum portion | 44 | – | 44 |
| | 20,418 | (396) | 20,022 |

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| The Group | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Trade payables | – | 11,942 | 11,942 | 11,942 | – | – |
| Other payables and accruals | – | 12,465 | 12,465 | 12,465 | – | – |
| Hire purchase payables | 4.15 | 534 | 568 | 214 | 354 | – |
| Term loans | 6.25 | 80,448 | 95,342 | 21,032 | 67,549 | 6,761 |
| Financial guarantee contracts in relation to corporate guarantee and bank performance guarantee given to third parties | – | – | 23,536 | 23,536 | – | – |
| | | 105,389 | 143,853 | 69,189 | 67,903 | 6,761 |
| **2016** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Trade payables | – | 7,708 | 7,708 | 7,708 | – | – |
| Other payables and accruals | – | 8,931 | 8,931 | 8,931 | – | – |
| Hire purchase payables | 4.03 | 697 | 732 | 453 | 279 | – |
| Term loans | 5.55 | 93,587 | 114,994 | 19,130 | 75,767 | 20,097 |
| Bank overdrafts | 8.10 | 297 | 297 | 297 | – | – |
| Financial guarantee contracts in relation to corporate guarantee and bank performance guarantee given to third parties | – | – | 34,781 | 34,781 | – | – |
| | | 111,220 | 167,443 | 71,300 | 76,046 | 20,097 |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

| The Company | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Other payables and accruals | – | 335 | 335 | 335 | – | – |
| Financial guarantee contracts in relation to corporate guarantee given to subsidiaries | – | – | 62,618 | 62,618 | – | – |
| | | 335 | 62,953 | 62,953 | – | – |
| **2016** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Other payables and accruals | – | 355 | 355 | 355 | – | – |
| Amount owing to subsidiaries | – | 420 | 420 | 420 | | |
| Financial guarantee contracts in relation to corporate guarantee given to subsidiaries | – | – | 64,944 | 64,944 | – | – |
| | | 775 | 65,719 | 65,719 | – | – |

### 45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.2 CAPITAL RISK MANAGEMENT (CONT'D)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest.

The debt-to-equity ratio of the Group at the end of the reporting period is as follows:-

| | The Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Hire purchase payables (Note 23) | 534 | 697 |
| Term loans (Note 24) | 80,448 | 93,587 |
| Bank overdrafts (Note 28) | – | 297 |
| | 80,982 | 94,581 |
| Less: Short-term investments (Note 14) | (36,655) | (13,733) |
| Less: Fixed deposits with licensed banks (Note 15) | (33,849) | (52,784) |
| Less: Cash and bank balances | (10,560) | (15,790) |
| Net debt | (82) | 12,274 |
| Total equity | 158,821 | 163,067 |
| Debt-to-equity ratio | N/A | 0.08 |

There was no change in the Group's approach to capital management during the financial year.

### 45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Financial Assets** | | | | |
| Available-for-sale Financial Assets | | | | |
| Other investments | 50 | 50 | – | – |
| Short-term investments | 36,655 | 13,733 | 24,530 | 2,015 |
| | 36,705 | 13,783 | 24,530 | 2,015 |
| Loans and Receivables Financial Assets | | | | |
| Trade receivables | 24,106 | 20,022 | – | – |
| Other receivables and deposits | 588 | 1,000 | 1 | 24 |
| Amount owing by subsidiaries | – | – | 43,163 | 68,083 |
| Amount owing by joint venture | 2,580 | 2,580 | – | – |
| Fixed deposits with licensed banks | 33,849 | 52,784 | – | – |
| Cash and bank balances | 10,560 | 15,790 | 1,233 | 331 |
| | 71,683 | 92,176 | 44,397 | 68,438 |
| **Financial Liabilities** | | | | |
| Other Financial Liabilities | | | | |
| Trade payables | 11,942 | 7,708 | – | – |
| Other payables and accruals | 12,465 | 8,931 | 335 | 355 |
| Amount owing to subsidiaries | – | – | – | 420 |
| Hire purchase payables | 534 | 697 | – | – |
| Term loans | 80,448 | 93,587 | – | – |
| Bank overdrafts | – | 297 | – | – |
| | 105, 389 | 111,220 | 335 | 775 |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

