



ANNUAL REPORT 2018



CARIMIN PETROLEUM BERHAD
(Company No. 908388-K)

Embracing and Propelling Growth



6th

ANNUAL GENERAL MEETING OF CARIMIN PETROLEUM BERHAD

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

Thursday, 29 November 2018
at 2.30pm

*Refer to page 144 to 146 for Annual
General Meeting Information.*

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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 & 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 & 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 own 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 is own through a 15% 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.

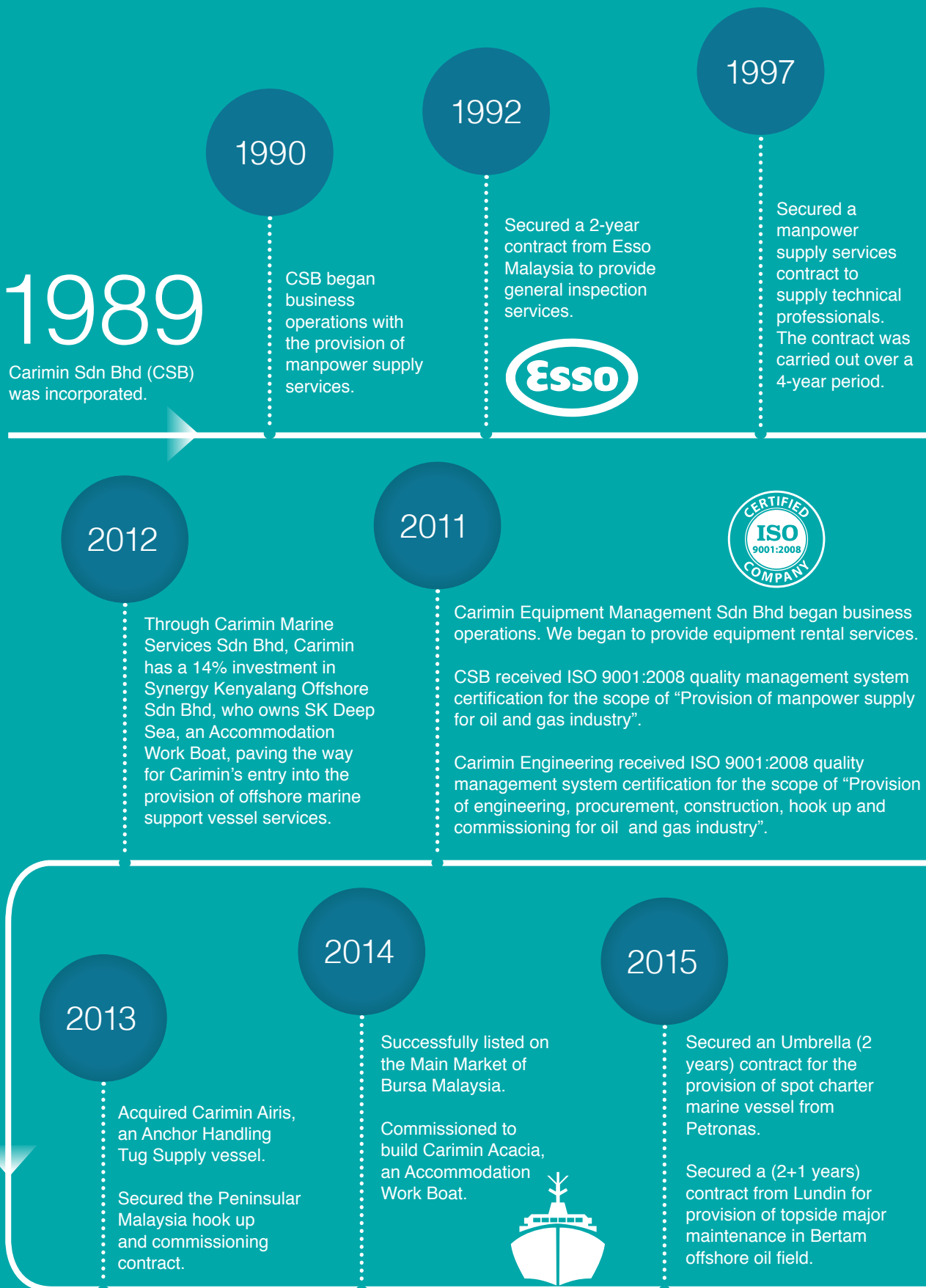
CARIMIN was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 10 November 2014.



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 and geotechnical engineering works.



KEY MILESTONES



KEY MILESTONES

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.

2005

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

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.

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.

2006

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



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.

Acquired Fazu Resources (M) Sdn Bhd to further expand the yard facilities at Teluk Kalung Yard (TKY);

Secured an extension of Peninsular Malaysia hook up & commissioning contract.

2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

1

Tan Sri Dato' Kamaruzzaman Bin Shariff

*Non-Independent
Non-Executive Chairman*

2

Mokhtar Bin Hashim

Managing Director

3

Shatar Bin Abdul Hamid

Executive Director

4

Lim Yew Hoe

Executive Director

5

Yip Jian Lee

Independent Non-Executive Director

6

Mohd Rizal Bahari Bin Md Noor

Independent Non-Executive Director

7

Wan Muhamad Hatta Bin Wan Mos

Independent Non-Executive Director

8

Dato' Ir Mohamad Razali Bin Othman

*Independent Non-Executive Director
(Resigned on 5 December 2017)*

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

- > Yip Jian Lee (Chairperson)
- > Wan Muhamad Hatta Bin Wan Mos

RISK MANAGEMENT COMMITTEE

- > Wan Muhamad Hatta Bin Wan Mos (Chairman)
- > Mokhtar Bin Hashim
- > Mohd Rizal Bahari Bin Md Noor

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 Malaysia
(Formerly known as 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
- > 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 PETROLEUM BERHAD

(Company No. 908388-K)
Investment Holding



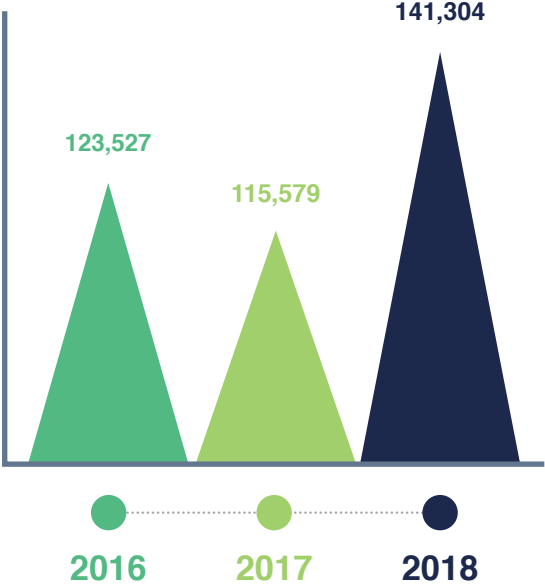
Oil & Gas supported services Civil Engineering Dormant

FINANCIAL HIGHLIGHTS

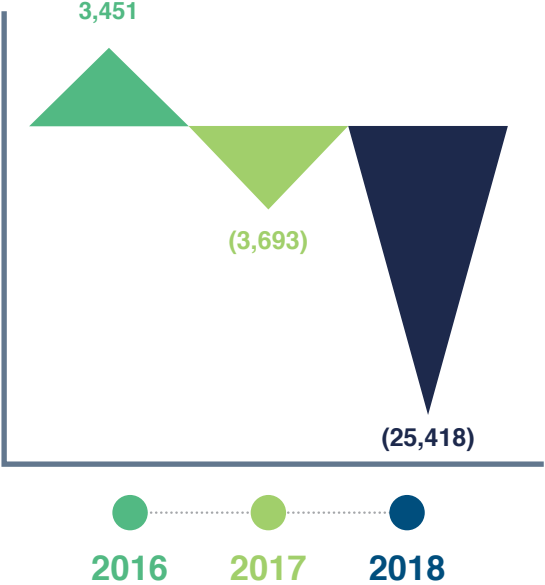
	FYE 2016	FYE 2017	FYE 2018
	RM'000	RM'000	RM'000
Financial Results			
Revenue	123,527	115,579	141,304
Profit/(Loss) before tax	6,287	(3,516)	(24,452)
Profit/(Loss) after tax	3,451	(3,693)	(25,418)
Profit/(Loss) after taxation attributable to:			
Owners of the Company	3,452	(4,263)	(25,388)
Non-controlling interests	(1)	570	(30)
Financial Position			
Assets			
Property, plant and equipment	146,380	138,255	117,308
Investments	5,118	5,220	4,493
Current assets	124,431	123,109	119,065
Total assets	275,929	266,584	240,866
Equity			
Share capital	116,939	116,939	149,385
Non-distributable reserves	(48,354)	(48,360)	(80,798)
Retained earnings	94,482	90,242	65,854
Total equity attributable to owners of the Company	163,067	158,821	133,441
Non-controlling interests	–	1,315	1,285
Liabilities			
Deferred tax liabilities	1,027	–	–
Bank borrowing	94,581	80,982	65,088
Current liabilities	17,254	25,466	41,052
Total equity and liabilities	275,929	266,584	240,866
WA no. of ordinary share	233,878,000	233,878,000	233,878,000
Financial Indicators			
Earnings/(Loss) per share (sen)	1.48	(1.82)	(10.86)
Net assets per share (RM)	0.70	0.68	0.58
Return on equity (%)	2.12	(2.68)	(19.03)

FINANCIAL HIGHLIGHTS (CONT'D)

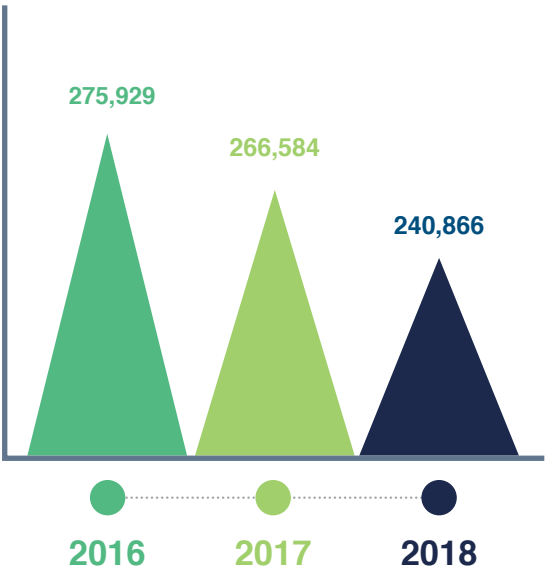
REVENUE
(RM'000)



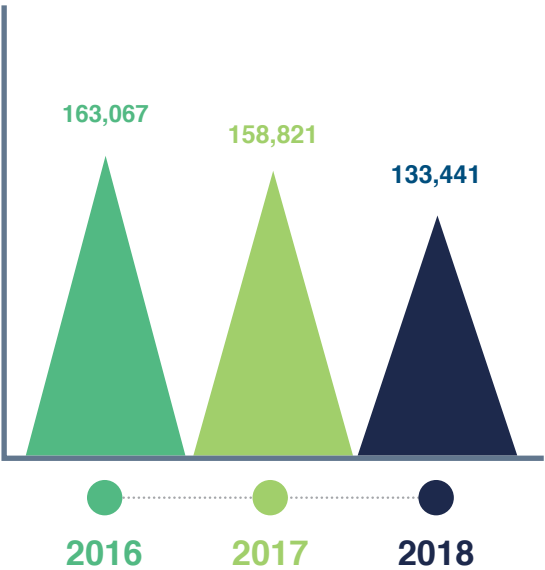
PROFIT/(LOSS)
AFTER TAX (RM'000)



TOTAL ASSETS
(RM'000)



SHAREHOLDER'S EQUITY
(RM'000)





. Embracing innovation

to offer a broad range of expert services and specialist solutions

BOARD OF DIRECTORS

Nationality:

Malaysian

Age:

77

Gender:

Male

Position:

*Non-Independent
Non-Executive Chairman*

TAN SRI DATO' KAMARUZZAMAN BIN SHARIFF

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 was appointed as a Director of our Group in 2004. He is currently the Non-Executive Chairman of Bintai Kinden Corporation Berhad.

Nationality:

Malaysian

Age:

59

Gender:

Male

Position:

*Managing Director and
Key Senior Management*

MOKHTAR BIN HASHIM

Mokhtar Bin Hashim was appointed to the Board on 7 January 2014 as our Managing Director. He is a member of the 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)

Nationality:

Malaysian

Age:

52

Gender:

Male

Position:

Executive Director and
Key Senior Management

SHATAR BIN ABDUL HAMID

Shatar Bin Abdul Hamid was appointed to the Board on 7 January 2014 as our Executive Director.

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.

Nationality:

Malaysian

Age:

50

Gender:

Male

Position:

Executive Director and
Key Senior Management

LIM YEW HOE

Lim Yew Hoe (“En. Lim”) was appointed to the Board on 19 April 2016 as our Executive Director.

He has been involved in the construction industry beyond the past 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 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 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)

Nationality:

Malaysian

Age:

63

Gender:

Female

Position:

*Independent Non-Executive
Director*

YIP JIAN LEE

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 Remuneration Committee, and a member of the Nomination 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.

Nationality:

Malaysian

Age:

48

Gender:

Male

Position:

*Independent Non-Executive
Director*

MOHD RIZAL BAHARI BIN MD NOOR

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 and Risk Management 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 Chartered Association of Certified Accountants in 1994.

BOARD OF DIRECTORS (CONT'D)

Nationality:

Malaysian

Age:

65

Gender:

Male

Position:

Independent Non-Executive Director

WAN MUHAMAD HATTA BIN WAN MOS

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 and Remuneration 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.

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 2018, other than for traffic offences (if any).

KEY SENIOR MANAGEMENT PROFILE

ABD HAMID HUSIN (“EN. HAMID”)

Nationality: *Malaysian*

Age: *58*

Gender: *Male*

Position: *General Manager – Project Services*

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 (“EN. MOHD ZAMZURI”)

Nationality: *Malaysian*

Age: *43*

Gender: *Male*

Position: *General Manager – Project Management*

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 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 package for Miri Crude Oil Terminal Rejuvenation and Malaysia Liquefied Natural Gas 2 Debottlenecking project. He left OGP Technical Services and joined Kencana HL Sdn Bhd in 2008 as a Senior Project Engineer. In 2009, he left Kencana HL Sdn Bhd and joined Carimin Engineering 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 (“EN. MAZHAR”)

Nationality: Malaysian

Age: 56

Gender: Male

Position: Human Resource and Administration Manager

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 organizations. 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 Human Resource and Administration Manager till to date.

PATRICK CHOONG (“EN. PATRICK”)

Nationality: Malaysian

Age: 43

Gender: Male

Position: Manager, Corporate Finance

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

Upon obtaining his professional qualification, he worked with Hong Leong Management Co Sdn. Bhd. as Accounts Supervisor for two (2) years and subsequently with Bandaraya Developments Berhad for three (3) years before moving to Road Builders (M) Holdings Berhad as Group Assistant Accountant for two (2) years.

In 2005 he was offered an employment abroad with SPK-Bina Puri Joint Venture as Finance Manager in Abu Dhabi, United Arab Emirates. Following completion of the project, he joined Pembinaan SPK Sdn Bhd, Abu Dhabi branch as Head of Finance and Accounts and continued his career there until 2012. Thereafter, in 2013, he joined Emas Kiara Industries Berhad (now known as MB World Group Berhad) as Group Financial Controller overseeing the corporate finance, finance reporting and 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 2018, other than traffic offences (if any).

MANAGEMENT DISCUSSION & ANALYSIS



The financial year ended 30 June 2018 (“FY2018”) was another challenging year for Carimin Petroleum Berhad (“Carimin” or “the Group”). It saw Carimin focusing its efforts on stabilising its operations amidst the adverse business conditions that most oil & gas players were facing. In the second half of FY2018, the overall oil & gas operating environment took a turn for the better when oil prices began trending upwards. While this helped the Group increase its revenue, it was still not enough to turn around its overall financial performance as Carimin registered a much higher loss following impairments made on two of its vessels. Carimin continued to implement proactive measures to consolidate its resources, optimise cost efficiencies and strengthen its diverse revenue streams. Today, as the Group continues to employ these measures and as oil prices stabilise, Carimin remains confident about its return to profitability over the mid to long-term.

A MIXED OPERATING ENVIRONMENT

The first half of FY2018 saw oil & gas industry players experiencing strained business conditions characterised by a prolonged low oil price environment, surplus supply and meagre trade conditions due to limited projects and available budgets. Following efforts by the Organisation of Petroleum Exporting Countries (“OPEC”) and a number of non-OPEC countries to cap crude oil production to restore supply and demand balance, crude oil prices began to trend upwards. The industry was able to regain confidence when the price of crude oil recovered in January 2018, rising from between USD45-55 per barrel to touch USD70 per barrel, its highest price point in over three years.

Amidst this backdrop, Carimin underwent its most challenging year which was reflected in its financial performance. While the Group earned a higher revenue in FY2018, it still incurred losses for the financial year. Aside from being affected by the low oil price environment with limited projects and low budgets, Carimin’s financial results were also impacted by the reduced utilisation of its marine vessels. During FY2018, the accommodation workboat, (“AWB”) Carimin Acacia, underwent downtime for repair work. Additionally, the Group had to contend with impairments on both the AWB and its anchor handling tug supply vessel. The Group’s performance was also affected by lower contributions from the civil construction segment due to the challenges faced by the construction industry and issues that impeded the progress of civil works.

