CARIMIN

CARIMIN PETROLEUM BERHAD

201201006787(908388-K)

ANNUAL REPORT 2019

Working Towards Excellence and Greater Success

Contents

Highlight

PG8 FINANCIAL HIGHLIGHTS

PG17 MD&A

For 2019, Petronas has earmarked capex of slightly above RM50 billion, with RM30 billion set aside for upstream activities

7TH ANNUAL GENERAL MEETING OF CARIMIN PETROLEUM BERHAD

Refer to page 145 to 146 for Annual General Meeting Information.

About Carimin

Established in 1989, CARIMIN evolved to become one of the pioneer Bumiputera companies providing technical and engineering support services in the Oil and Gas Industry in Malaysia.

CARIMIN specialises 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 group 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 and the provision of sub-sea underwater inspections, repair, maintenance works and services ("IRM") for the Oil and Gas industries.

CARIMIN was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 10 November 2014 (Stock code 5257).

PETRONAS

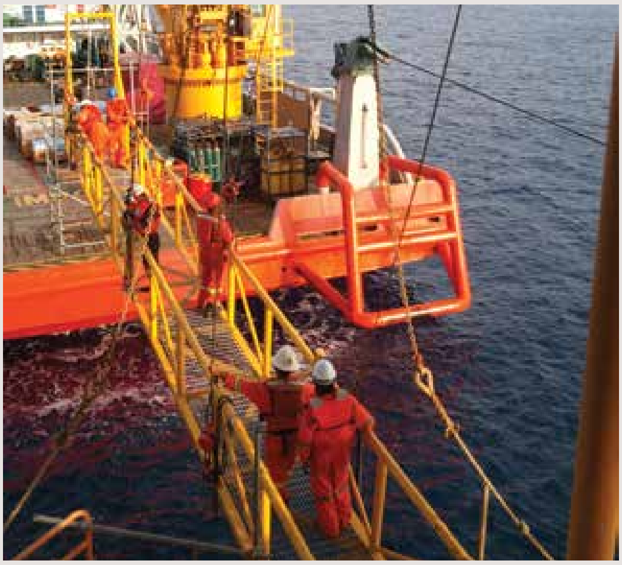
MOF

KHAZANAH TREASURY

CERTIFIED ISO 9001:2008 COMPANY

CIDB MALAYSIA

Department of Occupational Safety & Health



CARIMIN is licensed by Petronas to supply Product/ Service to exploration and Oil/Gas Companies in Malaysia.

Others licenses and certifications held includes:-

- Ministry of Finance ("MOF") for Supply Product;
- ISO 9001:2015 Certification;
- Construction Industry Development Board ("CIDB") G7 category; and
- Department of Occupational Safety and Health ("DOSH")

To-date we provide general contracting services and trading of geotechnical engineering products under its Civil Construction division.

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 RM1.0 billion since its inception and among our notable portfolio of clients include oil majors such as 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 owned 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.

Our Key Milestones

Since Incorporation

Carimin Sdn. Bhd. ("CSB") was incorporated.

1990

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

1992

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

1997

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

2000

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

2003

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

2004

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

2005

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

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

2007

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

Secured hook up and commissioning contract from Talisman.

2010

Secured the Sarawak/Sabah hook up and commissioning contract.

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

2011

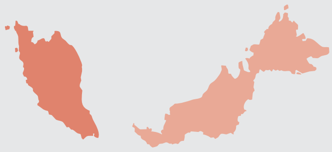
Carimin Equipment Management Sdn. Bhd. began business operations. We began to provide equipment rental services.

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

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

2012

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



2013

Acquired Carimin Airis, an Anchor Handling Tug Supply vessel.

Secured the Peninsular Malaysia hook up and commissioning contract.

2014

Successfully listed on the Main Market of Bursa Malaysia.

Commissioned to build Carimin Acacia, an Accommodation Work Boat.

2015

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

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

2016

Delivery of new built Accommodation Work Boat, Carimin Acacia.

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

2017

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

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

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

2018

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.

2019

Secured (15 months) Hook-up, Commissioning and Topside Major Maintenance Services – Peninsular (Angsi and TCOT Related Works) contract from Petronas;

Secured (2+1 years) Mechanical and Piping Maintenance Services for Labuan Crude Oil Terminal (LCOT) contract from Sea Hibiscus;

Acquired Subnautica Sdn. Bhd. and to expand into sub-sea and underwater inspection, repair, and maintenance works and services ("IRM").