| The Group | Fair Value of Financial Instruments Carried at Fair Value Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total Fair Value RM'000 | Carrying Amount RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Other investments - club memberships | – | – | – | – | – | – | # | 50 |
| Short-term investments | – | 36,655 | – | – | – | – | 36,655 | 36,655 |
| Financial Liabilities | | | | | | | | |
| Hire purchase payables | – | – | – | – | 534 | – | 534 | 534 |
| Term loans | – | – | – | – | 80,448 | – | 80,448 | 80,448 |
| **2016** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Other investments - club memberships | – | – | – | – | – | – | # | 50 |
| Short-term investments | – | 13,733 | – | – | – | – | 13,733 | 13,733 |
| Financial Liabilities | | | | | | | | |
| Hire purchase payables | – | – | – | – | 697 | – | 697 | 697 |
| Term loans | – | – | – | – | 93,587 | – | 93,587 | 93,587 |

## 45. FINANCIAL INSTRUMENTS (CONT'D)

### 45.4 FAIR VALUE INFORMATION (CONT'D)

| The Company | Fair Value of Financial Instruments Carried at Fair Value Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total Fair Value RM'000 | Carrying Amount RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Short-term investments | – | 24,530 | – | – | – | – | 24,530 | 24,530 |
| **2016** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Short-term investments | – | 2,015 | – | – | – | – | 2,015 | 2,015 |

# - The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the investment.

(a) The fair values which are for disclosure purposes and have been determined using the following basis:-

(i) The fair value of the club membership is estimated based on its market price at the end of the reporting period.

(ii) The fair values of the short-term investments are measured at their market price at the end of the reporting period.

(iii) The fair values of the Group's hire purchase payables and term loans are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

| | The Group 2017 % | 2016 % | The Company 2017 % | 2016 % |
|---|---|---|---|---|
| Hire purchase payables | 4.15 | 4.03 | – | – |
| Term loans | 6.25 | 5.55 | – | – |

(b) There were no transfer between level 1 and level 2 during the financial year.

### 46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 20 July 2016, Carimin Petroleum Berhad ("CPB") executed a share sale agreement ("SSA") to acquire 60% of the issued and paid-up share capital consisting of 1,500,000 ordinary shares of RM1 each in Carimin Bina Sdn. Bhd. ("CBSB") (formerly known as Noblecorp Builders Sdn. Bhd.) for a total cash consideration of RM838,000. The acquisition was completed on 8 August 2016 and CBSB became a 60% owned subsidiary of CPB.

(b) On 22 November 2016, CPB's diversification plan of its existing business to include the business of construction was granted approval by their shareholder's in an Extraordinary General Meeting ("EGM").

(c) On 18 January 2017, CPB disposed 4 ordinary shares of RM1.00 each representing 40% equity interest in Carimin Resources Services Sdn. Bhd. ("CRSSB") for a cash consideration of RM4.00, thereby reducing the Company's shareholdings in CRSSB from 100% to 60%.

(d) On 31 January 2017, the Companies Act 2016 came into effect (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon their initial adoption are:

(i) Removal of the authorised share capital;
(ii) Ordinary shares will cease to have par value; and
(iii) Share premium account and capital reserve will become part at the share capital.

The adoption of the Companies Act 2016 has been applied perspectively and the impacts of adoption are disclosed in the respective notes to the financial statements.

(e) On 5 April 2017, Carimin Engineering Services Sdn. Bhd. ("CESSB"), a wholly-owned subsidiary of CPB, entered into a collaboration agreement with Emas Energy Services (Thailand) Limited ("EMAS") to pursue tender bids involving decommissioning, well plug and abandonment services.

(f) On 22 June 2017, Carimin Bina Sdn. Bhd. ("CBSB"), a 60% owned subsidiary of CPB had received a Letter of Award ("LOA") as the exclusive Sub-Contractor from Urban Masterpiece Sdn. Bhd. for the construction of all civil and engineering works in respect of the rainwater storage tank, consisting of 2 numbers of tube wells, 1 basement tank, 1 level of service/maintenance floor and external works (excluding mechanical and electrical works) for a project in relation to the management, control and store water for flood mitigation purposes in the area of Jalan Termeloh, Taman Tasik Titiwangsa, Kuala Lumpur, subject to the terms and conditions as stipulated in the LOA.

## 47. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 1 August 2017, Carigali-PTTEPI Operating Company Sdn. Bhd. ("Carigali-PTTEPI") awarded CESSB, a contract for the provision of equipment, tools, consumables and manpower services for flowline and piping repair for Blocks B-17, C-19 and B-17-01 respectively. The contract will be for a duration of three (3) years with one (1) year extension option commencing from 1 September 2017, at an agreed schedule of rates.