The Group did, however, posted higher revenue in the fourth quarter of FY2018 as the maintenance, construction and modification (“MCM”) contract works for Petronas Carigali Sdn Bhd (“PCSB”) commenced. The five-year MCM contract which began on 20 September 2017 will run until 19 September 2022 with an option for extension for another one year. With steady contributions from the MCM contract and other service contracts, Carimin is confident that it will register a better performance in FY2019. With the price of Brent crude having stabilised at just over USD80 per barrel, and that the oil majors looking to reactivate the projects put on hold during the last three years, the outlook for the oil & gas industry as a whole is more optimistic.

BUSINESS AND STRATEGIES FOR SUSTAINABLE GROWTH

The Carimin Group continues to maintain its position as one of the leading and resilient oil & gas companies providing technical and engineering support services for upstream oil & gas majors. Today, the Group has core competencies in four different business segments. Three of these sectors, comprise oil & gas activities in the areas of construction, hook up and commissioning as well as topside major maintenance (“CHUCTMM”); manpower services (“MPS”); and marine services (“MS”). The fourth business segment encompasses civil construction (“CC”) activities.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



To better serve the CHUCTMM segment, Carimin has progressed from being a pure HUC, TMM and field improvement project (“FIP”) services contractor to also provide decommissioning services for non-viable facilities including the associated well plugging and abandonment activities. The Group has strengthened its range of offerings in the areas of major blasting, painting and rejuvenation including providing engineering, procurement, construction, installation and commissioning (“EPCIC”) services. This enlarged range of services enables the Group to bid for more varied and sizeable package contracts both onshore and offshore Peninsular Malaysia, Sabah and Sarawak.

The Group’s MPS Division continues to provide technical and professional services for both the Upstream and Downstream sectors, and plans to enhance its consultancy, training and placement services offerings. Carimin’s MS Division supports the Group’s CHUCTMM offering and provides vessel charters for the domestic market. Going forward, it is looking to offer ship management and maintenance services, as well as provide vessel chartering services in the regional market.

Carimin’s entry into the civil construction segment came at the end of FY2017 via its acquisition of 60% equity in Noblecorp Builders Sdn Bhd, an existing civil engineering company which was renamed Carimin Bina Sdn Bhd. This acquisition has facilitated the Group’s entry into the construction industry and accorded it an alternative revenue stream that has helped tide Carimin over during the oil & gas downturn. Today, the CC Division has plans to move beyond its original geotechnical engineering (ground improvement) offering towards project management contracting and property development activities.

Aside from exploring ways to strengthen its revenue base, Carimin continues to undertake measures to mitigate the numerous challenges within the oil & gas industry. This includes implementing specific strategies to alleviate business risks, preserve business sustainability and protect shareholders’ interests.

FINANCIAL PERFORMANCE

For the financial year in review, Carimin posted revenue of RM141.30 million, an increase of RM25.72 million or a 22.3% rise over the previous financial year. The higher revenue was primarily contributed by the CHUCTMM, MPS and MS Divisions, which recorded increases of RM5.56 million, RM22.04 million and RM10.39 million respectively. The CHUCTMM and MS Divisions’ revenue was mainly derived from the five-year MCM contract which kicked in in the last quarter of FY2018, while the MPS Division benefited from higher requirements for the supply of manpower to PETRONAS’ RAPID site at Pengerang.

The Group, recorded a loss after tax (“LAT”) of RM25.42 million – an additional loss of RM21.73 million as compared to a LAT of RM3.69 million registered previously. Despite the year’s higher revenue, this was not enough to cover the operating expenditure incurred for both vessels under the MS Division which registered subdued utilisation rates. This coupled with higher repair costs for works carried out on its accommodation workboat, Carimin Acacia, offset the rise in revenue. In addition, the Group provided for an impairment loss of RM14.38 million on both its vessels and trade debtors of RM2.67 million over the course of FY2018.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Liquidity and Capital Resources

As at end FY2018, the Group's cash and cash equivalents stood at RM34.78 million. This was RM18.34 million or 34.5% lower than the RM53.12 million registered at the end of FY2017. During the year, a total amount of RM15.70 million was utilised for term-loan financing of vessels while RM7.16 million was utilised to partly finance operating activities. These cash and cash equivalents, excluded fixed deposits pledged for bank facilities amounting to RM25.15 million (FY2017: RM27.95 million).

Gearing Ratio

With certain borrowings of the Group approaching maturity, the Group's gearing ratio decreased to 0.49 times from 0.51 times. As at end FY2018, the Group's total equity amounted to RM133.44 million while its net cash position stood at RM34.78 million. All the Group's decisions relating to its gearing commitments are actively monitored by the Board.

Capital Management, Future Commitments and Funding Sources

On 10 July 2018, the Group acquired five acres of land at Teluk Kalung, Kemaman in Terengganu through the acquisition of 100% equity interest in Fazu Resources (M) Sdn Bhd. The acquisition of this land serves to complement the Group's existing two-acre fabrication yard. It will strengthen the Group's overall construction capabilities for larger projects and enable it to cater for current job requirements.

Plans are underway to develop the new five-acre yard into an integrated facility that includes major blasting and painting activities which will enhance Carimin's capacity and capability. The capital expenditure for this exercise will be partly financed from the listing proceeds.

Dividends

The Board of Directors does not recommended any dividend payment for the financial year under review.

Trends and Events that May Materially Affect Carimin's Business

The price of oil continues to be the primary determining factor that drives activities within the oil & gas industry. With the price of oil stabilising at USD70-80 per barrel in 2018, oil majors have begun to revive their plans and increase their work activities. Although the MCM contract

was awarded in September 2017, the work orders only started to gain momentum in March 2018.

In the marine services segment, while there are demand for marine vessels, charter rates remain low and hire is based on spot charters with short durations. As such, the Group's liquidity has been used to support its term-loan financing obligations. Furthermore, Carimin has had to ensure that its vessels are readily deployable, maintain its crew and be able to respond quickly to clients' needs. With the improving market conditions, Carimin is confident that the industry and its businesses are on the path to recovery.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



PERFORMANCE BY BUSINESS DIVISIONS

Construction, Hook Up, Commissioning and Top Side Major Maintenance (“CHUCTMM”)

The Group’s CHUCTMM Division comes under Carimin Engineering Services Sdn Bhd (“CESSB”). Today, on top of its CHUCTMM offering, CESSB also provides EPCIC services, plug and abandonment activities as well as major blasting and painting plus rejuvenation activities within its fabrication yards. Through a collaboration agreement with Emas Energy Services (Thailand) Limited, the Group is well positioned to pursue tender bids involving decommissioning, well plug and abandonment services. Where blasting and painting activities were a small component of the Division’s business before, today under the MCM contract, these have become a major part of Carimin’s activities.

The year in review saw the CHUCTMM Division posting a RM5.56 million or 10.4% increase in revenue to RM59.19 million in comparison to RM53.63 million previously. This increase came on the commencement of the five-year MCM contract for PCSB for its Peninsular Malaysia oil operations and the continued execution of 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, as well as the Angsi Water Flooding Optimisation (“WFO”) project.

Under the MCM contract, the Group has been involved in several projects and their related works on the Angsi, Dulang and Small Field Platforms. These include a topside structural maintenance project with marine spread, and a FIP encompassing the provision of maintenance equipment and consumables for the Angsi and Dulang Platforms respectively. Works on the Small Field Platform have centred on a static project entailing site survey manpower activities, and a TMM project with the provision

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

of scaffolding, maintenance, equipment and consumables, insulation works, a survey involving piping and structures, plus deck strengthening and painting activities.

On 18 May 2018, CESSB was granted an extension of one year for the provision of HUCTMM services for PCSB. The new extension is valid until 20 May 2019 and is based on the scheduled rates. All the above contracts, among others, are expected to contribute positively to the Group's revenue stream going forward.

Given the current higher and more stable oil prices, oil & gas activities are expected to gain momentum with sizeable work orders forthcoming. To fulfil the expected increase in workload from MCM work orders, the Group has begun to expand its workforce adding on a higher number of qualified project managers, engineers, planners, support staff and management trainees to cater for upcoming needs.

Manpower Services ("MPS")

The MPS Division comes under the ambit of Carimin Sdn Bhd ("CSB"). Where the requirements for manpower had dropped drastically in FY2017 amidst the highly challenging oil & gas operating environment, the MPS Division saw a turnaround in FY2018 as demand for manpower rose on the higher number of personnel supplied for the Petronas Refinery and Petrochemical Corporation Sdn Bhd and Petronas Technical Services Sdn Bhd contracts at RAPID. Both contracts, which will run concurrently until 31 March 2019 with an option to extend for another year, augurs well for the Group's near-term revenue streams.

In tandem with this, the Division's revenue rose by RM22.04 million or 83.2% to RM48.53 million in FY2018 from RM26.49 million previously.

On 18 July 2018, the MPS Division received a letter of award for the provision of general and specialist manpower (Package 1) from Keabangan Petroleum Operating Company ("KPOC"). The KPOC contract is for a duration of five years with the option to extend for another year. This too bodes well for the Group's near to mid-term earnings.

The Group anticipates that work orders will be on the uptrend given the rise in planned oil & gas activities. Moving forward, the MPS Division will focus its efforts on extending its provision of technical and professional services to the Downstream sector, supplying consultancy and training services, as well as providing placement services (talent exchange). The MPS Division is also working towards securing manpower contracts in the international field to complement its domestic footprint.

Marine Services ("MS")

The Group currently owns three vessels. Its marine fleet resources comprise two vessels which it wholly owns, namely the Carimin Airis, an anchor handling tug supply vessel ("AHTS"), and the Carimin Acacia, a dynamic positioning accommodation work boat ("AWB"). The Group also has 15.0% ownership in another AWB, the SK Deep Sea, via its investment in Synergy Kenyalang Offshore Sdn Bhd, the registered owner of the vessel. With the Group's ability to manage its own vessels, Carimin today possesses the competitive edge and technical capabilities to bid for larger marine support services contracts.

The year in review saw the MS Division providing marine services to PCSB via a combination of its own vessels and via third-party charterers. The Carimin Acacia was deployed to the Seligi Alpha Field under the Pan Malaysia contract, while the Carimin Airis served the Angsi, Duyong and Bekok Fields under the MCM offshore contract. The Group also tapped into third-party charterers to fulfil its obligations to PCSB under the MCM offshore and Pan Malaysia contracts. Under the MCM offshore contract, the Group utilised AHTS vessels such as the Time Liza, Time Rina, Icon Sophia and Vos Ares serving the Angsi Field, FPSO Bunga Kertas as well as Tiong Fields. Under the Pan Malaysia contract, a workboat, the Setia Fajar, was chartered for the Angsi Echo Field.

In FY2018, the MS Division posted revenue of RM18.68 million, an increase of RM10.39 million or 125.3% over the RM8.29 million obtained in FY2017. Despite the increase in revenue, it was not enough to cover the operating costs and term-loan financing. In addition, the Group's AWB, the Carimin Acacia, underwent maintenance downtime which involved the replacement of its hydraulic pump and the repair of its propeller shaft. The Division also provided for an impairment loss of RM3.16 million and RM11.22 million for its AHTS and AWB vessels respectively as well as made a specific provision for a doubtful debt of RM2.43 million after legal proceedings were initiated against a debtor. The SK Deep Sea also suffered losses during the year in review. Overall, the MS Division recorded a segment loss of RM21.96 million which was the primary factor for the Group's poor performance in FY2018.

On a positive note, the Group's AHTS and AWB vessels have been mobilised since May 2018 and are expected to be occupied with charters. The deployment status of the AHTS vessel will be lowered to "safe manning" for the monsoon season, while the AWB is anticipated to continue throughout the monsoon period.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Moving forward, Carimin is looking at ways to strengthen the MS Division. Beside from reviewing cost efficiencies, the Division will look to offer ship management and maintenance services as well as undertake vessel charter in the region. As the Group pursues its ambition of being a leading CHUCTMM service provider, the MS Division will support this through strengthening its capabilities. As the CHUCTMM segment picks up, Carimin anticipates that the demand for marine support services will ramp up as these businesses coincides.

Civil Construction (“CC”)

FY2017 marked Carimin’s maiden entry into the civil construction industry via Carimin Bina Sdn Bhd (“CBSB”). While the CC Division turned in RM27.17 million in revenue in FY2017, for FY2018, it registered revenue of RM14.91 million, a RM12.26 million or 45.1% drop from the preceding year. The decline in revenue was primarily attributable to the cancellation of one sub-contract relating to the construction of a rainwater storage tank worth approximately RM60.0 million.

Apart from this, other civil construction projects faced delays due to land acquisition that affected the West Coast Expressway project. Civil works on the two RAPID projects were also impeded by weather constraints which affected the site conditions and led to changes in the works programme. On a more positive note, the CC Division secured new geotechnical contracts amounting to approximately RM15.0 million during the last quarter of FY2018.

Looking ahead, 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 transformation into a full-fledged construction company. CBSB’s strategy is to actively seek for niche engineering systems via exclusive agencies and collaborative agreements besides exploring asset acquisition to accelerate its business plan. CBSB is working to obtain the Construction Industry Development Board (“CIDB”) Bumiputra G7 license which would enable the company to participate in government tenders reserved for Bumiputera contractors.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Other Areas of Opportunity

Over the course of FY2018, the Group explored the potential of expanding into new areas of opportunity. These included becoming a turnkey contractor for an affordable housing scheme, and its appointment as the nominated sub-contractor for a telecommunication services provider to undertake civil works related to laying down fibre optic cables. The Group's Management continues to actively pursue business ventures while ensuring all related business risks are carefully weighed up before Carimin embarks on any opportunities.

BUSINESS RISKS

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 ("Bursa Securities") disclosure requirements, the risks and strategies to mitigate such risks are discussed below:

Risk Category	Description of Risk	Possible Consequences	Mitigation Measures
External	State of the global oil & gas Industry	<ul style="list-style-type: none"> · A decline in project tenders / offers · A decline in revenue as the award of work orders slow down · Reduced operational expenditure ("Opex") and capital expenditure ("Capex") by clients 	<ul style="list-style-type: none"> · Continuously be engaged with clients on upcoming projects / work orders · Increase the client base and explore other opportunities · Innovate to remain competitive · Stay abreast of the oil & gas production and supply / demand situation · Diversify into other industries to reduce over-reliance on a single industry · Reduce Opex and Capex as well as restructure loans and improve cash flow management
	Competition from existing competitors	<ul style="list-style-type: none"> · Loss of business · Loss of market share · Lower margins and profits 	<ul style="list-style-type: none"> · Retain and employ a qualified and competent team to deliver a high-quality performance · Ensure close rapport and healthy relationships with clients · Provide competitive rates to clients · Explore and invest in new technologies · Provide better facilities, equipment and higher specifications (e.g. in relation to our marine vessels)
Regulatory	Non-compliance with rules and regulations governing the oil & 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)	<ul style="list-style-type: none"> · Fines / penalties imposed by the authorities · Loss of operating license · Additional costs incurred to comply with requirements · Negative publicity and reputational damage · Business operations disrupted 	<ul style="list-style-type: none"> · Constant monitoring to ensure safety of security is not compromised · Manual monitoring by individual departments (for any changes and updates) · Close liaison with the local authorities · Stringent adherence to existing SOPs and ISO guidelines · Establishment of a dedicated department to handle compliance matters

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Risk Category	Description of Risk	Possible Consequences	Mitigation Measures
Financial	Inability to recover long-standing debts	<ul style="list-style-type: none"> · Bad debts · Tight cash flow which may adversely affect cash flow · Additional costs to recover debts 	<ul style="list-style-type: none"> · Ensure credit checks are conducted · Conduct monthly credit meetings to review collections · Ensure close monitoring and follow up with Management · Initiate legal action where appropriate
Customer	Dependency on preferred customers	<ul style="list-style-type: none"> · Limited revenue base · Risk of single contract default · Key customer requests for discounts and cost reductions that affect margins 	<ul style="list-style-type: none"> · Ensure participation in bids for other customers · Ensure participation in other oil & gas business segments · Ensure business diversification into other industries
	Obligated to contracted rates during the low oil price environment	<ul style="list-style-type: none"> · Financial impact · Higher costs from vendors / suppliers · Potential losses · Unable to deliver on the project 	<ul style="list-style-type: none"> · Bulk orders to lower the cost · Price agreement with vendors for the long-term · Renegotiate term of contracts · Direct negotiations with vendors · Encourage multi-tasking
Suppliers	Non-compliance with the procurement process	<ul style="list-style-type: none"> · Integrity at risk · Decline in profit margins / financial losses · Overpriced tender submissions may result in losing bids · Delays on project execution and completion of projects · Poor quality supplier / sub-contractor selection and supplies 	<ul style="list-style-type: none"> · Ensure existing SOPs are strictly adhered to · Conduct regular meetings and audits amongst procurement and the PMT (documented) · Ensure monthly reports by procurement on the Material Service Requisition ("MSR") status
Human Capital	Inadequate succession planning or retention of key staff	<ul style="list-style-type: none"> · Business operations disrupted · Loss of business know-how / expertise caused by key personnel leaving the Company · Relationship with customers may be affected as replacement personnel may be unable to immediately communicate effectively / perform similar tasks of staff who have left · Effect on overall Company performance from project delays · Loss of important records, documentation and information 	<ul style="list-style-type: none"> · Identify capable replacements · Retain staff and key personnel via attractive remuneration packages, long service awards, performance and reliability incentives schemes · Ensure a conducive work environment · Inculcate a multitasking culture with the concept of "mentor and mentee" where experienced staff oversee less experienced staff · Ensure a proper handover and demob list is completed prior to staff leaving the organisation

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

RESPONSIBLE CORPORATE PRACTICES

Carimin's Board of Directors remains committed to upholding the tenets of transparency, accountability and integrity as well as implementing the highest standards of professionalism, expertise and technical know-how throughout our operations. The Board is also committed to upholding the Best Practices in Corporate Governance outlined in the Malaysian Code on Corporate Governance 2017 ("the Code"). The measures put into effect to ensure compliance with the Code are detailed in the Corporate Governance Overview Statement on pages 37 to 50 of this Annual Report.