Corporate Information

BOARD OF DIRECTORS

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

Mokhtar Bin Hashim
Managing Director

Shatar Bin Abdul Hamid
Executive Director

Lim Yew Hoe
Executive Director

Yip Jian Lee
Independent Non-Executive Director

Mohd Rizal Bahari Bin Md Noor
Independent Non-Executive Director

Wan Muhamad Hatta Bin Wan Mos
Independent Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

Mohd Rizal Bahari Bin Md Noor *(Chairman)*
Tan Sri Dato' Kamaruzzaman Bin Shariff
Yip Jian Lee
Wan Muhamad Hatta Bin Wan Mos

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Tea Sor Hua (MACS 01324)
SSM Practising Certificate No. 201908001272

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS 21/60, 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
Wilayah Persekutuan
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
Wilayah Persekutuan
Tel: 03-2783 9299
Fax: 03-2783 9222

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel: 03-2788 9999
Fax: 03-2788 9998

PRINCIPAL BANKERS

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

STOCK INFORMATION

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

Corporate Structure

CARIMIN PETROLEUM BERHAD
201201006787(908388-K)
Investment Holding

- **100%** — **CARIMIN SDN BHD**
  Manpower supply services
- **100%** — **CARIMIN ENGINEERING SERVICES SDN BHD**
  Offshore hook up and commissioning, engineering, fabrication and maintenance services
  - **100%** — **FAZU RESOURCES (M) SDN BHD**
    Dormant
- **100%** — **CARIMIN CORPORATE SERVICES SDN BHD**
  Project management services
- **100%** — **CARIMIN EQUIPMENT MANAGEMENT SDN BHD**
  Management of fabrication yards and equipment rental services
- **100%** — **CARIMIN MARINE SERVICES SDN BHD**
  Chartering of offshore support vessel
  - **100%** — **CARIMIN AIRIS OFFSHORE SDN BHD**
    Chartering of offshore support vessel
  - **100%** — **CARIMIN ACACIA OFFSHORE SDN BHD**
    Chartering of offshore support vessel
  - **15%** — **SYNERGY KENYALANG OFFSHORE SDN BHD**
    Chartering of offshore support vessel
- **60%** — **SUBNAUTICA SDN BHD**
  (Formerly known as Neptune Energy & Services Sdn Bhd)
  Subsea Services
- **60%** — **CARIMIN RESOURCES SERVICES SDN BHD**
  Dormant
- **60%** — **CARIMIN BINA SDN BHD**
  General contracting work and trading of geosynthetic products

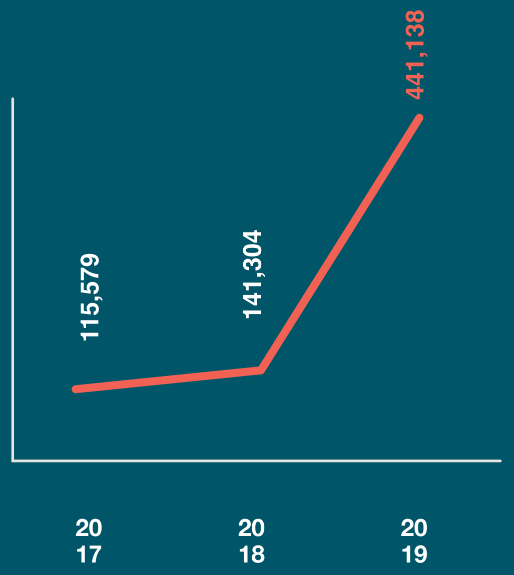
Oil & Gas supported services | Civil Engineering | Dormant

Financial Highlights

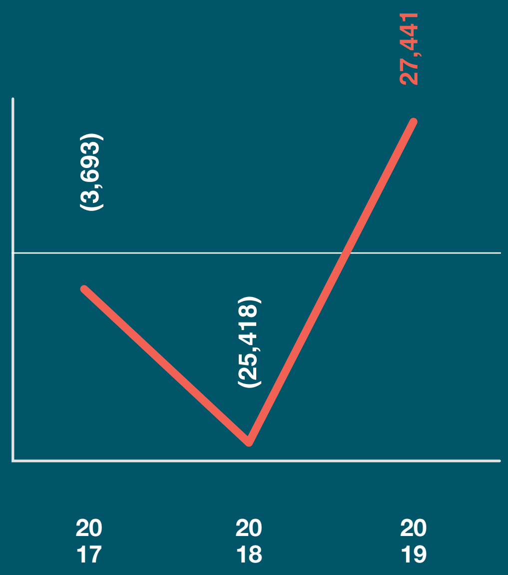
	FYE 2019 RM'000	FYE 2018 RM'000	FYE 2017 RM'000
Financial Results			
Revenue	441,138	141,304	115,579
Profit/(Loss) before tax	29,931	(24,452)	(3,516)
Profit/(Loss) after tax	27,441	(25,418)	(3,693)
Net profit/(loss) attributable to:			
Owners of the Company	27,679	(25,388)	(4,263)
Non - controlling interest	(238)	(30)	570
Consolidated Statement of Financial Position			
Assets			
Property, plant and equipment	113,508	117,308	138,255
Investments	4,335	4,493	5,220
Current assets	244,462	119,065	123,109
Total assets	362,305	240,866	266,584
Equity			
Share capital	149,385	149,385	116,939
Reserves	7,828	(15,944)	41,882
Equity attributable to owners of the Company	157,213	133,441	158,821
Non-controlling interests	944	1,285	1,315
Liabilities			
Deferred tax liabilities	756	–	–
Bank borrowings	53,518	65,088	80,982
Current liabilities	149,874	41,052	25,466
Total equity and liabilities	362,305	240,866	266,584
WA no. of ordinary share	233,878,000	233,878,000	233,878,000
Financial Indicators			
Earnings/(Loss) per share (sen)	11.83	(10.86)	(1.82)
Net dividend per share (sen)	3.00	–	–
Net assets per share (RM)	0.67	0.57	0.68
Return on equity (%)	17.61	(19.03)	(2.68)