(b) On 3 August 2017, CESSB accepted a Letter of Award dated 1 August 2017 ("LOA") from ROC Oil (Sarawak) Sdn. Bhd. ("ROC") for the provision of detail design engineering, procurement, construction, installation and commissioning ("EPCIC") of vent boom on helideck for J4DP-A. The contract will be for a duration of three (3) years with one (1) year extension option commencing from 1 September 2017, at an agreed schedule of rates.

(c) On 25 September 2017, CESSB accepted a LOA dated 22 September 2017 ("LOA") from Petronas Carigali Sdn. Bhd. ("Petronas Carigali") for The Provision Of Maintenance, Construction and Modification ("MCM") Services (Peninsular Malaysia Operations – Oil). The contract will be for a duration of five (5) years with one (1) year extension option from 20 September 2017 and expires on 19 September 2022, at an agreed fixed schedule of rates.

## 48. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-*

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Total retained profits of the Company and its subsidiaries: | | | | |
| - realised | 74,293 | 107,011 | 2,540 | 12,394 |
| - unrealised | 690 | (116) | – | – |
| | 74,983 | 106,895 | 2,540 | 12,394 |
| Total share of retained profits of joint venture: | | | | |
| - realised | 5,368 | 5,380 | – | – |
| - unrealised | (1,598) | (1,712) | – | – |
| | 3,770 | 3,668 | – | – |
| Consolidation adjustments | 11,489 | (16,081) | – | – |
| At 30 June | 90,242 | 94,482 | 2,540 | 12,394 |

# ANALYSIS OF SHAREHOLDINGS
## AS AT 25 SEPTEMBER 2017

| | |
|---|---|
| Issued Share Capital | : RM116,939,000.00 comprising 233,878,000 Ordinary Shares |
| Class of Equity Securities | : Ordinary Shares |
| Voting Rights by show of hand | : One vote for every member |
| Voting Rights by poll | : One vote for every share held |

### DISTRIBUTION SCHEDULE OF SHAREHOLDERS

| Size of Holdings | No. of Holders | No. of Shares | % |
|---|---|---|---|
| Less than 100 shares | 4 | 200 | * |
| 100 - 1,000 shares | 126 | 93,000 | 0.04 |
| 1,001 - 10,000 shares | 519 | 3,227,500 | 1.38 |
| 10,001 - 100,000 shares | 349 | 12,281,400 | 5.25 |
| 100,001 - less than 5% of issued shares | 87 | 90,695,538 | 38.78 |
| 5% and above of issued shares | 4 | 127,580,362 | 54.55 |
| **Total** | **1,089** | **233,878,000** | **100.00** |

**Note:**
* - negligible

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

| Name of Substantial Shareholders | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| Mokhtar Bin Hashim | 58,873,234 | 25.17 | – | – |
| Cipta Pantas Sdn. Bhd. | 40,710,128 | 17.41 | – | – |
| Wong Kong Foo | – | – | 45,437,128[1] | 19.43 |
| Estate of Datuk Yahya Bin Yaacob | – | – | 40,710,128[2] | 17.41 |
| Platinum Castle Sdn. Bhd. | 17,000,000 | 7.27 | – | – |
| WHE Bina Sdn. Bhd. | – | – | 17,000,000[3] | 7.27 |
| Wan Hamdan Bin Wan Embong | – | – | 17,000,000[3] | 7.27 |
| Lim Yew Hoe | 7,098,300 | 3.04 | 8,600,000[4] | 3.68 |
| Lim Guan Nee | 300,000 | 0.13 | 15,398,300[5] | 6.58 |
| Gan Hai Toh | 13,000,000 | 5.56 | – | – |

**Notes:**
1 *Deemed interest by virtue of section 8(4) of the Companies Act 2016 ("the Act") held through Intan Kuala Lumpur Sdn. Bhd. and Cipta Pantas Sdn. Bhd.*
2 *Deemed interest by virtue of section 8(4) of the Act held through Cipta Pantas Sdn. Bhd.*
3 *Deemed interest by virtue of section 8(4) of the Act held through Platinum Castle Sdn. Bhd.*
4 *Deemed interest by virtue of section 8(4) of the Act held through Emas Kiara Marketing Sdn. Bhd. and by virtue of his spouse, Madam Lim Guan Nee's shareholdings in Carimin Petroleum Berhad*
5 *Deemed interested by virtue of her spouse, Mr. Lim Yew Hoe's shareholdings in Carimin Petroleum Berhad.*

### DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

| Name of Directors | Direct Interest No. of Shares | Direct Interest % | Indirect Interest No. of Shares | Indirect Interest % |
|---|---|---|---|---|
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 7,050,000 | 3.01 | – | – |
| Mokhtar Bin Hashim | 58,873,234 | 25.17 | – | – |
| Lim Yew Hoe | 7,098,300 | 3.04 | 8,600,000[1] | 3.68 |
| Shatar Bin Abdul Hamid | 9,118,138 | 3.90 | – | – |
| Yip Jian Lee | 50,000 | 0.02 | – | – |
| Mohd Rizal Bahari Bin Md Noor | 50,000 | 0.02 | – | – |
| Wan Muhamad Hatta Bin Wan Mos | 50,000 | 0.02 | – | – |
| Dato' Ir. Mohamad Razali Bin Othman | 50,000 | 0.02 | – | – |

**Notes:**

1 *Deemed interest by virtue of section 8(4) of the Act held through Emas Kiara Marketing Sdn. Bhd. and by virtue of his spouse, Madam Lim Guan Nee's shareholdings in Carimin Petroleum Berhad*

# ANALYSIS OF SHAREHOLDINGS
AS AT 25 SEPTEMBER 2017 (CONT'D)

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 25 SEPTEMBER 2017
(without aggregating the securities from different securities accounts belonging to the same registered holder)

| No | Name | No. of Shares held | % |
|---|---|---|---|
| 1 | Mokhtar Bin Hashim | 58,870,234 | 25.17 |
| 2 | AmSec Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account – AmBank (M) Berhad for Cipta Pantas Sdn. Bhd.) | 40,710,128 | 17.41 |
| 3 | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Platinum Castle Sdn. Bhd.) | 15,000,000 | 6.41 |
| 4 | Gan Hai Toh | 13,000,000 | 5.56 |
| 5 | Emas Kiara Marketing Sdn. Bhd. | 8,300,000 | 3.55 |
| 6 | Tan Sri Dato' Kamaruzzaman Bin Shariff | 7,050,000 | 3.01 |
| 7 | HSBC Nominees (Asing) Sdn. Bhd.<br>(Exempt an for Credit Suisse Securities (Europe) Limited) | 6,533,700 | 2.79 |
| 8 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Carol Vun On Nei) | 6,531,900 | 2.79 |
| 9 | Amsec Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for AmBank (M) Berhad for Lim Yew Hoe) | 6,078,000 | 2.60 |
| 10 | Shatar Bin Abdul Hamid | 6,039,638 | 2.58 |
| 11 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Pang Chow Huat) | 5,103,800 | 2.18 |
| 12 | Intan Kuala Lumpur Sdn. Bhd. | 4,727,000 | 2.02 |
| 13 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Shatar Bin Abdul Hamid) | 3,078,500 | 1.32 |
| 14 | PFM Capital Sdn. Bhd. | 3,000,000 | 1.28 |
| 15 | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Carol Vun On Nei) | 2,135,300 | 0.91 |
| 16 | Platinum Castle Sdn. Bhd. | 2,000,000 | 0.86 |
| 17 | M & A Nominee (Tempatan) Sdn. Bhd.<br>For Pelaburan Mara Berhad | 1,666,100 | 0.71 |
| 18 | Muhammad Hatta Bin Noah | 1,443,100 | 0.62 |
| 19 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Shaharool Nizam Bin Mohd Kassim) | 1,380,200 | 0.59 |
| 20 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Che Nor Rubiah Binti Md Nawi) | 1,369,900 | 0.59 |
| 21 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Grace Vun Siaw Nei) | 1,200,000 | 0.51 |
| 22 | Tai Hooi Kheng | 1,000,000 | 0.43 |
| 23 | Lim Yew Hoe | 982,100 | 0.42 |
| 24 | Ong Puay Koon @ Mah Sock Heng | 950,000 | 0.41 |
| 25 | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Piong Yon Wee) | 914,300 | 0.39 |
| 26 | Poh Pek Boon | 900,000 | 0.38 |
| 27 | Pelaburan Mara Berhad | 845,200 | 0.36 |
| 28 | Lee Choon Boey | 842,500 | 0.36 |
| 29 | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Salmiah Binti Saidan) | 670,000 | 0.29 |
| 30 | Wong Wei Choy | 670,000 | 0.29 |