As part of Carimin's commitment to ensuring the long-term sustainability of its business, it has taken the necessary steps to formalise its sustainability measures in alignment with Bursa Malaysia's guidelines. These measures to date include appointing a Sustainability Committee to drive business sustainability within the Group and the development of the Group's inaugural Sustainability Statement.

The Sustainability Committee, which is tasked with reporting to the Audit Committee, is fully supported by our Executive Directors and the Senior Management team. Its sole purpose is to ensure the efficient roll out of the Group's sustainability agenda. The finer details of the Group's sustainability efforts are outlined in the Sustainability Statement which can be found on pages 28 to 36 of this Annual Report.

OUTLOOK AND PROSPECTS

According to the International Monetary Fund's October 2018 World Economic Outlook, global growth is now projected to reach 3.7% in both 2018 and 2019 (2017: 3.6%). However, while the rate of expansion appears to have peaked in some major economies, growth prospects are becoming more uneven among emerging market and developing economies. Against the backdrop of rising oil prices, higher yields in the United States, escalating trade tensions, and market pressures on the currencies of some economies with weaker fundamentals, global risks remain weighty and difficult to predict.

On the domestic front, Bank Negara Malaysia ("BNM"), in August 2018, cut its 2018 forecast for gross domestic product ("GDP") growth to 5.0% (from 5.5% to 6.0% previously) due to the slower growth recorded in the second quarter of the year. BNM, however, has reiterated that Malaysia's macroeconomic fundamentals remain strong, and that the country has the requisite buffers to effectively manage potential shocks to the economy. It



is expected that the domestic economy will remain on a steady growth path supported mainly by private sector activity.

For the rest of 2018, crude oil prices are expected to trade at the higher price range of between USD70-80 per barrel in comparison to the average crude oil spot price of some USD53 per barrel in 2017. With higher and more stable oil prices in sight, industry planning activities are on the rise again as the oil majors begin to revive their Opex and Capex budgets. These developments bode well for Carimin's business and the industry as a whole and the Group is optimistic about its future prospects.

In line with the favourable oil price environment, the Board and Management anticipates that major maintenance works under CHUCTMM Division will pick up. In tandem with these activities, demand for marine support services too is expected to increase.

To capitalise on the expected increase in oil & gas activities and to ensure sustainable growth, Carimin will work on enhancing its client service levels, capacity building and business development efforts, whilst keeping a focus on achieving profitability. 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.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Operationally, Carimin's Management will continue to enhance the Group's business fundamentals and internal capabilities as well as maintain its focus on achieving sustainable growth. The Board supports 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.

While it looks like business momentum is beginning to pick up for oil & gas players for the near-term, the industry will need to be mindful about the threat from renewable energy sources in the long run. 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, and as such oil & gas players need to be innovative to stay ahead of the threat.

FY2018 was Carimin's most challenging year amidst the industry downturn. Today, the Group remains in a healthy position financially with a stable contracts in hand. Moving forward, the Board and Management are confident about the Group's performance and strongly believe we will be back to being profitable. Now that the oil & gas industry is beginning to strengthen, we will set our sights

on consolidating our core competencies in the oil & gas sector while continuing to develop our civil construction capability. The Board and Management are confident about our prospects going forward into FY2019.

IN APPRECIATION

The Board and Management of Carimin are grateful to the many parties who have once again played a part in helping us remain committed amidst a highly challenging year. Our sincere appreciation goes to our valued shareholders, customers and business partners for their confidence and belief in us amidst the turbulent times befalling our industry. We believe the worst is over and look forward to gaining some good momentum as we focus our efforts on returning to profitability. We also wish to convey our deep gratitude to our diligent and dedicated staff whose professionalism, perseverance and commitment to excellence helped us get through another testing year.

As we venture forth into a new financial year, Carimin is ready to overcome the challenges and embrace the opportunities before us. We call upon all stakeholders to continue lending us their worthy support as we work together to get back on the pathway to success.



Achieving standards

by exceeding the demands of industry and
creating new benchmarks of excellence

SUSTAINABILITY STATEMENT

By embedding sustainable progress throughout the Group, we are providing the momentum for our businesses to strengthen their operational efficiencies and deliver long-term growth.

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

The Carimin Group has grown from strength to strength over the years and is today one of the leading oil & gas players undertaking activities in the areas of construction, hook up and commissioning as well as topside major maintenance. The Group is also involved in the provision of manpower services as well as offshore marine vessels chartering and has diversified into the civil construction segment – a timely venture that helped tide us over during the oil & gas downturn. Whilst we help to develop the economy and businesses as well as contribute to society through our diverse activities, we recognise the need to create long-term shared value for our stakeholders and to secure the future of the Group. As such, we are committed to upholding responsible management and sustainable development in the Economic, Environmental and Social (“EES”) areas.

Today, the various businesses within the Carimin Group continue to work together, leveraging on common synergies and resources to integrate business sustainability into their respective organisations. By embedding sustainable progress throughout the Group, we are providing the momentum for our businesses to strengthen their operational efficiencies and deliver long-term growth.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY

Scope and Boundaries

This inaugural Sustainability Statement reflects Carimin's initial efforts to align with Bursa Malaysia Securities Berhad's ("Bursa Securities") sustainability reporting requirements and standards. Underscoring the Group's commitment to undertaking business in a responsible and sustainable manner through its EES performance, it serves to disclose our sustainability drive thus far in a transparent and objective manner.

Covering the period 1 July 2017 to 30 June 2018 ("FY2018") and thereafter to be produced on an annual basis, this statement provides a broad strokes perspective of the business sustainability activities of all Carimin's subsidiaries within Malaysia. It is to be read in conjunction with the rest of the Group's 2018 Annual Report, which highlights other financial and non-financial aspects of the Group's businesses.

Sustainability Governance

Recognising the importance of upholding an agenda that prioritises good EES practices, Carimin's Board of Directors and its Senior Management are committed to invest in measures that promote the sustainable growth of the Group's businesses and which create value for shareholders. A sustainability Committee ("Committee") was set up to spearhead the Group's sustainability agenda. The Committee's primary purpose is to ensure the efficient implementation of the Group's sustainability agenda.

The Sustainability Committee, which is tasked with reporting directly to the Audit Committee (which in turn reports to the Board) is fully supported by our Executive Directors and the Senior Management team. The Committee comprises of the Group's Chief Operations Officer, Chief Financial Officer and Departmental General Managers. It is also made up of the Heads of Departments ("HODs") of the Health, Safety and Environment, Quality Assurance and Quality Control, Group Finance and Accounts, as well as Human Resource Departments.

Disclosure and External Assurance

Although sustainable practices are evident throughout the Group's daily operations, we are still at the initial stages of developing a formal sustainability framework and practices to achieve our sustainability aspirations.

As this is our first consolidated Sustainability Statement, we are mindful of the need to undertake external assurance moving forward as we streamline the sustainability data collection and monitoring activities across the Group.

MATERIAL SUSTAINABILITY MATTERS / KEY RISKS







To date, the Group has yet to undertake a formal materiality analysis to establish the matters of importance to its external and internal stakeholders. However, we have identified several risks in key areas that may have a direct or indirect impact on the Group's ability to create, preserve or erode EES value. These risks and the related strategies to mitigate it are highlighted in the Management Discussion and Analysis ("MD&A") section on pages 17 to 26 of this Annual Report.

PROACTIVE STAKEHOLDER ENGAGEMENT

Whilst Carimin's businesses and markets progress, the Group finds itself engaging with a growing number of different stakeholder groups. With proactive stakeholder engagement being a fundamental component of our sustainability strategy, we are dedicated to engaging with our many stakeholders on a continuous basis. This will enable us to meet their different expectations, cater to changes and foster our ties with them.

SUSTAINABILITY STATEMENT (CONT'D)

The following Stakeholder Engagement Matrix highlights the activities that the Group is currently carrying out:

Stakeholder Engagement Matrix			
Stakeholder	Key Area of Focus	Platforms and Tools Utilised	Frequency
Shareholders and Investors 	Business direction of the Carimin Group and key corporate developments	<ul style="list-style-type: none"> - Regular shareholder communications / announcements on Bursa Securities and Carimin's corporate website - Annual General Meeting / Extraordinary General Meetings - Quarterly and annual statements - Periodic engagements with equity analysts and fund managers 	<ul style="list-style-type: none"> - As and when required - Annually - Quarterly - Throughout the year
Government /Regulators and Policy Makers 	Regulation, compliance and strong relationships	<ul style="list-style-type: none"> - Meetings, participation in exhibitions, site visits, case studies and sports activities - Tenders / bids 	<ul style="list-style-type: none"> - As and when required - Annually (license renewal)
Bankers 	Banking facility and financing	<ul style="list-style-type: none"> - Annual Review - Open house / networking lunches/dinners 	<ul style="list-style-type: none"> - As and when required - Annually
Customers, Suppliers and Industry Peers / Partners 	Business direction, procurement, knowledge sharing and safety procedures	<ul style="list-style-type: none"> - Meetings, roadshows, participation in exhibitions and networking lunches / dinners - Tenders / bids 	<ul style="list-style-type: none"> - As and when required - Throughout the year
Employees 	Human capital development, safety, governance, corporate developments	<ul style="list-style-type: none"> - Regular communications via email blasts and quarterly publications - Dialogue sessions - Training and development initiatives - Social activities via Kelab Rekreasi - Voluntary participation in Corporate Social Responsibility ("CSR") programmes 	<ul style="list-style-type: none"> - Throughout the year - As and when required - Throughout the year - Throughout the year - Throughout the year
Local Communities 	Education and social assistance	<ul style="list-style-type: none"> - Engagement during festive occasions, motivational camps and sports activities - CSR activities 	<ul style="list-style-type: none"> - As and when required - Throughout the year

SUSTAINABILITY STATEMENT (CONT'D)

UPHOLDING GOOD ECONOMIC PRACTICES

Business Strategy

The Carimin Group continues to focus on its strategic direction to ensure the sustainable growth of its core businesses, particularly amidst the challenges during the oil & gas industry downturn. This approach has enabled us to adapt to the changing economic and business environments as well as undertake specific strategies to meet customer needs. For further insights into the Group's overall strategic direction, including our financial and operational performance, please refer to the MD&A section in this Annual Report.

Strengthening the Market Ecosystem

We recognise that the total marketplace ecosystem is important to our sustainable growth. As such, we remain committed to carrying out activities that will help us establish and strengthen ties with our customers, suppliers, industry peers and other stakeholders in the marketplace.

Carimin continues to make a tangible impact and create value in the sectors, markets and communities in which it operates. By setting up offices and a maintenance yard at Teluk Kalung, Kemaman in Terengganu to support the Group's offshore activities, we are creating job and business opportunities for the local communities. Today, we continue to play our part in stimulating the economy in the East Coast of Peninsular Malaysia by continuing to transfer resources, utilise facilities and trade with local businesses, among other things.

We envisage more investment flowing into the area as we embark on expansion activities to support the five-year maintenance, construction and modification contract for Petronas Carigali Sdn Bhd. Moreover, the acquisition of an additional five-acres at Teluk Kalung to construct a new integrated facility, will see the creation of more jobs and business opportunities in this area.

Upholding Good Marketplace Behaviour

The Group is committed to upholding the tenets of transparency, accountability and integrity as well as implementing the highest standards of professionalism, expertise and technical know-how throughout its operations. To this end, we have policies and procedures to guide us in our day-to-day operations as well as to ensure our workforce upholds transparency and exhibits good marketplace behaviour.

We are governed by the standard operating procedures ("SOPs"). These SOPs involve adopting fair practices when selecting suppliers, being transparent in awarding tenders, and strongly prohibiting corrupt practices, among other things. All tenders and bids received from sub-contractors and suppliers are handled in a transparent manner through a tender committee to ensure the most competitive bidder with the pre-requisite technical capabilities secures the job.

Back in October 2014, to ensure the highest standards of corporate governance and business integrity throughout Carimin, we formalised a Whistle Blowing Policy. This policy provides an avenue for all employees of the Group and members of the public to raise concerns about or disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively. Depending on the type of complaint, whistle blowing matters are to be brought up with an employees' immediate superior, the Managing Director, or the Chairman of the Audit Committee, whichever is the most appropriate channel.

We also have in place a Grievances Procedure which forms part of the Group's HR Policies & Procedures. This provides a platform for employees to channel complaints with regard to all work and office-related matters.

ADOPTING GOOD ENVIRONMENTAL PRACTICES

The Carimin Group is committed to upholding best practices that mitigate the impact of our operations on the environment. This is especially important given the nature of our oil & gas and civil construction operations. The Group is at all times committed to protect the environment and comply with all applicable environmental laws and regulations.

Documented Policies and Practices

In line with our efforts to protect the environment and minimise our carbon footprint, we have in place these policies, plans and procedures:

- The Group's Environmental Policy reiterates our commitment to preserving the environment by mitigating the impact of our operations on our surroundings and through upholding the relevant laws and regulations. Endorsed by the highest ranks within Carimin, it reflects our leadership's commitment to good environmental practices.

SUSTAINABILITY STATEMENT (CONT'D)

- The Group's Environmental Management Plan serves as a manual that guides our daily operations. Its primary objective is to ensure continuous compliance with all legal environmental requirements and the Group's Health, Safety and Environmental ("HSE") Policy.
- The Group's Scheduled Waste Management System outlines stringent procedures for how the industrial waste we produce is to be treated so that it causes no harm to the environment. This relates specifically to the disposal of oil/lubricants used for servicing machinery and equipment at the yard or on board our vessels.

Greening Initiatives

Our environmental conservation activities also extend to promoting recycling and energy efficiency activities, among other things. We currently undertake the following activities:

- Reduce paper wastage by encouraging printing on both sides of a sheet of paper;
- Encourage the habit of turning off lights and switching off air-conditioning during breaks/after meetings;
- Promote the use of water dispensers for refreshments as opposed to purchasing bottled drinks;
- Roll out an in-house "no-plastic" campaign which encourages all employees to minimise the usage of plastic in support of environmental preservation. Plastic which is a non-recyclable material, is used excessively in our nation and a little knowledge on limiting its use will help preserve the environment.

CHAMPIONING GOOD SOCIAL PRACTICES

The Carimin Group embraces a culture that respects and upholds the diverse components within our social ecosystem, namely our workforce, our customers and our communities. This approach is enabling us to achieve our business goals, work efficiently and effectively, as well as cater to our diverse stakeholders' needs and requirements.

Labour Practices and Decent Work

Our Diverse Workforce

Carimin is committed to developing a diverse and talented workforce spanning a spectrum of different ages, genders, educational backgrounds and nationalities. As at end FY2018, our total fixed-term and permanent staff stood at 106 employees (end FY2017: 85 employees)

while our direct workers (including marine crew) stood at 74 workers (end FY2017: 81 workers). The composition of the Group's total workforce is illustrated below:

Carimin's Workforce: Fixed-Term and Permanent Staff

	As at end FY2017	As at end FY2018
Age		
20 – 30 years	23 (27%)	31 (29.25%)
31 – 45 years	43 (50.6%)	53 (50%)
46 – 60 years	19 (22.4%)	22 (20.75%)
	85	106
Gender		
Male	59 (69.4%)	68 (64.15%)
Female	26 (30.6%)	38 (35.85%)
	85	106
Category		
Professionals	61 (72.8%)	76 (71.7%)
Non-Professionals	23 (27.2%)	30 (28.3%)
	85	106
Nationality		
Locals	84 (98.8%)	105 (99.06%)
Foreigners	1 (1.2%)	1 (0.94%)
	85	106

Carimin's Workforce: Direct Workers including Marine Crew

	As at end FY2017	As at end FY2018
Gender		
Male	80 (98.8%)	73 (98.6%)
Female	1 (1.2%)	1 (1.4%)
	81	74
Category		
Professionals	10 (12.3%)	8 (10.8%)
Non-Professionals	71 (87.7%)	66 (89.2%)
	81	74
Nationality		
Locals	77 (95%)	73 (98.6%)
Foreigners	4 (5%)	1 (1.4%)
	81	74

Employee Engagement

We continue to implement employee engagement activities to communicate with and unite the Group's employees as we understand that engaged employees are more satisfied with their work, tend to stay longer, as well as are more productive and dedicated. Throughout FY2018, we continued to undertake a variety of engagement activities to strengthen our workforce.