Financial Highlights (Cont'd)

Revenue
(RM'OOO)

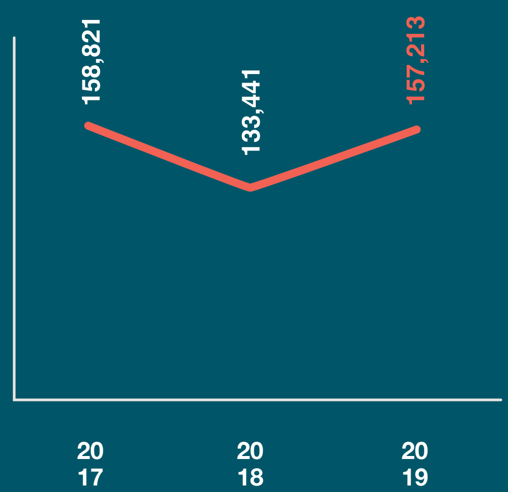


Profit/(Loss)
After Tax (RM'OOO)



Total Assets
(RM'OOO)

Shareholder's Equity
(RM'OOO)



HIGHLY DEDICATED

providing a comprehensive range of
oil and gas related services

Directors' Profile

TAN SRI DATO' KAMARUZZAMAN BIN SHARIFF

Malaysian, Aged 78, Male

Non-Independent Non-Executive Chairman

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 and Remuneration Committee of the Company. He attended all five (5) Board Meetings held in the financial year.

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.

MOKHTAR BIN HASHIM

Malaysian, Aged 60, Male

Managing Director and Key Senior Management

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. He attended all five (5) Board Meetings held in the financial year.

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. He does not hold directorships in any other public companies and listed issuers.

SHATAR BIN ABDUL HAMID

Malaysian, Aged 53, Male

Executive Director and Key Senior Management

Shatar Bin Abdul Hamid was appointed to the Board on 7 January 2014 as our Executive Director. He attended four (4) out of five (5) Board meetings held in the financial year.

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. He does not hold directorships in any other public companies and listed issuers.

LIM YEW HOE

Malaysian, Aged 51, Male

Executive Director and Key Senior Management

Lim Yew Hoe ("En. Lim") was appointed to the Board on 19 April 2016 as our Executive Director. He attended all five (5) Board meetings held in the financial year.

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. He does not hold directorships in any other public companies and listed issuers.

YIP JIAN LEE

Malaysian, Aged 64, Female

Independent Non-Executive Director

Yip Jian Lee was appointed to the Board on 7 January 2014 as an Independent Non-Executive Director. She is the Chairperson of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company. She attended all five (5) Board meetings held in the financial year.

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 Insurans (Malaysia) Berhad and Asia General Asset Berhad.

MOHD RIZAL BAHARI BIN MD NOOR

Malaysian, Aged 49, Male

Independent Non-Executive Director

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 and Remuneration Committee and a member of the Audit Committee and Risk Management Committee of the Company. He attended all five (5) Board meetings held in the financial year.

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. He does not hold directorships in any other public companies and listed issuers.

WAN MUHAMAD HATTA BIN WAN MOS

Malaysian, Aged 66, Male

Independent Non-Executive Director

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 as well as Nomination and Remuneration Committee of the Company. He attended all five (5) Board meetings held in the financial year.

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. He does not hold directorships in any other public companies and listed issuers.

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 within 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 2019, other than for traffic offences (if any).*

Key Senior Management Profile

Abd Hamid Husin ("En. Hamid")

Malaysian, Aged 59, Male

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")

Malaysian, Aged 44, Male

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 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.