# LIST OF PROPERTIES

## PROPERTIES OCCUPIED AND OWNED BY THE GROUP

The summary of the information on the material land and buildings owned by our Group as at 30 June 2017 are set out below:

| Registered Owner | | Postal address<br>Description of property/ existing use | Tenure / expiry lease /Age Building | Category of land use/land area/ Built-up area (sq m) | Audited NBV as at 30 June 2017 (RM) |
|---|---|---|---|---|---|
| Carimin Sdn. Bhd. | (i) | No. 6048, Bangunan Miel, Kawasan Industri Teluk Kalong, 24000 Chukai, Terengganu | Leasehold of 60 years expiring on 22 Aug 2057 | Industrial<br><br>7,288 | 284,637 |
| | (ii) | B-1-4, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br><br>Office lot | Freehold<br>18 years | 179 | 862,217 |
| | (iii) | B-1-5, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br><br>Office Lot | Freehold<br>18 years | 179 | 663,762 |
| | (iv) | B-1-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br><br>Office Lot | Freehold<br>18 years | 179 | 626,191 |
| | (v) | B-1-7, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br><br>Office lot | Freehold<br>18 years | 179 | 626,191 |

# LIST OF PROPERTIES (CONT'D)

| Registered Owner | | Postal address Description of property/ existing use | Tenure / expiry lease /Age Building | Category of land use/land area/ Built-up area sq m | Audited NBV as at 30 June 2017 (RM) |
|---|---|---|---|---|---|
| Carimin Sdn. Bhd. | (vi) | B-1-8, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur | Freehold 18 years | 391 | 1,463,332 |
| | | Office lot | | | |
| | (vii) | B-7-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur | Freehold 18 years | 215 | 783,914 |
| | | Office lot | | | |
| | (viii) | No.7, Jalan SS15/2A, Subang Jaya, 47500 Selangor Darul Ehsan | Freehold 31 years | 123 | 224,911 |
| | | Double storey intermediate terrace shophouse | | 246 | |
| | | Office use | | | |
| Carimin Engineering Services Sdn. Bhd. | (ix) | 2 units of single storey workshop, 1 unit of storage building, 3 units of guardhouse and 1 unit of outdoor toilet erected on No. 4094, 4095, 4100, 4101 and 6048 Bangunan Miel, Kawasan Industri Teluk Kalong, 24000 Chukai, Terengganu | 5 years | 1,499 | 1,633,780 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifth Annual General Meeting ("AGM" or "Meeting") of CARIMIN PETROLEUM BERHAD ("Carimin" or "the Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 27 November 2017 at 2.30 p.m. to transact the following businesses:-

## AGENDA

**As Ordinary Business:**

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. — *Please refer to Note i*

2. To approve the payment of Directors' Fees and Benefits of RM272,500 for the financial year ended 30 June 2017. — *Ordinary Resolution 1*

3. To approve the payment of Directors' Fees and Benefits of up to RM300,000 for the financial year ending 30 June 2018. — *Ordinary Resolution 2*

4. To re-elect the following Directors who retire by rotation pursuant to Clause 103 of the Company's Constitution:
   i. En. Mohd Rizal Bahari Bin Md Noor — *Ordinary Resolution 3*
   ii. En. Wan Muhamad Hatta Bin Wan Mos — *Ordinary Resolution 4*

5. To re-appoint Tan Sri Dato' Kamaruzzaman Bin Shariff, who being eligible and offered himself for re-appointment as a Director of the Company. — *Ordinary Resolution 5*

6. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. — *Ordinary Resolution 6*

**As Special Business:**
To consider and if thought fit, pass with or without any modifications, the following resolutions:-

7. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** — *Ordinary Resolution 7*

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")** *Ordinary Resolution 8*

"THAT, authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries to enter into any of the transactions with the related parties as set out in Section 2.3 of the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate dated 31 October 2017 which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution until:

(i) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
(ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Shareholders' Mandate in the best interest of the Company."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By order of the Board

**TEA SOR HUA (MACS 01324)**
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
Date: 31 October 2017

**Notes:**

i. *The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders and hence, is not put forward for voting.*

ii. *A member entitled to attend and vote at Fifth AGM is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*

iii. *A shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

iv. *Where a member of the Company is an authorised nominee as defined under the Securities 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.*

v. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*

vi. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. If the appointor is a corporation, the instrument must be executed under its Common Seal or under the hand of an officer or attorney so authorised.*

vii. *To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.*

viii. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 67(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 November 2017. Only members whose names appear in the General Meeting Record of Depositors as at 20 November 2017 shall be regarded as members and entitled to attend, speak and vote at the AGM.*