SUSTAINABILITY STATEMENT (CONT'D)

Subject	Department	Frequency	Remarks
Morning Circle Meetings	Human Resource Department ("HRD")	Daily	HRD staff
Festive luncheon - Hari Raya	KL Office ("KLO")	Annually	
Iftar Ramadhan	Teluk Kalung Yard ("TKY")	Annually	All TKY staff
Management Meetings	KLO	Bi-monthly	All Head Of Departments and Managers
Collection Meetings	KLO	Every month	To provide updates on the latest billing and collection matters
Quarterly Results Meetings	KLO	Every quarter	To discuss financial, operational, and budget variation matters and the related commentary
Risk Management meetings	KLO	As appropriate	To discuss new ventures (involving risk), updates on risk profiles, etc.

Upholding Diversity

Carimin has in place policies and initiatives relating to recruitment, career advancement, training and development, as well as Group-sponsored corporate and social activities. We implement all these in a manner that does not discriminate against ethnicity, religion, gender, age, disability, or status. The Group is committed to appointing, promoting, developing and rewarding its employees based on company-defined criteria and in line with the principles of meritocracy and fairness. All these practices help ensure that the Carimin family remains a well-balanced, safe and harmonious one.

In line with our commitment to upholding gender diversity, the Group will work towards complying with the requirement of the Malaysian Code on Corporate Governance ("MCCG") to have at least 30% female representation on the Board. In line with the MCCG, the Board will consider having more female members on the Board in due course to bring about a more diverse perspective.

Good Health, Safety and Environmental Performance

At Carimin, we continuously monitors our HSE performance organisation-wide to ensure high-risk activities are effectively and efficiently managed to protect our people, assets and environment. The Group continues to implement and improve stringent safety measures across the length and breadth of our operations, both at our main office and worksites as well as onboard our vessels.

Our people are given safety training at the commencement of employment and regularly throughout their tenure with the Group. All our employees and workers are expected to be involved in maintaining safe work sites through their participation in HSE meetings and safety inspections.



To safeguard our workforce, our personnel are equipped with the appropriate personal protective equipment ("PPE"). We perform regular checks on the PPE, other equipment and scaffolding, as well as conduct ongoing systematic on-the-job training and external training to ensure our workforce's HSE competencies are in order. All competency certificates are renewed and issued periodically to ensure our workforce is in full compliance with safety requirements.

Our safe practice efforts are evident with the achievement of 12,682,754 million safe man-hours worked since 2009.

Documented HSE Policies

To date, the Group has adopted the following HSE policies which guide our everyday operations:

- Health, Safety and Environment Policy
- Drugs and Alcohol Policy
- Environmental Policy
- Driving Policy Statement
- Stop Work Policy
- Housekeeping Policy

SUSTAINABILITY STATEMENT (CONT'D)

HSE Campaigns and Initiatives

For the financial year in review we rolled out the following HSE activities:

- Hand and Finger Injury Prevention Campaign
- HUC First-Cut and Hot Work Safety Campaign
- Lifting Safety Campaign
- Management HSE Visit to Fabrication Yard, Project Site and Offshore Platforms
- Management HSE Steering Committee Meeting
- Safety Awareness Video Session
- Emergency Drill at all Carimin premises
- Health Screening Programme
- KLO HSE Walkabout and Inspection
- Permit-to-Work Awareness Training
- Pre-Mob Briefing – HUC Angsi Revisit

HSE-related Awards and Accolades

No.	Description	Award by	Project	Year Award
1	Safest Subcontractor - Achievement of 1st HSE Milestone 300,000 manhours with Zero LTI	MSE - Talisman	Mobile Offshore Application Barge Fabrication	2010
2	Focused Recognition for Successful Execution and Completion of Angsi Turn Around	PETRONAS	Angsi Turn Around 2017	2017
3	Focused Recognition for Petronas HSE AIM ZERO Commitment	PETRONAS	Completion of Major Operated Valve & Shut Down Valve	2017
4	1.3 Million Man-Hours Without LTI	WCT Berhad	Petronas Rapid Project – WCT Berhad Package 14-0401 (Utilities, Interconnecting, Offsite Units)	2018

Training and Development Initiatives

The nature of the oil & gas industry requires every company's workforce to have specific and adequate technical skills and capabilities as well as the competency in responding to the changing business environment. To this end, Carimin continues to implement training and development programmes for all employees via a variety of internal and external trainings sessions. Training for staff is planned based on their specific needs. We roll out our annual training plan based on the training needs analysis documented in the annual staff appraisal form.

The following functional and competency training sessions were conducted in FY2017 and FY2018:

Training Sessions in FY2017	Type of Training
OPITO Tropical BOSIET with EBS & Travel Safely by Boat	Competency
ISO 9001:2008	Functional
Introduction to Oil & Gas	Functional
PTW (Permit-to-Work)	Competency
OGSP (Oil & Gas Safety Passport)	Competency
Basic Rigging & Slings	Functional
CEP (Seminar Keselamatan Kebangsaan)	Competency
Tatacara Pentadbiran & Kontrak	Functional

Training Sessions in FY2018	Type of Training
OPITO Tropical BOSIET with EBS & Travel Safely by Boat	Competency
CEP (Seminar Keselamatan Kebangsaan)	Competency
Company Security Officer Training	Competency
Working at Height – How to Comply with Regulation	Competency

We also undertook the following in-house HSE training session over the course of FY2018:

- Hydrogen Sulphide (H₂S) Safety Awareness Training
- Working at Height Safety Awareness Training
- Emergency Response Team Development Training
- Electrical Safety Training
- Lifting Safety Training

Succession Planning

As part of the Group's succession planning process, we expose our staff to a variety of business practices to prepare them to take on important roles either at our offices or projects. By ensuring second-in-liners are in place with the requisite skills and competencies to take over specific roles and responsibilities, we are ensuring that there will always be a successor for each designated position.

SUSTAINABILITY STATEMENT (CONT'D)

We have also introduced a Management Trainee Programme whereby fresh graduates with Engineering backgrounds take part in a two-year programme to understand the entire engineering process within the oil & gas industry. These trainees will then go on to take up engineering positions either with the Project Management Team or other departments. Since 2010, a total of 15 management trainees have undergone training with the Group.

Enriching/Communities

As the Group pursues its agenda of sustainability, we continue to fulfil our role as a responsible corporate citizen by undertaking corporate social responsibility (“CSR”) initiatives that aim to enrich communities. Our CSR efforts to date have made a tangible impact on schools, children, orphanages and the less fortunate in society.

In the year under review, the Group’s community-based CSR efforts included the following:

Our CSR efforts also involved small donations to a number of community suraus including Surau Kajang, Surau Al-Mustaqim Damansara and Surau Bt Jelutong. We also supported the following religious establishments:



We gifted the Quran in Braille for a special education programme for blind students from Sekolah Kebangsaan (“SK”) Kelang in October 2017.



We also donated 10 desktop personal computers to the Parent-Teacher Association of SRK Gombak 1 in December 2017.



We spread cheer among 45 orphans from Rumah Perlindungan Al-Nasuha when we presented *baju raya* to them at the Giant Hypermarket in Gombak in June 2018.



We contributed microfibre jerseys to students of Kolej Yayasan Saad Melaka for their sports day in August 2018.

SUSTAINABILITY STATEMENT (CONT'D)

Carimin will continue to play its part in enriching communities by extending support to orphanages, homes and schools (especially those for less fortunate students).



We made a donation to Surau Al-Jannah Batu Caves.



A donation was also made to Surau Nurul Iman for its Iftar Ramadhan programme.



We contributed funds to Mahad Tahfiz Tahfizul Dengkil.



A donation went towards Surau Al-Ikhlas SRK Gombak (1).



A donation was also made to Mahad Tahfiz Pengkalan Damar Kuantan.

STRENGTHENING OUR SUSTAINABILITY AGENDA

Carimin's Sustainability Committee which has an oversight of the Group's sustainability agenda, is aware of the need to proactively embed the agenda of sustainability into our business strategies and operations. The Committee remains committed to planning, implementing and reviewing sustainability measures so that they are firmly entrenched within our people's mindsets and corporate culture.

The Group's objective is to deliver a sustainable EES performance by balancing out its Economic performance with responsible Environmental and Social considerations for the long-term. As we set our sights on meeting this objective, the Carimin Group will endeavour to deliver true and sustainable value as well as nurture relationships with our diverse stakeholders for the long-term.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Carimin Petroleum Berhad (“Carimin” or “the Company”) recognises the importance of good corporate governance practices and 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 (“MCCG”).

The establishment, implementation and practice of the Principles and Recommendations of MCCG 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.

This Corporate Governance Overview Statement (“the Statement”) should be read together with the Corporate Governance Report 2018 which is available on the Group’s website, www.carimin.com, as well as via an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board’s Leadership on Objective and Goals

1.1 Strategic Aims, Values and Standards

The Board collectively leads and is responsible for the overall 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 the 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 as well maximizing 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.

To ensure the effective discharge of the Board’s functions and responsibilities, the Board delegates the day-to-day management of the Group’s business to the Management. The Managing Director (“MD”) is responsible for the implementation of the Board’s decisions, and the day-to-day operations of the Group’s business and operational efficiency. Non-Executive Directors play a vital check and balance role by challenging and scrutinising the Senior Management’s recommendations and proposals in an objective manner and bringing independent judgment to the decision making process at the Board and Board Committee levels.

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 calibre, 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.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

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

- a. Audit Committee
- b. Nomination Committee
- c. Remuneration Committee
- d. Risk Management Committee

(collectively referred to as "Board Committees")

The Board Committees' Terms of Reference can be assessed via the Company's website, www.carimin.com.

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.

1.2 The Chairman and MD

The positions of the Chairman and MD are distinct and separate to ensure there is a balance of power and authority. The Chairman of the Board, Tan Sri Dato' Kamaruzzaman Bin Shariff who is a Non-Independent Non-Executive Chairman, whereas the MD is En. Mokhtar Bin Hashim.

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.

1.3 Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary. Our Company Secretary is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

The Company Secretary plays an advisory role in supporting the Board and Board Committees on issues relating to complying with laws, rules, procedures and regulations affecting the Company, particularly Companies Act 2016, Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), MCGG, Company's Constitution and Board Charter.

The Company Secretary manages the logistics of all Board, Board Committees and general meetings. She ensures minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings, including whether any Director abstained from voting or deliberating on a particular matter.

During the financial year under review, all Board and Committees meetings were properly convened and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for dealings in the Company's shares.

Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

1.4 Access to Information and Advice

The Board understands that the decision making process is highly dependent on the quality and timing of information being furnished. The Board members have full and unrestricted access to all information concerning the Group's affairs as below:-

- a. 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.
- b. 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.
- c. The Audit Committee ("AC") meets with the Management, Internal Auditors and External Auditors regularly to review their audit plans and reports, and obtain updates and observations on internal control system and financial reporting matters.
- d. The Board and/or Board Committees meeting papers are prepared and circulated to the Directors and/or Board Committees at least five (5) days before the Board and Board Committee meetings.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board also reviewed and approved the amendments to the Board Charter and the Code of Ethics and Conduct ("the Code") for the Group to be in line with the practices in the MCCG. The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities.

A copy of the Board Charter is available on the Company's website at www.carimin.com.

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct

The Board has adopted the Code which is incorporated in the Board Charter of the Company. The Directors continue to observe the Code based on the code of conduct expected of directors of companies as set out in the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, and ensure implementation of corporate accountability standards to support and promote an ethical corporate environment and ensure the compliance of the Code.

The Board will periodically review and assess the adequacy of the Code, and make such amendments to the Code as the Board may deem appropriate. The Code is available on the Company's website at www.carimin.com.

3.2 Whistle Blowing Policy

The Board has put in place a Whistle Blowing Policy to provide the appropriate communication and feedback channels to facilitate whistle blowing, as well as to guide and address any reports of wrongdoing under the Code of Conduct and Ethics, including communication through the Company's website. The Whistle Blowing Policy, which is published on the Company's website, sets out the processes for employees or members of the public to report genuine concerns about illegal, unethical or questionable practices in confidence and without the risk or reprisal.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – BOARD COMPOSITION

4. Board's Objectivity

4.1 Composition of 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. The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Board currently has seven (7) members as set out in the table below:-

Name of Board Members	Designation
Tan Sri Dato' Kamaruzzaman Bin Shariff, Chairman	Non-Independent Non-Executive Chairman
Mokhtar Bin Hashim, Member	MD
Shatar Bin Abdul Hamid, Member	Executive Director
Lim Yew Hoe, Member	Executive Director
Yip Jian Lee, Member	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 Company fulfils the requirement of the Board comprising at least one-third (1/3) Independent Directors as stipulated under Paragraph 15.02 of the Listing Requirements of Bursa Securities.

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

- Construction, Hook-up & commissioning, topside major maintenance ("CHUCTMM") Division;
- Marine Division;
- Civil Engineering Division; and
- Project services, Corporate Finance & Financial Reporting and Human Resource & Administration

4.2 Tenure of Independent Directors

The MCGG recommends that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his independence and objective judgment in Board deliberations shall not be a function of his length of service as an Independent Director.

However, if the Board intends to retain a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at a general meeting.

During the financial period under review, none of our Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

4.3 New Appointment to the Board

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee ("NC") scrutinises the candidates and recommends the same for the Board's approval. In discharging this duty, the NC 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 commitments that the candidate shall bring to complement the Board.

In searching suitable candidates, the NC may receive suggestions from existing Board members, Management and major shareholders. The NC is also open to referrals from external sources available or independent search firms.

All Board members shall notify the Chairman of the Board before accepting any new directorship 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.

In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being, or if their number is not multiple of three (3), the number nearest to one-third (1/3), shall retire at the Annual General Meeting ("AGM"), and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years.

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.

4.4 Diverse Board and Senior Management Team

The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, ethnicity throughout the organisation.

Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age, integrity and cultural background. Please refer to the Profiles of Directors and Key Senior Management as disclosed in this Annual Report for further information.

4.5 Gender Diversity

The Board recognises that gender diversity and equitable representation at Board and Senior Management level are essential element of good governance, and is a critical attribute of a well-functioning board and maintaining a competitive advantage. It enhances decision-making capability and a diverse Board is more effective in dealing with organisational changes.

The Company takes cognisance of the best practices recommended under the MCCG to have at least thirty percent (30%) female Directors.

In line with the MCCG and in view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board level. The objectives/principles and measures as set out in our Gender Diversity Policy are summarised below:

Objectives/Principles

- a. The Company acknowledges the importance to promote gender diversity at Board level and will actively work towards having more female Directors on the Board. To avoid any mismatch and ineffective appointment of the female Directors, the Company does not set any specific target for female Directors in this policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- b. In assessing the Board composition and Board effectiveness, the Board shall accord due consideration to gender diversity, required mix of skills, experience, independence and other qualities, including core competencies, commitment, integrity and/or other commitments to the Board.

Measures

To pursue the objectives of gender diversity, the Board will take into consideration the following measures:-

- a. The NC and the Board shall nominate or appoint a gender diverse Board with a broad spectrum of perspectives, including but not limited to education background, age, ethnicity, skills, knowledge, expertise, experience, competencies, integrity and/or other commitments that the candidate will bring to complement the Board.
- b. The NC is responsible in ensuring that gender diversity objective is adopted in the Board recruitment and succession planning processes.
- c. The Company shall adopt a more accommodating boardroom culture and environment that is free from discriminations to attract and retain female participation at the Board level.
- d. The Company will undertake the following strategies to promote its gender diversity at Board level:-
- recruiting from a diverse pool of candidates for female Directors;
 - reviewing succession plans to ensure an appropriate focus on gender diversity;
 - identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity; and
 - any other strategies the Board may develop from time to time.

The Board will review the Gender Diversity Policy from time to time to ensure that the policy remains relevant and viable to meet its objectives.

4.6 Nomination Committee

The NC 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 Terms of Reference of the NC is published on the Company's website at www.carimin.com.

The NC meets as and when required. The NC met once in the financial year ended 30 June 2018 ("FYE 2018") and the activities undertaken by the Committee were as follows:

- a. Conducted an annual assessment of the effectiveness of the Board and Board Committees as a whole in respect of the financial year ended 30 June 2017;
- b. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- c. Reviewed and assessed the term of office and performance of the Audit Committee and each of its members for the financial year ended 30 June 2017;
- d. Reviewed and assessed the independence of each Independent Director; and
- e. Reviewed and recommended to the Board, the re-election of the Directors who were due for re-election by rotation at the Fifth AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

4.7 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2018, the Board met five (5) times where they deliberated and approved various reports and issues, including quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed on the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

The number of meetings held and attended by each members of the Board and the Board Committees during the FYE 2018 are as follows:-

Type of Meetings	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
No. of Meetings Held	5	5	1	1	2
Name of Directors	No. of Meetings Attended				
Tan Sri Dato' Kamaruzzaman Bin Shariff	5	–	1	–	–
Mokhtar Bin Hashim ¹	5	–	–	1	2
Shatar Bin Abdul Hamid ²	5	–	–	–	2
Lim Yew Hoe	5	–	–	–	2
Yip Jian Lee	5	5	1	1	–
Mohd Rizal Bahari Bin Md Noor ³	5	5	1	–	–
Wan Muhamad Hatta Bin Wan Mos ⁴	5	5	–	–	2
Dato' Ir. Mohamad Razali Bin Othman ⁵	3	–	–	1	1

Note:

¹ En. Mokhtar Bin Hashim ceased to be a member of the Remuneration Committee on 22 October 2018.