## EXPLANATORY NOTES ON ITEM 5 UNDER ITEM 5 OF THE AGENDA IN RELATION TO THE RE-APPOINTMENT OF DIRECTOR WHO IS OVER 70 YEARS OF AGE

Tan Sri Dato' Kamaruzzaman Bin Shariff, who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act, 1965 at the Fourth AGM of the Company held on 22 November 2016 to hold office until the conclusion of the Fifth AGM. His term of office will end at the conclusion of the Fifth AGM and who being eligible had offered himself for re-appointment as a Director of the Company.

With the coming into force of the Companies Act 2016 on 31 January 2017, which repealed Section 129 of the Companies Act, 1965, there is no age limit for directors. This Proposed Ordinary Resolution 5, if passed, will approve and authorise the continuation of the Director in office for Tan Sri Dato' Kamaruzzaman Bin Shariff from the date of the Fifth AGM onwards without limitation in age tenure save for the Company's Constitution, the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### EXPLANATORY NOTES TO SPECIAL BUSINESS

1. **Item 7 of the Agenda**
   The Ordinary Resolution proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM.

   This general mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 22 November 2016 which will lapse at the conclusion of the Fifth AGM.

2. **Item 8 of the Agenda**
   The Ordinary Resolution proposed under item 8 if passed, will give the mandate for the Company and/or subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information is set out in the Circular to Shareholders dated 31 October 2017.

CARIMIN

# PROXY FORM

**CARIMIN PETROLEUM BERHAD** (908388-K)
(Incorporated in Malaysia)

I/We ________________________________________ NRIC/Company No ____________________
(full name in capital letters)

of ______________________________________________________________________
(full address)

being (a) member(s) of CARIMIN PETROLEUM BERHAD hereby appoint ____________________

________________________________________ NRIC No. ____________________
(full name in capital letters)

of ______________________________________________________________________
(full address)

and/or* ________________________________________ NRICNo. ____________________
(full name in capital letter)

of ______________________________________________________________________
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 27 November 2017 at 2.30 p.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

| No. | Resolutions | For | Against |
|---|---|---|---|
| 1. | To approve the payment of Directors' Fees and Benefits of RM272,500 for the financial year ended 30 June 2017. | | |
| 2. | To approve the payment of Directors' Fees and Benefits of up to RM300,000 for the financial year ending 30 June 2018. | | |
| 3. | To re-elect En. Mohd Rizal Bahari Bin Md Noor as Director who retires pursuant to Clause 103 of the Company's Constitution. | | |
| 4. | To re-elect En. Wan Muhamad Hatta Bin Wan Mos as Director who retires pursuant to Clause 103 of the Company's Constitution. | | |
| 5. | To re-appoint Tan Sri Dato' Kamaruzzaman Bin Shariff as Director of the Company. | | |
| 6. | To re-appoint Messrs. Crowe Horwath as Auditors of the Company. | | |
| 7. | To authorise the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016. | | |
| 8. | To approve the Proposed Renewal of Shareholders' Mandate for RRPT | | |

**delete whichever not applicable*

| | |
|---|---|
| CDS Account No. | |
| Number of Shares Held | |

Dated this __________ day of ______________________ 2017.

| Percentage of shareholdings to be represented by the proxies: | | |
|---|---|---|
| | **No. of shares** | **%** |
| **Proxy 1** | | |
| **Proxy 2** | | |
| **TOTAL** | | **100** |

_____________________________________
Signature of Member(s)/Common Seal

**NOTES:**

1. *A member entitled to attend and vote at Fifth AGM is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *A shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities 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.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities accounqwt ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. If the appointor is a corporation, the instrument must be executed under its Common Seal or under the hand of an officer or attorney so authorised.*
7. *To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.*
8. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 67(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 November 2017. Only members whose names appear in the General Meeting Record of Depositors as at 20 November 2017 shall be regarded as members and entitled to attend, speak and vote at the AGM.*

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AFFIX
STAMP

The Company Secretary
**CARIMIN PETROLEUM BERHAD** (908388-K)
c/o TRICOR INVESTOR & ISSUING HOUSE
SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

*Please fold here*

www.**carimin**.com

**CARIMIN PETROLEUM BERHAD** (908388-K)

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