² En. Shatar Bin Abdul Hamid ceased to be a member of the Risk Management Committee on 22 October 2018.

³ En. Mohd Rizal Bahari Bin Md Noor was appointed as the member of the Risk Management Committee on 22 October 2018.

⁴ En. Wan Muhamad Hatta Bin Wan Mos was appointed as the member of Remuneration Committee on 22 October 2018.

⁵ Dato' Ir. Mohamad Razali Bin Othman has resigned as the member of the board on 5 December 2017.

To facilitate the Directors' time planning, the meetings calendar was prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the AGM. The closed periods for dealings in securities by Directors and Principal Officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

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 meetings, all members are provided with the agenda and meeting papers containing information relevant to the business of the meeting, typically at least five (5) 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 meeting papers provide sufficient details of matters to be deliberated during the meeting which includes information on 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Notice of Board meetings are sent to the Directors via email at least seven (7) days prior to the dates of meetings.

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.

4.8 Directors' Trainings

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.

During the FYE 2018, the Directors have attended the training programmes, seminars and conferences as follows:-

Name of Directors	Programmes / Seminars attended
Tan Sri Dato' Kamaruzzaman Bin Shariff	<ul style="list-style-type: none"> • Updates on MCGG 2017 released by Securities Commission Malaysia
Mokhtar Bin Hashim	<ul style="list-style-type: none"> • Sustainability Engagement Series by Bursa Securities • Capital Market Conference 2017 by Bursa Securities • Workshop on Driving Financial Integrity and Performance – Enhancing • Financial Literacy for Audit Committee by Axcelasia Columbus Sdn. Bhd. • Updates on MCGG 2017 released by Securities Commission Malaysia
Shatar Bin Abdul Hamid	<ul style="list-style-type: none"> • Updates on MCGG 2017 released by Securities Commission Malaysia
Lim Yew Hoe	<ul style="list-style-type: none"> • Capital Market Conference 2017 by Bursa Securities • Ambank Bizconference by Ambank (M) Bhd • Updates on MCGG 2017 released by Securities Commission Malaysia
Yip Jian Lee	<ul style="list-style-type: none"> • Managing Cyber Risks in Financial Institutions • ERM & Compliance, Structure & Functions • Updates on MCGG 2017 released by Securities Commission Malaysia
Mohd Rizal Bahari Bin Md Noor	<ul style="list-style-type: none"> • Updates on MCGG 2017 released by Securities Commission Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Name of Directors	Programmes / Seminars attended
Wan Muhamad Hatta Bin Wan Mos	<ul style="list-style-type: none"> Workshop on Driving Financial Integrity and Performance – Enhancing Financial Literacy for Audit Committee by Axcelasia Columbus Sdn. Bhd. Integrating an Innovation Mindset with Effective Governance by MINDA CG Breakfast Series for Directors - Leading Change @ The Brain by ICLIF Updates on MCCG 2017 released by Securities Commission Malaysia

PART III – REMUNERATION

5. Level and Composition of Remuneration

5.1 Remuneration Committee (“RC”)

The RC of the Company is principally responsible for assessing and reviewing the remuneration policy and packages for the Directors of the Company. The RC also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently recommending to the Board for adoption.

The RC comprise of the following members:-

Name of Committee Members	Designation
Yip Jian Lee, Chairperson	Independent Non-Executive Director
Wan Muhamad Hatta Bin Wan Mos, Member	Independent Non-Executive Director

5.2 Remuneration Policy

The Board has established a formal remuneration policy as a guide for the Board and the RC to determine the remuneration of Directors and Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is made available on the Company’s website at www.carimin.com.

The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors with the desirable qualities to manage the business of the Group.

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

The tables below set out the main components and structure of the remuneration packages of Directors and Senior Management of the Company:-

(I) Remuneration structure for the Senior Management and/or Directors who hold an Executive role in the Company

Component to pay	Particulars
Base Salary	A fixed salary will be paid for performing the scope of duties and responsibilities and will be reviewed based on the individual performance and achievements of the Company/the Group and comparable market rate within the industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Component to pay	Particulars
Bonus / Incentive	Annual bonus/incentive will be paid to reward, retain and motivate the individual and will be depend on the performance of the Company/the Group and the personal contribution of the individual to the achievement of those results.
Other Benefits	Other benefits which include contribution of EPF, SOCSO, medical fees, medical or health insurance, motor vehicle, driver, handphone, commission, travelling and entertainment claims, amongst others, will be provided based on the Group's human resource policy in the context of market practices from time to time.

II) Remuneration structure for the Directors who hold a Non-Executive role in the Company:-

Component to pay	Particulars
Fees	A fixed retainer sum will be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors : <ul style="list-style-type: none"> • On par with the rest of the market; • Reflect the qualifications and contribution required in view of the Group's complexity; • The extent of the duty and responsibilities; and • The number of Board meetings and Board Committees' meetings
Meeting allowance and other benefits	A reasonable fixed meeting allowance will be paid on per trip basis with the condition that attendance is a prerequisite for such remittance. Other benefits which include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him as a Director of the Company.

The Remuneration Policy is guided by the following key principles in remunerating the Directors of the Company:-

- a. fees payable for Directors who hold non-executive role in the Company shall be paid by a fixed sum and not by commission on or percentage of profits or turnover;
- b. fees and/or benefits (including meeting allowance) payable to Directors are subject to annual shareholders' approval at a general meeting, where notice of the proposed fees and/or benefits has been given in the notice convening the meeting;
- c. fees payable to an alternate Director (if any) shall be agreed upon between himself and the Director nominating him and shall be paid out of their remuneration of the latter; and
- d. salaries and other emoluments payable to Directors who hold executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

The Board will review this policy from time to time and make any necessary amendments to ensure that it remains consistent with the Board's objectives, current law and practices.

5.3 Details of Remuneration of the Directors and Senior Management

The Directors' fees and/or benefits payable to Non-Executive Directors of the Company are subject to the approval of shareholders of the Company. The remuneration of the Directors of the Company and the Group for the FYE 2018 are as follows:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Company

Name of Directors	Fees RM	Salaries RM	Benefit in Kind RM	Meeting Allowance RM	Bonus RM	Others RM	Total RM
Tan Sri Dato' Kamaruzzaman							
Bin Shariff	72,000	–	–	5,300	–	–	77,300
Yip Jian Lee	48,000	–	–	4,600	–	–	52,600
Mohd Rizal Bahari							
Bin Md Noor	42,000	–	–	4,300	–	–	46,300
Wan Muhammad							
Hatta Bin Wan Mos	42,000	–	–	4,600	–	–	46,600
Dato' Ir. Mohamad Razali Bin Othman (Resigned on 5 December 2017)	60,065	–	–	2,100	–	–	62,165
TOTAL	264,065	–	–	20,900	–	–	284,965

The Group

Name of Directors	Fees RM	Salaries RM	Benefit in Kind RM	Meeting Allowance RM	Bonus RM	Others RM	Total RM
Tan Sri Dato' Kamaruzzaman							
Bin Shariff	72,000	–	–	5,300	–	–	77,300
Yip Jian Lee	48,000	–	–	4,600	–	–	52,600
Mohd Rizal Bahari							
Bin Md Noor	42,000	–	–	4,300	–	–	46,300
Wan Muhammad							
Hatta Bin Wan Mos	42,000	–	–	4,600	–	–	46,600
Mokhtar Bin Hashim	–	673,806	25,000	–	8,400	–	707,206
Shatar Abd Hamid	–	372,000	15,000	–	4,650	24,000	415,650
Lim Yew Hoe	–	156,000	–	–	–	12,000	168,000
Dato' Ir. Mohamad Razali Bin Othman (Resigned on 5 December 2017)	60,065	–	–	2,100	–	–	62,165
TOTAL	264,065	1,201,806	40,000	20,900	13,050	36,000	1,575,821

The details of the remuneration of the top five (5) Senior Management of the Group for the FYE 2018 are as follows:-

Range of Remuneration	No. of Senior Management
Below RM50,000	–
RM150,001 to RM200,000	2
RM200,001 to RM250,000	2
RM250,001 to RM300,000	1
RM350,001 to RM400,000	–
RM500,001 to RM550,000	–

Due to confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board is of the view that the disclosure of the Senior Management’s remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management’s aggregated remuneration on unnamed basis in the bands of RM50,000 is adequate.

PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT

PART I – Audit Committee

6. Effective and Independent Audit Committee

The Audit Committee (“AC”) comprises of three (3) members, all of whom are Non-Executive Directors. The AC is chaired by Pn. Yip Jian Lee, Independent Non-Executive Director who is not a Chairman of the Board.

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

Majority of the AC members are financially literate, whilst the Chairman of the AC is a member of the Malaysian Institute of Accountants. The AC has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of the AC.

A cooling-off period of at least two (2) years will be observed by the AC, in the event of any potential candidate to be appointed as a member of the AC was former key audit partner.

The objectives of the AC are, amongst others, to provide additional assurance to the Board by giving an objective and independent review of the Group’s financial, operational and internal control procedures. The AC is also tasked with reinforcing the independence of the Company’s Internal and External Auditors, thereby ensuring that the auditors have autonomy and independence in their audit process.

Members of the AC and the activities carried out during the financial year under review are as set out in the AC Report in this Annual Report.

The term of office and performance of AC and its members are reviewed by the NC annually to determine whether such AC members have carried out their duties in accordance with the Terms of Reference.

The AC plays a crucial role in assisting the Board to scrutinise the information for disclosure to stakeholders to ensure accuracy, adequacy, validity and timeliness of the financial statements.

The Board has, during the financial period under review, established the Internal and External Auditors Assessment Policy together with an annual assessment form to review, assess and monitor the performance, and independence of the Internal and External Auditors of the Company.

PART II – Risk Management and Internal Control Framework

7. Risk Management and Internal Control Framework

7.1 Effective Risk Management and Internal Control Framework

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Directors are responsible for the Group's system of internal controls. The internal control covers the financial and non-financial aspects including risks assessment. It also encompasses compliance and operational controls, as well as risks management matters. The Group has formalised Standard Operating Procedures ("SOP") and Financial Authority Limit which take into consideration the adequacy and integrity of the system of internal control.

The review and assessment of the Company's internal control and risk management framework are conducted as and when required. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

7.2 Internal Audit Function

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 AC. The Internal Auditors ("IA") are precluded from providing any services that may impair their independence or conflict with their role as IA.

To ensure that the responsibilities of IA are fully discharged, the AC evaluated the performance of the IA for the FYE 2018 upon such evaluation criteria as set out in its Annual Assessment Form ("IA Annual Assessment Form") amongst others, the following were some of the criteria reviewed by the AC:-

- a. Adequacy of resources and experience of the internal audit firm;
- b. Quality processes of the internal audit firm;
- c. Competency of the engagement team;
- d. Governance and independence;
- e. Internal audit fee, scope and planning; and
- f. Internal audit reports and communications

The details of the internal audit function and activities are as set out in the AC Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – Communication with Stakeholders

8. Continuous Communication between the Company and Stakeholders

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. Shareholders will receive regular communication from the Company through the release of quarterly reports to Bursa Securities and annual reports. In addition, the Company will communicate other information to the shareholders by way of press releases or announcement to Bursa Securities as and when necessary.

The Board has put in place a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group's matters to regulators, shareholders and stakeholders.

The Board has also established a dedicated section on the Company's website at www.carimin.com for corporate information on the Company's announcements, financial information, annual reports and quarterly reports which are accessible to public. The website acts as a key communication channel for the Company to reach its shareholders and general public.

The Investor Relations section on the Company website enhances the investor relations function, shareholders and the general public may direct their enquiries by contacting the Company's Investor Relations which is available at the website www.carimin.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – Conduct of General Meetings

9. Encourage Shareholders Participation at General Meetings

The Company dispatched its notice of AGM and related papers to shareholders at least twenty eight (28) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

The AGM serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and matters concerning the Group. During the AGM, the MD also provided shareholders with a brief overview of the Company financial year's performance and operations. Shareholders are encouraged to actively participate in the question and answer session. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications at the meeting.

At the AGM and/or other general meetings, all resolutions put forth for shareholders' approval at the meeting were voted on by poll of which the votes shall be validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

A summary of key matters discussed at the AGM, if any, will be published on the Company's website for the shareholders' information.

It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Company have always been duly and promptly announced to the shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report, corporate announcements to Bursa Securities and press conferences. Further updates of the Company's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, investor relations and the media.

The Company's website www.carimin.com also contains all announcements made to Bursa Securities, as well as the contact details of the designated contact to cater to any queries.

STATEMENT BY THE BOARD

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the financial year ended 30 June 2018.

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to engender trust and confidence amongst stakeholders.

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 the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2018, the Directors have:

- a. applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- b. made judgments 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 of 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 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 controls 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 (2) Independent Non-Executive Directors and one (1) Executive Director 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 2018, 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 2 July 2018.

The abovementioned risk management practice is the 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 Engineering Services Sdn. Bhd. (“CES”) and Carimin Equipment Management Sdn. Bhd. (“CEM”) (Construction Hook up & commissioning, topside major maintenance or “CHUCTMM” Division)	- Project Management and Billing Management (CES); and - Project Assets Management (CEM).
Carimin Marine Services Sdn Bhd (Marine Division)	- Vessel Management; and - Billing Management and Collection.
Carimin Bina Sdn. Bhd.	- Project Tender cycle; - Procurement Management; - Project Management; and - Billing Management and collection.

- (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 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 2018 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.

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

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 2018. 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 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.

This Statement was made in accordance with the resolution of the Board dated on 22 October 2018.

AUDIT COMMITTEE REPORT

OBJECTIVES

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.

COMPOSITION OF AUDIT COMMITTEE

The composition 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 Company has complied with Paragraph 15.09 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which required all members of the Audit Committee to be Non-Executive Directors with a majority of them being Independent Directors.

The Terms of Reference of the Audit Committee is available for reference on the Company’s website at www.carimin.com.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

During the financial year under review, the Audit Committee convened five (5) meetings and the attendance of the members of the Audit Committee is set out as follows: -

Committee Members	No. of meetings attended
Yip Jian Lee, Chairperson	5 of 5
Mohd Rizal Bahari Bin Md Noor, Member	5 of 5
Wan Muhamad Hatta Bin Wan Mos, Member	5 of 5

The following is a summary of the main works carried out by the Audit Committee during the financial year ended 30 June 2018: -

- i. Reviewed the Group’s unaudited 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 with the External Auditors on the results and issues arising from their audit of the financial year and statements and their resolutions of such issues highlighted in their report to the Audit Committee;
- 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;

AUDIT COMMITTEE REPORT (CONT'D)

- iv. Considered and recommended the re-appointment of Messrs. Crowe Malaysia as External Auditors and their audit fees of the Company and its subsidiaries to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit;
- v. Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendation to the Board for inclusion in the Annual Report;
- vi. 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; and
- vii. Self-appraised the performance of the Audit Committee for the financial year ended 30 June 2017 and submit the evaluation to the Nomination Committee for assessment.

INTERNAL AUDIT FUNCTION

Internal audit function of the Group is outsourced to Axcelasia Columbus Sdn. Bhd. ("Axcelasia" or "the Internal Auditors"), an independent consulting firm, to carry out internal audit services for the Group. Internal audit reports and follow up review reports are presented, together with Management's response and proposed action plans to the Committee on a quarterly basis.

The Internal Auditors undertake internal audit functions based on the operational, compliance and risk-based audit plan approved by the Audit Committee. The risk-based audit plans cover the review of the key operational and financial activities including the efficacy of risk management practices, efficiency and effectiveness of operational controls and compliance with relevant laws and regulations. Scheduled audits are carried out on various subsidiaries of the Company in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

The fee incurred during the financial year in relation to the internal audit function is RM90,000.

The summary of works of the internal audit function is as disclosed in the Statement of Risk Management and Internal Control.

The internal audits conducted did not reveal any weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 10 November 2014, the entire enlarged issued share capital of the Company comprising 233,898,000 ordinary shares of RM0.50 each was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The gross proceeds from the Public Issue of 60,700,000 new ordinary shares of RM0.50 at an issue price of RM1.10 per ordinary share ("IPO") on 10 November 2014 amounted to RM66.77 million and the status of the utilisation of the proceeds raised as at 30 June 2018 is as follows:-

Details of utilization	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000	Time Frame for utilisation
Purchase of offshore support vessel	35,320	35,320	–	
Development of minor fabrication yard	12,000	1,722	10,278	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	56,492	10,278	

AUDIT FEES

The fees incurred for services rendered by the External Auditors during the financial year ended 30 June 2018 are as below:-

Description	Audit Fee (RM)	Non Audit Fee (RM)	Total (RM)
The Company	43,000	15,000	58,000
The Group	205,000	15,000	220,000

MATERIAL CONTRACTS

There were no material contracts entered by the Company and its subsidiaries involving Directors and major shareholders' interest during the financial year ended 30 June 2018.

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 2018.

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)/Profit after taxation for the financial year	(25,418)	726
Attributable to:-		
Owners of the Company	(25,388)	726
Non-controlling interests	(30)	–
	(25,418)	726

DIVIDENDS

No dividend was recommended by the directors for the 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.

DIRECTORS' REPORT (CONT'D)

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 their 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.

DIRECTORS' REPORT (CONT'D)

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.

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 and up to the date of this report are as follows:-

Tan Sri Dato' Kamaruzzaman Bin Shariff
Mokhtar Bin Hashim
Lim Yew Hoe
Mohd Rizal Bahari Bin Md Noor
Shatar Bin Abdul Hamid
Wan Muhamad Hatta Bin Wan Mos
Yip Jian Lee
Dato' IR. Mohamad Razali Bin Othman (Resigned on 5 December 2017)

The names of directors of the Company's subsidiaries who served during the financial year and up to 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
Sh Mohd Firdaus Bin Sh Mohmed Puzi
IR. Dr. Mohd Asbi Bin Othman
Wan Hamdan Bin Wan Embong

DIRECTORS' REPORT (CONT'D)

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 30.6.2018
	At 1.7.2017	Bought	Sold	
The Company				
<i>Direct Interests</i>				
Tan Sri Dato' Kamaruzzaman Bin Shariff	7,050,000	950,000	–	8,000,000
Mokhtar Bin Hashim	58,873,234	–	–	58,873,234
Lim Yew Hoe	5,816,400	1,301,900	–	7,118,300
Mohd Rizal Bahari Bin Md Noor	50,000	–	–	50,000
Shatar Bin Abdul Hamid	9,118,138	–	–	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 38(b) 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 36 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM5,000,000 and RM10,450 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.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 29 to the financial statements.

Signed in accordance with a resolution of the directors dated 22 October 2018.

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 68 to 139 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 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 22 October 2018.

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, 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 68 to 139 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Mokhtar Bin Hashim, NRIC Number: 590515-10-6481
at Kuala Lumpur
in the Federal Territory
on this 22 October 2018.

Mokhtar Bin Hashim

Before me

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARIMIN PETROLEUM BERHAD (CONT'D)

(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 2018 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 68 to 139.

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 2018, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARIMIN PETROLEUM BERHAD (CONT'D)

(Incorporated in Malaysia) Company No: 908388 - K

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 Refer to Note 11 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.	<ul style="list-style-type: none"> • Our audit procedures include, amongst others:- - 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; - Reviewing major contracts and identifying its distinct performance obligations; and - Reviewing the reasonableness and basis of estimation of the contract works awarded and comparing to actual costs incurred to-date reflects each performance obligation.

Impairment on property, plant and equipment Refer to Note 6 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 30 June 2018, the carrying value of vessels recorded in the Group's statement of financial position amounted to approximately RM108.71 million. The Group's main customers are from oil and gas companies involved in upstream exploration activities. Crude oil prices in 2018 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.</p> <p>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.</p> <p>We focused on this area as the valuations are highly subjective and based on non-observable market data.</p>	<ul style="list-style-type: none"> • Our audit procedures include, amongst others:- - 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; - Assessing the accuracy and relevance of key input data (age 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 - Reviewing the adequacy of disclosures in the financial statements.

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 a 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.
- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARIMIN PETROLEUM BERHAD (CONT'D)

(Incorporated in Malaysia) Company No: 908388 - K

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

- 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 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 Malaysia
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

22 October 2018

Ung Voon Huay
Approval No: 03233/09/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	83,289	83,289
Property, plant and equipment	6	117,308	138,255	–	–
Investment in joint venture	7	4,443	5,170	–	–
Other investments	8	50	50	–	–
		121,801	143,475	83,289	83,289
CURRENT ASSETS					
Trade receivables	9	20,135	19,864	–	–
Other receivables, deposits and prepayments	10	3,316	2,102	30	51
Contract assets	11	30,196	13,180	–	–
Amount owing by subsidiaries	12	–	–	45,352	43,163
Amount owing by joint venture	13	2,130	2,580	–	–
Tax recoverable		3,367	4,319	–	–
Short-term investments	14	25,543	36,655	23,707	24,530
Fixed deposits with licensed banks	15	25,146	33,849	–	–
Cash and bank balances		9,232	10,560	528	1,233
		119,065	123,109	69,617	68,977
TOTAL ASSETS		240,866	266,584	152,906	152,266

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2018 (CONT'D)

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	149,385	116,939	149,368	116,939
Share premium		–	32,429	–	32,429
Merger deficit	17	(80,802)	(80,802)	–	–
Retained profits		64,854	90,242	3,266	2,540
Capital reserve		–	17	–	–
Fair value reserve	18	4	(4)	4	(5)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		133,441	158,821	152,638	151,903
NON-CONTROLLING INTERESTS	5	1,285	1,315	–	–
TOTAL EQUITY		134,726	160,136	152,638	151,903
NON-CURRENT LIABILITIES					
Long-term borrowings	19	51,123	64,809	–	–
Deferred tax liabilities	20	–	–	–	–
		51,123	64,809	–	–
CURRENT LIABILITIES					
Trade payables	23	19,953	11,942	–	–
Other payables and accruals	24	21,099	12,788	268	335
Provision for taxation		–	736	–	28
Short-term borrowings	25	13,965	16,173	–	–
		55,017	41,639	268	363
TOTAL LIABILITIES		106,140	106,448	268	363
TOTAL EQUITY AND LIABILITIES		240,866	266,584	152,906	152,266

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
REVENUE	26	141,304	115,579	–	–
COST OF SALES	27	(134,132)	(103,013)	–	–
GROSS PROFIT		7,172	12,566	–	–
OTHER INCOME	28	3,170	3,105	1,327	992
		10,342	15,671	1,327	992
ADMINISTRATIVE EXPENSES	29	(10,235)	(9,515)	(575)	(702)
OTHER EXPENSES	30	(18,062)	(3,282)	–	(9,938)
FINANCE COSTS	31	(5,450)	(6,492)	–	–
SHARE OF RESULTS IN JOINT VENTURE, NET OF TAX		(1,047)	102	–	–
(LOSS)/PROFIT BEFORE TAXATION		(24,452)	(3,516)	752	(9,648)
INCOME TAX EXPENSE	32	(966)	(177)	(26)	(206)
(LOSS)/PROFIT AFTER TAXATION		(25,418)	(3,693)	726	(9,854)
OTHER COMPREHENSIVE INCOME					
<u>Items that May be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Fair value changes for available-for-sale financial assets		8	(6)	9	(3)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(25,410)	(3,699)	735	(9,857)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(LOSS)/PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		(25,388)	(4,263)	726	(9,854)
Non-controlling interests		(30)	570	–	–
		<u>(25,418)</u>	<u>(3,693)</u>	<u>726</u>	<u>(9,854)</u>
 TOTAL COMPREHENSIVE (EXPENSES)/INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		(25,380)	(4,269)	735	(9,857)
Non-controlling interests		(30)	570	–	–
		<u>(25,410)</u>	<u>(3,699)</u>	<u>735</u>	<u>(9,857)</u>
 LOSS PER SHARE (SEN)					
- Basic	33	(10.86)	(1.82)		
- Diluted	33	(10.86)	(1.82)		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Attributable to Owners of the Company					Non-controlling Interests	Total Equity					
		Share Capital	Share Premium	Merger Deficit	Capital Reserve	Fair Value Reserve			Retained Profits	RM'000	RM'000	RM'000	RM'000
The Group													
Balance at 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:-		–	–	–	–	(6)	–	(6)	–	–	–	(6)	
- Fair value changes of available-for-sale financial assets		–	–	–	–	–	–	–	–	–	–	–	
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	35.1	–	–	–	–	–	–	–	–	–	568	568	
- Issuance of shares in a subsidiary to non-controlling interests		–	–	–	–	–	–	–	–	–	200	200	
Changes in a subsidiary's ownership interests that do not result in a loss of control	35.2	–	–	–	–	–	–	–	–	–	768	768	
Total transactions with owners		–	–	–	–	–	23	23	–	–	(23)	–	
Balance at 30.6.2017		116,939	32,429	(80,802)	17	(4)	90,242	158,821	745	1,315	160,136		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

	Note	Share Capital		Share Premium	Merger Deficit	Capital Reserve	Fair Value Reserve	Retained Profits	Attributable to Owners of the Company		Non-controlling Interests	Total Equity
		RM'000	RM'000						RM'000	RM'000		
The Group												
Balance at 30.6.2017/1.7.2017		116,939	32,429	–	(80,802)	17	(4)	90,242	158,821	1,315	160,136	
Loss after taxation for the financial year		–	–	–	–	–	–	(25,388)	(25,388)	(30)	(25,418)	
Other comprehensive income for the financial year:-												
- Fair value changes of available-for-sale financial assets		–	–	–	–	–	8	–	8	–	8	
Total comprehensive expenses for the financial year		–	–	–	–	–	8	(25,388)	(25,380)	(30)	(25,410)	
Contributions by and distributions to owners of the Company:-												
- Transfer to share capital upon implementation of Companies Act 2016	16	32,446	(32,429)	–	–	(17)	–	–	–	–	–	–
Total transactions with owners		32,446	(32,429)	–	–	(17)	–	–	–	–	–	–
Balance at 30.6.2018		149,385	–	–	(80,802)	–	4	64,854	133,441	1,285	134,726	

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

The Company	Note	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.7.2016		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:						
- 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 30.6.2017/1.7.2017		116,939	32,429	(5)	2,540	151,903
Profit after taxation for the financial year		–	–	–	726	726
Other comprehensive income for the financial year:						
- Fair value changes of available-for-sale financial assets		–	–	9	–	9
Total comprehensive income for the financial year		–	–	9	726	735
Contributions by and distributions to owners of the Company:-						
- Transfer to share capital upon implementation of Companies Act 2016	16	32,429	(32,429)	–	–	–
Total transactions with owners		32,429	(32,429)	–	–	–
Balance at 30.6.2018		149,368	–	4	3,266	152,638

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(24,452)	(3,516)	752	(9,648)
Adjustments for:-				
Depreciation of property, plant and equipment	7,011	7,163	-	-
Gain on disposal of property, plant and equipment	-	(52)	-	-
Impairment loss:-				
- investments in subsidiaries	-	-	-	9,938
- property, plant and equipment	14,382	2,086	-	-
- trade receivables	2,668	444	-	-
Interest income	(2,189)	(2,175)	(967)	(427)
Interest expense	5,450	6,498	-	-
Bargain purchase from business combination	-	(15)	-	-
Bargain purchase from joint venture	(220)	-	-	-
Reversal of impairment loss on trade receivables	(641)	(74)	-	-
Property, plant and equipment written off	2	-	-	-
Share of results in joint venture	1,047	(102)	-	-
Unrealised loss/(gain) on foreign exchange	190	(690)	-	-
Operating profit/(loss) before working capital changes	3,248	9,567	(215)	(137)
(Increase)/Decrease in contract assets	(17,016)	5,415	-	-
(Increase)/Decrease in trade and other receivables	(3,512)	(55)	21	(27)
Increase/(Decrease) in trade and other payables	16,322	3,845	(67)	(20)
CASH (FOR)/FROM OPERATIONS	(958)	18,772	(261)	(184)
Interest paid	(5,450)	(6,498)	-	-
Tax refund	-	50	-	-
Tax paid	(750)	(2,022)	(55)	(185)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(7,158)	10,302	(316)	(369)

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
BALANCE BROUGHT FORWARD		(7,158)	10,302	(316)	(369)
CASH FLOWS FROM/(FOR)					
INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	35.1	–	(128)	–	(838)
Additional investment in a subsidiary		–	–	–	(300)
Additional investment in joint venture		(100)	–	–	–
Interest received		2,189	2,175	967	427
Purchase of property, plant and equipment	34(a)	(448)	(699)	–	–
Proceeds from disposal of property, plant and equipment		–	52	–	–
Repayment from joint venture		450	–	–	–
(Advances) to/Repayment from subsidiaries		–	–	(2,179)	24,917
NET CASH FROM/(FOR) INVESTING ACTIVITIES		2,091	1,400	(1,212)	24,206
CASH FLOWS FOR					
FINANCING ACTIVITIES					
Additional investment in a non-controlling interests		–	200	–	–
Decrease/(Increase) in placement of pledged deposits		2,803	(8,247)	–	–
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	35.2	–	*	–	–
Repayment to subsidiaries		–	–	–	(420)
Repayment of term loans		(15,697)	(13,139)	–	–
Repayment of hire purchase obligations		(197)	(393)	–	–
NET CASH FOR FINANCING ACTIVITIES		(13,091)	(21,579)	–	(420)
BALANCE CARRIED FORWARD		(18,158)	(9,877)	(1,528)	23,417

* - RM4

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
BALANCE BROUGHT FORWARD/ NET(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(18,158)	(9,877)	(1,528)	23,417
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(182)	684	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		53,115	62,308	25,763	2,346
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(c)	34,775	53,115	24,235	25,763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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)
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : B-1-6, Block B, Megan Avenue 1,
189 Jalan Tun Razak,
50400 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 October 2018.

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 standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (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 9: Prepayment Features with Negative Compensation	1 January 2019
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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 Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (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 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 July 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 The adoption of the above accounting standards and/or interpretations (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 (Cont'd):-

(a) MFRS 9 Financial Instruments (Cont'd)

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

(b) MFRS 16 Leases

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 is currently assessing the financial impact that may arise from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed 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. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(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.

(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) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(e) 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. The carrying amount of available-for-sale equity investments as at the reporting date is disclosed in Notes 8 and 14 to the financial statements.

(f) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, 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. The carrying amount of trade receivables as at the reporting date is disclosed in Note 9 to the financial statements.

(g) 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 period in which such determination is made. The carrying amount of current tax assets as at the reporting date is RM3,367,275 (2017 - RM4,318,780).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) 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.

(b) 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.

(c) 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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 2018. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 JOINT ARRANGEMENTS (CONT'D)

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 remeasured 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 not depreciated. 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%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

(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.

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) Finance 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 FINANCE LEASED ASSETS (CONT'D)

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.11 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 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 discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.13 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 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.

4.20 REVENUE AND OTHER INCOME

(a) Revenue from Contracts with Customers

Revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Company 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 Company and its customer have approved the contract and intend to perform their respective obligations, the Company'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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 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;
- the 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 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	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	93,227	93,227
Accumulated impairment losses	(9,938)	(9,938)
	83,289	83,289

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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
		2018	2017	
		%	%	
Carimin Sdn. Bhd.	Malaysia	100	100	Providing manpower supply services.
Carimin Engineering Services Sdn. Bhd.	Malaysia	100	100	Construction, offshore hook up and commissioning and topside major 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	60	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	60	General contracting work and geotechnical engineering.

Interest held by Carimin Marine Services Sdn. Bhd.

- (a) 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 loss of RM9,937,650 in the previous financial year representing the write-down 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.
- (b) In the last 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 35.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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	
	2018 %	2017 %	2018 RM'000	2017 RM'000
Carimin Bina Sdn. Bhd.	40	40	1,135	1,148
Carimin Resources Services Sdn. Bhd.	40	40	150	167
			1,285	1,315

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

	Carimin Bina Sdn. Bhd.	
	2018 RM'000	2017 RM'000
<u>At 30 June</u>		
Non-current assets	53	163
Current assets	14,889	20,880
Non-current liabilities	–	(47)
Current liabilities	(12,105)	(18,125)
Net assets	2,837	2,871
<u>Financial Year Ended 30 June</u>		
Revenue	14,906	27,170
Profit for the financial year	(33)	1,449
Total comprehensive income	(33)	1,449
Total comprehensive income attributable to non-controlling interests	(13)	580

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2017 RM'000	Additions (Note 34) RM'000	Written Off (Note 30) RM'000	Depreciation Charges RM'000	Impairment Loss RM'000	At 30.6.2018 RM'000
2018						
Net Book Value						
Freehold land	225	-	-	-	-	225
Leasehold land	285	-	-	(22)	-	263
Buildings	6,659	-	-	(431)	-	6,228
Furniture and fittings	52	5	-	(15)	-	42
Operation tools and equipment	33	84	(2)	(17)	-	98
Office equipment	152	23	-	(45)	-	130
Motor vehicles	717	56	-	(299)	-	474
Renovation	1,329	-	-	(240)	-	1,089
Vessels	128,769	253	-	(5,927)	(14,382)	108,713
Others	34	27	-	(15)	-	46
	138,255	448	(2)	(7,011)	(14,382)	117,308

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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

The Group	At	Additions (Note 34)	Acquisition of A Subsidiary (Note 35)	Reclassification	Depreciation Charges	Impairment Loss	At
	1.7.2016 RM'000						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

Others includes computers and telecommunication equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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
2018				
Freehold land	225	–	–	225
Leasehold land	440	(177)	–	263
Buildings	9,820	(3,592)	–	6,228
Furniture and fittings	595	(553)	–	42
Operation tools and equipment	6,410	(5,853)	(459)	98
Office equipment	734	(479)	(125)	130
Motor vehicles	1,690	(1,216)	–	474
Plant and equipment	923	(507)	(416)	–
Renovation	2,213	(1,094)	(30)	1,089
Vessels	142,291	(17,635)	(15,943)	108,713
Others	1,154	(953)	(155)	46
	166,495	(32,059)	(17,128)	117,308
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	6,329	(5,837)	(459)	33
Office equipment	711	(434)	(125)	152
Motor vehicles	1,634	(917)	–	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
	166,050	(25,049)	(2,746)	138,255

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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

- (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 22 to the financial statements.

	The Group	
	2018 RM'000	2017 RM'000
Buildings	4,651	5,026
Vessels	108,713	128,769
	<u>113,364</u>	<u>133,795</u>

- (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 21 to the financial statements.

	The Group	
	2018 RM'000	2017 RM'000
Motor vehicles	427	717

- (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 RM14,381,644 (2017 - RM2,085,995), 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 30 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.

7. INVESTMENT IN JOINT VENTURE

	The Group	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	1,500	1,400
Share of post-acquisition profits	2,943	3,770
	<u>4,443</u>	<u>5,170</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

7. INVESTMENT IN JOINT VENTURE (CONT'D)

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest held by				Principal Activities
		Company		Subsidiary		
		2018	2017	2018	2017	
Synergy Kenyalang Offshore Sdn. Bhd.* ("SKO")	Malaysia	–	–	15%	14%	Providing chartering of offshore support vessel.

- *Not audited by Messrs. Crowe Malaysia

- (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 2017 to 30 June 2018 respectively.
- (b) On 15 December 2017, Carimin Marine Services Sdn. Bhd. acquired 100,000 ordinary shares representing 1% of the total number of issued shares of SKO from Mega Multiform Investments Limited for a total consideration of RM100,000, thereby increasing the Group's interest in this joint venture from 14% to 15%.

The carrying amount of SKO's net asset at 1% on that date was RM319,778. The Group recognised an increase in the investment in joint venture of RM100,000 and a bargain purchase in other income of RM219,778.

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

	2018 RM'000	2017 RM'000
<u>At 30 June</u>		
Non-current assets	58,067	71,024
Current assets	24,150	31,302
Non-current liabilities	(25,073)	(43,533)
Current liabilities	(26,846)	(21,118)
Net assets	30,298	37,675
<u>Financial year ended 30 June</u>		
Revenue	10,210	11,801
(Loss)/Profit for the financial year	(7,357)	728
Total comprehensive (expenses)/income	(7,357)	728
Group's share of (loss)/profit for the financial year	(1,047)	102
Group's share of other comprehensive income	(1,047)	102
Carrying amount of the Group's interest in this joint venture	4,443	5,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

8. OTHER INVESTMENTS

	The Group	
	2018 RM'000	2017 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	
	2018 RM'000	2017 RM'000
Trade receivables	23,083	20,785
Allowance for impairment losses	(2,948)	(921)
	20,135	19,864

Allowance for impairment losses:-

At 1 July	(921)	(396)
Addition during the financial year (Note 30)	(2,668)	(444)
Reversal during the financial year (Note 28)	641	74
Acquisition of a subsidiary	–	(155)
At 30 June	(2,948)	(921)

The Group's normal trade credit terms range from 30 to 60 (2017 - 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	890	583	20	39
Advances	843	1,007	–	1
Deposits	1,350	382	–	–
Prepayments	233	130	10	11
	3,316	2,102	30	51

Included in other receivables, deposits and prepayments of the Group during the financial year was an amount of RM800,000 (2017 - RM950,000) being advances paid to consultants for the proposed sub contract works for construction and completion of rainwater storage tank (the "Project"). The project was terminated during the year and the advances are recoverable from the consultants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

11. CONTRACT ASSETS

		The Group	
		2018	2017
		RM'000	RM'000
Construction contracts in progress	(a)	23,271	4,242
Assets recognised for costs incurred to fulfil a contract	(b)	6,925	8,938
		30,196	13,180

(a) The amount represents the Group's rights to consideration for construction services rendered but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfilment of contractual milestones.

(b) The amount represents costs incurred to fulfil a contract. This asset is to be recognised over the terms of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

12. AMOUNT OWING BY SUBSIDIARIES

		The Company	
		2018	2017
		RM'000	RM'000
Current			
Non-trade balances		45,352	43,163

The non-trade balances represent unsecured payments made on behalf. The amount owing is repayable on demand and is 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Money market fund, at fair value	25,543	36,655	23,707	24,530
At market value	25,543	36,655	23,707	24,530

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% (2017 - 2.74% to 3.83%) per annum respectively. This investment is designated as available-for-sale financial assets and is measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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 RM25,146,124 (2017 - RM27,948,679) 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 3.20% (2017 - 2.55% to 3.50%) per annum respectively. The fixed deposits have maturity periods ranging from 30 to 365 (2017 - 7 to 365) days.

16. SHARE CAPITAL

The Group	2018	2017	2018	2017
	Number of Shares '000		RM'000	
At 1 July	233,878	233,878	116,939	116,939
Transfer from share premium account	–	–	32,429	–
Capital redemption reserve	–	–	17	–
At 30 June	233,878	233,878	149,385	116,939
The Company				
At 1 July	233,878	233,878	116,939	116,939
Transfer from share premium account	–	–	32,429	–
At 30 June	233,878	233,878	149,368	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) The Company's share premium was transferred to the Company's share capital in the current financial year pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Included in share capital is share premium and capital reserve amounting to RM32,429,276 and RM16,836 respectively that are available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).

17. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

18. 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.

19. LONG-TERM BORROWINGS

	The Group	
	2018	2017
	RM'000	RM'000
Hire purchase payables (Note 21)	133	340
Term loans (Note 22)	50,990	64,469
	51,123	64,809

20. DEFERRED TAX LIABILITIES

The Group	Recognised in		At 30.6.2018 RM'000
	At 1.7.2017 RM'000	Profit or Loss (Note 32) RM'000	
2018			
Deferred Tax Liabilities			
Property, plant and equipment	–	–	–
Other temporary differences	–	–	–
Deferred Tax Assets			
Allowance for impairment losses on trade receivables	–	–	–
Unabsorbed capital allowances	–	–	–
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)	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

21. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2018 RM'000	2017 RM'000
Minimum hire purchase payments:		
- not later than 1 year	214	214
- later than 1 year and not later than 5 years	136	354
	350	568
Less: Future finance charges	(13)	(34)
Present value of hire purchase payables	337	534
<i>Analysed by:-</i>		
Current liabilities (Note 25)	204	194
Non-current liabilities (Note 19)	133	340
	337	534

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.55% to 4.79% (2017 - 3.50% to 4.79%) per annum and are secured by a corporate guarantee of a subsidiary.

22. TERM LOANS (SECURED)

	The Group	
	2018 RM'000	2017 RM'000
Current liabilities (Note 25)	13,761	15,979
Non-current liabilities (Note 19)	50,990	64,469
	64,751	80,448

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	
					2018 RM'000	2017 RM'000
1	108	39,097	1 February 2010	4.40%	486	923
2	120	9,896	1 May 2012	4.60%	445	541
3	120	9,145	1 August 2012	4.45%	419	508
4	120	295,435	1 December 2013	4.80%	16,424	20,499
5	48	85,610	1 November 2014	8.10%	257	1,218
6	78	845,000	31 October 2016	7.75%	46,720	56,759
					64,751	80,448

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

22. TERM LOANS (SECURED) (CONT'D)

The term loans bore effective interest rates ranging from 4.40% to 8.10% (2017 - 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 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.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2017 - 30 to 60) days.

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables	1,095	520	22	33
Accruals	19,987	12,251	246	302
Deposits received	17	17	–	–
	21,099	12,788	268	335

25. SHORT-TERM BORROWINGS

	The Group	
	2018 RM'000	2017 RM'000
Hire purchase payables (Note 21)	204	194
Term loans (Note 22)	13,761	15,979
	13,965	16,173

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

26. REVENUE

	The Group	
	2018 RM'000	2017 RM'000
Manpower services	48,527	26,491
Hook up, construction and commissioning	59,191	53,628
Civil construction	14,906	27,170
Marine services	18,680	8,290
	141,304	115,579

27. COST OF SALES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included are the following items:				
Depreciation of property, plant and equipment	6,191	6,409	–	–
Interest expense:				
- hire purchase	#	6	–	–
Rental of machinery and equipment	–	(29)	–	–
Rental of vehicles, yard and others	218	192	–	–
Staff costs:				
- salaries and others	28,692	8,772	–	–
- defined contribution plan	2,410	636	–	–

- Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

28. OTHER INCOME

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included are the following items:				
Bargain purchase from business combination (Note 35.1)	–	15	–	–
Bargain purchase from joint venture (Note 7)	220	–	–	–
Gain on disposal of property, plant and equipment	–	52	–	–
Gain on foreign exchange:				
- realised	45	33	–	–
- unrealised	–	690	–	–
Interest income:				
- fixed deposits	966	935	–	–
- repo	48	405	–	3
- short-term investments	1,079	728	868	319
- others	96	107	99	105
Rental income	66	66	–	–
Reversal of impairment loss on trade receivables (Note 9)	641	74	–	–
Management fees	–	–	360	565

29. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included are the following items:				
Auditors' remuneration:				
- audit fees:				
- current financial year	202	207	41	37
- (over)/underprovision in previous financial years	(8)	(1)	4	(2)
- non-audit fees	12	13	12	13
Contributions to defined contribution plan:				
- directors of the Company	130	124	–	–
- directors of the subsidiaries	9	8	–	–
Directors' fees:				
- directors of the Company	432	378	264	210
Directors' non-fees emoluments:				
- directors of the Company	1,104	1,107	21	26
- directors of the subsidiaries	72	66	–	–
Rental of premises	–	22	–	–
Staff costs:				
- salaries and others	6,132	5,405	–	–
- defined contribution plan	714	637	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

30. OTHER EXPENSES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included are the following items:				
Depreciation of property, plant and equipment	820	754	–	–
Impairment loss:				
- investments in subsidiaries (Note 5)	–	–	–	9,938
- trade receivables (Note 9)	2,668	444	–	–
- property, plant and equipment (Note 6)	14,382	2,086	–	–
Property, plant and equipment written off (Note 6)	2	–	–	–
Loss on foreign exchange - unrealised	190	–	–	–

31. FINANCE COSTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included are the following items:				
Interest expense:				
- bank overdrafts	44	2	–	–
- hire purchase	21	27	–	–
- term loans	5,189	6,313	–	–
- others	196	150	–	–

32. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense:				
- for the financial year	649	762	17	62
- underprovision in the previous financial year	317	442	9	144
	966	1,204	26	206
Deferred tax expense (Note 20):				
- for the financial year	–	(967)	–	–
- overprovision in the previous financial year	–	(60)	–	–
	–	(1,027)	–	–
	966	177	26	206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. 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 are as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation	(24,452)	(3,516)	752	(9,648)
Tax at the statutory tax rate of 24%	(5,868)	(844)	180	(2,316)
Tax effects of:-				
Share of results in joint venture	251	(24)	–	–
Non-taxable income	(259)	(174)	(208)	(76)
Non-deductible expenses	288	188	45	2,454
Deferred tax assets not recognised during the financial year	6,237	702	–	–
Others	–	(53)	–	–
Under/(Over)provision in the previous financial year				
- current tax	317	442	9	144
- deferred tax	–	(60)	–	–
Income tax expense for the financial year	966	177	26	206

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

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

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

	The Group	
	2018 RM'000	2017 RM'000
Accelerated capital allowances	(72,218)	(67,165)
Unrealised loss/(gain) on foreign exchange	190	(690)
Allowance for impairment losses on trade receivables	2,948	921
Allowance for impairment losses on property, plant and equipment	17,128	2,746
Unused tax losses	23,309	20,026
Unabsorbed capital allowances	82,106	71,635
	53,463	27,473

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

32. INCOME TAX EXPENSE (CONT'D)

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of RM23,309,361 (2017 - RM20,026,211) and RM82,106,318 (2017 - RM71,634,538) 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.

33. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss 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	
	2018	2017
Loss attributable to owners of the Company (RM)	(25,388,000)	(4,263,000)
Weighted average number of ordinary shares at 30 June	233,878,000	233,878,000
Basic loss per share (Sen)	(10.86)	(1.82)

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

34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group	
	2018	2017
	RM'000	RM'000
Cost of property, plant and equipment purchased (Note 6)	448	929
Amount financed through borrowings	-	(230)
Cash disbursed for purchase of property, plant and equipment	448	699

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term loans RM'000	Hire Purchase RM'000	Total RM'000
2018			
At 1 July	80,448	534	80,982
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(15,697)	(197)	(15,894)
Repayment of borrowing interests	(5,189)	(21)	(5,210)
	(20,886)	(218)	(21,104)
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss (Note 31)	5,189	21	5,210
	64,751	337	65,088

Comparative information is not presented by virtue of the exemption given in MFRS 107.

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits with licensed banks (Note 15)	25,146	33,849	–	–
Short-term investments (Note 14)	25,543	36,655	23,707	24,530
Cash and bank balances	9,232	10,560	528	1,233
	59,921	81,064	24,235	25,763
Less: Fixed deposits pledged to licensed banks (Note 15)	(25,146)	(27,949)	–	–
	34,775	53,115	24,235	25,763

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

35. ACQUISITION OF A SUBSIDIARY AND DISPOSAL OF NON-CONTROLLING INTERESTS

35.1 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.

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: Bargain purchase from business combination	28	(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

For the financial year ended 30 June 2017, 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 previous financial year of the subsidiary, the Group's revenue and profit after taxation for the previous financial year would have been RM30,585,142 and RM1,678,512 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

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

35.2 DISPOSAL OF NON-CONTROLLING INTERESTS

On 18 January 2017, the Company disposed of 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 non-controlling interests of RM22,642 and an increase in retained profits of RM33,962.

36. 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.

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

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000

Directors

Directors of the Company

Executive Directors

Short-term employee benefits:

- fees	168	168	-	-
- non-fee emoluments	1,083	1,081	-	-
Defined contribution plan	130	124	-	-
	1,381	1,373	-	-

Non-executive Directors

Short-term employee benefits:

- fees	264	210	264	210
- non-fee emoluments	21	26	21	26
	285	236	285	236
	1,666	1,609	285	236

The estimated monetary value of benefits-in-kind provided by the Group to the directors were RM40,000 (2017 - RM47,928) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

36. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

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

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors (Cont'd)				
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- non-fee emoluments	72	66	-	-
Defined contribution plan	9	8	-	-
	81	74	-	-
Total directors' remuneration (Note 29)	1,747	1,683	285	236

37. CONTINGENT LIABILITIES

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 are not capable of reliable measurement.

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bank/Performance guarantee extended to third parties by:				
- subsidiaries	11,289	3,038	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

38. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(i) Subsidiaries:				
- management fees	–	–	360	565
- interest income	–	–	87	48
(ii) Joint venture:				
- charter vessel paid/payable	(969)	(424)	–	–
(iii) Key management personnel compensation:				
- short-term employee benefits	(1,747)	(1,683)	(285)	(236)

Key management personnel comprises 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

39. 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) Construction, hook up and commissioning, topside major maintenance ("CHUCTMM") - 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 geotechnical engineering 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	MPS RM'000	CHUCTMM RM'000	MS RM'000	CC RM'000	Others RM'000	Elimination RM'000	Group RM'000
2018							
Revenue							
External revenue	48,527	59,191	18,680	14,906	–	–	141,304
Inter-segment revenue	692	–	9,313	–	4,646	(14,651)	–
Total revenue	49,219	59,191	27,993	14,906	4,646	(14,651)	141,304
Results							
Segment results	1,277	606	(21,959)	50	(338)	220	(20,144)
Finance costs	(174)	(196)	(5,046)	(121)	–	87	(5,450)
Interest income	373	648	208	60	987	(87)	2,189
Share of results in joint venture	–	–	–	–	–	–	(1,047)
Loss before taxation							(24,452)
Income tax expense							(966)
Consolidated loss after taxation							(25,418)
2018							
Assets							
Segment assets	95,913	52,377	189,500	14,929	156,307	(271,527)	237,499
Tax recoverable							3,367
Consolidated total assets							240,866
Liabilities							
Segment liabilities	27,880	35,022	208,755	12,105	6,208	(183,830)	106,140
Deferred tax liabilities							–
Provision for taxation							–
Consolidated total liabilities							106,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	MPS RM'000	CHUCTMM RM'000	MS RM'000	CC RM'000	Others RM'000	Elimination RM'000	Group RM'000
2018							
Capital expenditure							
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	59	113	253	-	23	-	448
2018							
Other material items of (income)/ expenses consist of the following:							
Depreciation of property, plant and equipment	580	382	5,927	110	12	-	7,011
Impairment loss on:							
- trade receivables	13	124	2,431	100	-	-	2,668
- property, plant and equipment	-	-	14,382	-	-	-	14,382
Interest expense	174	196	5,046	121	-	(87)	5,450
Interest income	(373)	(648)	(208)	(60)	(987)	87	(2,189)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	MPS RM'000	CHUCTMM 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	CHUCTMM RM'000	MS RM'000	CC RM'000	Others RM'000	Elimination RM'000	Group RM'000
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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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	MPS RM'000	CHUCTMM 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)

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		Segment
	2018 RM'000	2017 RM'000	
Customer A	49,005	52,479	CHUCTMM Segment
Customer B	15,667	-	MPS Segment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. 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.

40.1 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	Ringgit Malaysia RM'000	Total RM'000
2018			
Financial Assets			
Other investments	–	50	50
Trade receivables	1,507	18,628	20,135
Other receivables and deposits	–	1,813	1,813
Amount owing by joint venture	–	2,130	2,130
Short-term investments	–	25,543	25,543
Fixed deposits with licensed banks	–	25,146	25,146
Cash and bank balances	2,065	7,167	9,232
	3,572	80,477	84,049
Financial Liabilities			
Trade payables	150	19,803	19,953
Other payables and accruals	–	20,751	20,751
Hire purchase payables	–	337	337
Term loans	–	64,751	64,751
	150	105,642	105,792
Net financial assets/(liabilities)	3,422	(25,165)	(21,743)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	25,165	25,165
Currency Exposure	3,422	–	3,422

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 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 Assets					
Other investments	–	–	–	50	50
Trade receivables	788	–	–	19,076	19,864
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	99,021	104,146
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
Net financial assets/(liabilities)	4,794	75	3	(6,115)	(1,243)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	–	–	6,115	6,115
Currency Exposure	4,794	75	3	–	4,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 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
2018		
Financial Assets		
Amount owing by subsidiaries	45,352	45,352
Short-term investments	23,707	23,707
Cash and bank balances	528	528
	69,587	69,587
Financial Liabilities		
Other payables and accruals	268	268
	69,319	69,319
Less: Net financial assets denominated in the respective entities' functional currencies	(69,319)	(69,319)
Currency Exposure	–	–
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
	68,592	68,592
Less: Net financial assets denominated in the respective entities' functional currencies	(68,592)	(68,592)
Currency Exposure	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Effects on (Loss)/Profit After Taxation				
USD/RM				
- strengthened by 10%	260	364	-	-
- weakened by 10%	(260)	(364)	-	-
AUD/RM				
- strengthened by 10%	-	6	-	-
- weakened by 10%	-	(6)	-	-
SGD/RM				
- strengthened by 10%	-	#	-	-
- weakened by 10%	-	#	-	-

- Less than RM1,000

(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 long term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

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 and 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Effects on (Loss)/Profit After Taxation				
Increase of 100 basis points	(298)	(333)	180	186
Decrease of 100 basis points	298	333	(180)	(186)

(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.

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 47% (2017 - 78%) of its trade receivables at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont')

(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 Amount RM'000
2018			
Not past due	8,179	–	8,179
Past due:			
- less than 1 month	3,078	–	3,078
- 2 to 3 months	146	–	146
- over 3 months	9,589	(2,675)	6,914
- more than 1 year	172	(172)	–
Non-retention sum portion	21,164	(2,847)	18,317
Retention sum portion	1,919	(101)	1,818
	23,083	(2,948)	20,135
2017			
Not past due	9,150	–	9,150
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	19,833	(921)	18,912
Retention sum portion	952	–	952
	20,785	(921)	19,864

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 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	Weighted Average Effective 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
2018						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	–	19,953	19,953	19,953	–	–
Other payables and accruals	–	20,751	20,751	20,751	–	–
Hire purchase payables	4.67	337	350	214	136	–
Term loans	6.25	64,751	75,419	17,776	56,755	888
		105,792	116,473	58,694	56,891	888
2017						
<u>Non-derivative Financial Liabilities</u>						
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
		105,389	120,317	45,653	67,903	6,761

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective 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
2018						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	–	268	268	268	–	–
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	–	–	76,656	76,656	–	–
		268	76,924	76,924	–	–
2017						
<u>Non-derivative Financial Liabilities</u>						
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	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 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.

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	
	2018 RM'000	2017 RM'000
Hire purchase payables (Note 21)	337	534
Term loans (Note 22)	64,751	80,448
	<u>65,088</u>	<u>80,982</u>
Less: Short-term investments (Note 14)	(25,543)	(36,655)
Less: Fixed deposits with licensed banks (Note 15)	(25,146)	(33,849)
Less: Cash and bank balances	(9,232)	(10,560)
	<u>5,167</u>	<u>(82)</u>
Net debt	5,167	(82)
Total equity	<u>133,441</u>	<u>158,821</u>
Debt-to-equity ratio	0.04	N/A

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial Assets				
<u>Available-for-sale Financial Assets</u>				
Other investments	50	50	–	–
Short-term investments	25,543	36,655	23,707	24,530
	<u>25,593</u>	<u>36,705</u>	<u>23,707</u>	<u>24,530</u>
<u>Loans and Receivables Financial Assets</u>				
Trade receivables	20,135	19,864	–	–
Other receivables and deposits	1,813	588	–	1
Amount owing by subsidiaries	–	–	45,352	43,163
Amount owing by joint venture	2,130	2,580	–	–
Fixed deposits with licensed banks	25,146	33,849	–	–
Cash and bank balances	9,232	10,560	528	1,233
	<u>58,456</u>	<u>67,441</u>	<u>45,880</u>	<u>44,397</u>
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Trade payables	19,953	11,942	–	–
Other payables and accruals	20,751	12,465	268	335
Hire purchase payables	337	534	–	–
Term loans	64,751	80,448	–	–
	<u>105,792</u>	<u>105,389</u>	<u>268</u>	<u>335</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 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			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2018								
<u>Financial Assets</u>								
Other investments								
- club membership	-	-	-	-	-	-	#	50
Short-term investments	-	25,543	-	-	-	-	25,543	25,543
<u>Financial Liabilities</u>								
Hire purchase payables								
	-	-	-	-	337	-	337	337
Term loans	-	-	-	-	64,751	-	64,751	64,751
2017								
<u>Financial Assets</u>								
Other investments								
- club membership	-	-	-	-	-	-	#	50
Short-term investments	-	36,655	-	-	-	-	36,655	36,655
<u>Financial Liabilities</u>								
Hire purchase payables								
	-	-	-	-	534	-	534	534
Term loans	-	-	-	-	80,448	-	80,448	80,448

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018								
Financial Asset								
Short-term investments								
	–	23,707	–	–	–	–	23,707	23,707
2017								
Financial Asset								
Short-term investments								
	–	24,530	–	–	–	–	24,530	24,530

- 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:-
- The fair value of the club membership is estimated based on its market price at the end of the reporting period.
 - The fair values of the short-term investments are measured at their market price at the end of the reporting period.
 - 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		The Company	
	2018	2017	2018	2017
	%	%	%	%
Hire purchase payables	4.67	4.15	–	–
Term loans	6.25	6.25	–	–

- (b) There were no transfer between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 20 September 2017, CES accepted a Letter of Award (“LOA”) from PETRONAS Carigali Sdn. Bhd. (“PETRONAS Carigali”) for Provision of Maintenance, Construction and Modification (MCM) Services (Package C (Offshore) Peninsular Malaysia Oil) (“the Contract”). The contract duration will be for a primary period of five (5) years with one (1) year extension option effective from 20 September 2017 and will expire on 19 September 2022, at an agreed fixed schedule of rates.
- (b) On 18 May 2018, CES received a Letter of Contract Extension for the Provision of Hook-Up, Commissioning and Topside Major Maintenance Services for 2013 to 2018 from PETRONAS Nasional Berhad. The contract extension is for a period of one (1) year from 21 May 2018 and will expire on 20 May 2019, at an agreed fixed schedule of rates.

42. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 15 December 2017, Carimin Engineering Services Sdn. Bhd. (“CES”) executed a Share Sale Agreement to acquire 100% of the issued share capital consisting of 900,000 ordinary shares of RM1.00 each in Fazu Resources (M) Sdn. Bhd. (“FAZU”) for a total cash consideration of RM1,600,000. The acquisition was completed on 10 July 2018 and FAZU became a wholly owned subsidiary of CES.
- (b) On 19 July 2018, Carimin Sdn. Bhd. (“CSB”) accepted a Letter of Award dated 18 July 2018 (“LOA”) from Keabangan Petroleum Operating Company Sdn. Bhd. (“KPOC”) for the provision of General and Specialist Manpower Services for KPOC (Package 1). The contract will be for a duration of five (5) years with one (1) year extension option commencing from 18 July 2018, at an agreed schedule of rates.

43. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group	
	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Financial Position (Extract):-		
Trade receivables	19,864	24,106
Contract assets	13,180	8,938

Analysis of Shareholdings

AS AT 28 SEPTEMBER 2018

Total Number of Issued Shares	: 233,878,000 Ordinary Shares
Class of Equity Securities	: Ordinary Shares (“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	6	0.32	300	*
100 – 1,000 shares	207	10.90	138,400	0.06
1,001 – 10,000 shares	889	46.84	5,798,000	2.48
10,001 – 100,000 shares	674	35.51	23,184,900	9.91
100,001 – less than 5% of issued shares	119	6.27	90,176,038	38.56
5% and above of issued shares	3	0.16	114,580,362	48.99
Total	1,898	100.00	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	7,152,800	3.06	8,600,000 ⁴	3.68
Lim Guan Nee	300,000	0.13	15,452,800 ⁵	6.61
Gan Hai Toh	13,816,000	5.91	–	–

Notes:

- 1 Deemed interested by virtue of Section 8(4) of the Act held through Intan Kuala Lumpur Sdn. Bhd. and Cipta Pantas Sdn. Bhd.
- 2 Deemed interested by virtue of Section 8(4) of the Companies Act 2016 (“the Act”) held through Cipta Pantas Sdn. Bhd.
- 3 Deemed interested by virtue of Section 8(4) of the Act held through Platinum Castle Sdn. Bhd.
- 4 Deemed interested 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.

Analysis of Shareholdings

AS AT 28 SEPTEMBER 2018 (CONT'D)

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Kamaruzzaman Bin Shariff	8,000,000	3.42	–	–
Mokhtar Bin Hashim	58,873,234	25.17	–	–
Lim Yew Hoe	7,152,800	3.06	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	–	–

Note:

- ¹ Deemed interested 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 28 SEPTEMBER 2018 (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 28 SEPTEMBER 2018

(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. (Pledged securities account for AmBank (M) Berhad for Cipta Pantas Sdn. Bhd.)	40,710,128	17.41
3	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Platinum Castle Sdn. Bhd.)	15,000,000	6.41
4	Maybank Nominees (Tempatan) Sdn. Bhd. (Maybank Private Wealth Management for Gan Hai Toh)	8,600,000	3.68
5	Emas Kiara Marketing Sdn. Bhd.	8,300,000	3.55
6	Tan Sri Dato' Kamaruzzaman Bin Shariff	8,000,000	3.42
7	AMSEC Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for AmBank (M) Berhad for Lim Yew Hoe)	6,078,000	2.60
8	Shatar Bin Abdul Hamid	6,039,638	2.58
9	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Gan Hai Toh)	5,216,000	2.23
10	Intan Kuala Lumpur Sdn. Bhd.	4,727,000	2.02
11	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Shatar Bin Abdul Hamid)	3,078,500	1.32
12	Platinum Castle Sdn. Bhd.	2,000,000	0.86
13	Muhammad Hatta Bin Noah	1,593,100	0.68
14	Wong Wei Choy	1,520,000	0.65
15	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Shaharool Nizam Bin Mohd Kassim)	1,380,200	0.59
16	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Che Nor Rubiah Binti Md Nawli)	1,369,900	0.59
17	Lee Choon Boey	1,021,900	0.44
18	Kenanga Nominees (Tempatan) Sdn. Bhd. (Rakuten Trade Sdn. Bhd. for Er Soon Puay)	1,000,000	0.43
19	Lee Chee Hong	1,000,000	0.43
20	Maybank Nominees (Tempatan) Sdn. Bhd. (Maybank Private Wealth Management for Lim Yew Hoe)	1,000,000	0.43
21	Tai Hooi Kheng	1,000,000	0.43
22	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Piong Yon Wee)	914,300	0.39
23	Poh Pek Boon	900,000	0.38
24	Lee Man Fah	750,000	0.32
25	Teo Chin Siong	745,500	0.32
26	Denis Sia Hook Hua	706,000	0.30
27	Kok Siew Leng	600,000	0.26
28	CIMSEC Nominees (Tempatan) Sdn. Bhd. (CIMB Bank for Tan Chong Wah)	549,000	0.23
29	Tang Chooi Lean	530,000	0.23
30	Yap Cho Leung	520,000	0.22

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 2018 are set out below:-

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 2018 (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 7,288	262,671
	(ii) B-1-4, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office lot	Freehold 19 years	179	804,414
	(iii) B-1-5, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 19 years	179	612,703
	(iv) B-1-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 19 years	179	578,022
	(v) B-1-7, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office lot	Freehold 19 years	179	578,022
	(vi) B-1-8, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office lot	Freehold 19 years	391	1,350,768
	(vii) B-7-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office lot	Freehold 19 years	215	727,246
	(viii) No.7, Jalan SS15/2A, Subang Jaya, 47500 Selangor Darul Ehsan Double storey intermediate terrace shophouse - Office use	Freehold 32 years	123 246	224,911
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	6 years	1,499	1,577,334

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth 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 Thursday, 29 November 2018 at 2.30 p.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. Please Refer To Note (A)
2. To approve the Directors’ fees and benefits of up to RM300,000 for the financial year ending 30 June 2019. Ordinary Resolution 1
3. To re-elect the following Directors who retire by rotation pursuant to Clause 103 of the Company’s Constitution: -
 - i. En. Mokhtar Bin Hashim Ordinary Resolution 2
 - ii. En. Shatar Bin Abdul Hamid Ordinary Resolution 3
4. To re-appoint Messrs. Crowe Malaysia 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 4

As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 5

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), 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 (“Bursa Securities”) 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.”
6. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** Special Resolution

“THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in “Appendix A” with immediate effect AND THAT the Directors and/or the Secretary of the Company be authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By order of the Board

TEA SOR HUA (MACS 01324)

Company Secretary

Date: 31 October 2018

Petaling Jaya, Selangor Darul Ehsan

Notes:

- a) *The Agenda 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.*
- b) *A member entitled to attend and vote at the Meeting 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.*
- c) *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.*
- d) *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.*
- e) *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.*
- f) *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.*
- g) *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.*
- h) *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 22 November 2018. Only members whose names appear in the General Meeting Record of Depositors as at 22 November 2018 shall be regarded as members and entitled to attend, speak and vote at the AGM.*
- i) *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

1. Item 2 of the Agenda

The Directors' fees and benefits proposed for the period from 1 July 2018 to 30 June 2019 are calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefit on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next Annual General Meeting for the shortfall.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

2. **Item 5 of the Agenda**

The Ordinary Resolution proposed under item 5 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of Companies Act 2016. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

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 general mandate to the Directors at the Fifth AGM held on 27 November 2017 and it will lapse at the conclusion of the Sixth AGM of the Company.

3. **Item 6 of the Agenda**

The Special Resolution proposed under item 6 in relation to the proposed amendments to the existing Constitution of the Company are made mainly for the following purposes:-

- (a) To ensure compliance with the Main Market Listing Requirements of Bursa Securities; and
- (b) To provide clarity and consistency with the amendments that arise from the Companies Act 2016 and other relevant regulatory provisions.

The shareholders' approval is sought for the Company to alter or amend the whole of the existing Constitution by the replacement with the proposed New Constitution as per "Appendix A" in accordance with Section 36(1) of the Companies Act 2016. The "Appendix A" on the proposed New Constitution of the Company, which is circulated together with the Notice of Sixth AGM dated 31 October 2018, shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Sixth AGM.



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* _____ NRIC No. _____
(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 Sixth Annual General Meeting ("AGM" or "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 Thursday, 29 November 2018 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 Directors' fees and benefits of up to RM300,000 for the financial year ending 30 June 2019.		
2.	To re-elect En. Mokhtar Bin Hashim as Director of the Company.		
3.	To re-elect En. Shatar Bin Abdul Hamid as Director of the Company.		
4.	To re-appoint Messrs. Crowe Malaysia as Auditors of the Company.		
5.	To authorise the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
	Special Resolution		
6.	To approve the Proposed Amendments to the Constitution of the Company.		

*delete whichever not applicable

CDS Account No.	
Number of Shares Held	

Dated this _____ day of _____ 2018.

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:

- A member entitled to attend and vote at the Meeting 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 22 November 2018. Only members whose names appear in the General Meeting Record of Depositors as at 22 November 2018 shall be regarded as members and entitled to attend, speak and vote at the AGM.
- All the resolutions set out in this Notice of Meeting will be put to vote by poll.

Please fold here

AFFIX
STAMP

The Share Registrar of
CARIMIN PETROLEUM BERHAD (908388-K)
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

CARIMIN PETROLEUM BERHAD (908388-K)

Corporate Office
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189, Jalan Tun Razak
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