Patrick Choong ("En. Patrick")

Malaysian, Aged 44, Male

Senior Manager, Corporate Finance

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

He began his career in 1997 when he joined Hong Leong Management Co Sdn Bhd as Accounts Supervisor. Subsequently, he join Bandaraya Developments Berhad as Accounts Supervisor in 1999 before moving to Road Builders (M) Holdings Berhad to take up the position as Group Assistant Accountant in 2002.

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. He was then promoted to the position of Senior Manager of Corporate Finance in March 2019.

Mazhar Bin Palil ("En. Mazhar")

Malaysian, Aged 57, Male

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 2 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 2 years. He resigned from Sankyu in 2010 and joined Carimin as Human Resource and Administration Manager till to date.

Notes:-

1. *None of the Key Senior Management hold directorships in public companies and listed issuers.*
2. *None of the Key Senior Management have any family relationship with any Directors and/or major shareholders of the Company.*
3. *None of the Key Senior Management have any conflict of interests with the Company.*
4. *None of the Key Senior Management have been convicted of any offences (other than traffic offences, if any) within 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 2019.*

Management Discussion & Analysis

The financial year ended 30 June 2019 ("FY2019") marked Carimin Petroleum Berhad's ("Carimin" or "the Group") return to profitability. Amidst an operating environment weighed down by oil price volatility, the Group delivered a revenue and profit after tax of RM441.14 million and RM27.44 million respectively. The Group's turnaround was the result of increased offshore activities contributed by its maintenance, construction and modification ("MCM") contract for Petronas Carigali Sdn. Bhd. The year in review also saw Carimin venturing into the subsea underwater segment through its acquisition of Subnautica Sdn. Bhd. Given the new projects in hand as well as the remaining three years of the five-year MCM contract, Carimin is confident of maintaining its profitability over the near to long-term period.

A Volatile Operating Environment

The financial year in review was one in which oil & gas industry players continued to face strained business conditions brought on by a period of unpredictable oil prices. Back in late January 2018, the industry began to regain its confidence when the price of Brent crude recovered to touch USD70 per barrel, its highest price point in over three years. Brent crude then went on to hit a high of USD86 per barrel in early October 2018, but dropped to USD52 per barrel towards the year's end due to market oversupply. In late April 2019, the price of Brent crude rose again to touch USD72 per barrel. At the time of writing it has been hovering between USD50 and USD65 per barrel.

In 2018, national energy company Petroliam Nasional Berhad (Petronas) spent a total of RM46.8 billion on capital expenditure ("capex"). Some 54% of this was expended in Malaysia, while the remaining 46% was spent on international investments. This went down well with local oil & gas service providers who were predominantly engaged in the upstream sector and dependent on Petronas for work.

For 2019, Petronas has earmarked capex of slightly above RM50 billion, with RM30 billion set aside for upstream activities. Although a significant portion has been set aside for overseas investments, at least half of this will be spent dosmetically.

Amidst this setting, Carimin constantly takes proactive measures to consolidate its resources, enhance cost efficiencies and bolster its diverse revenue streams so as to make the most of market opportunities. Given the steady contributions that the Group expects to derive from its MCM projects, ongoing service contracts and other business opportunities it is pursuing, Carimin is confident of maintaining its profitability moving forward.

Carimin's Businesses and Growth Strategies

The Group continues to reinforce its position as one of the growing and resilient oil & gas companies in Malaysia providing technical and engineering support services for upstream oil majors. The Group is accomplishing this through fortifying its core competencies in four different business segments. Three of these segments encompass 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 involves civil construction ("CC") activities.

To expand the CHUCTMM segment, Carimin is planning to move beyond its pure HUC, TMM and field improvement project ("FIP") services contractor role to include underwater works, decommissioning services and associated well plugging and abandonment activities. Decommissioning on the domestic front presents an interesting growth opportunity with such activities projected to intensify as a considerable number of assets have been operating beyond 40 years. The Group has set its sights on enhancing its decommissioning capability and is exploring collaboration with major international companies on this front as Petronas reviews the activity level within this segment.

The Group is also strengthening its range of services in the areas of maintenance for major blasting, painting and rejuvenation works including the provision of engineering, procurement, construction, installation and commissioning ("EPCIC") services. This enlarged range of services will enable the Group to bid for more varied and sizeable package contracts both onshore and offshore, in Peninsular Malaysia, Sabah and Sarawak.

Carimin's MPS Division shall continue to focus on providing technical and professional services for both the Upstream and Downstream sectors as well as expand its plans to enhance specialised consultancy, training and placement services.

Revenue of
RM441.14 million

Profit After Tax
RM27.44 million

Revenue
212% increase

Profit after tax
208% increase

Meanwhile, the Group's MS Division supports its CHUCTMM services and provides vessel charters for the domestic market. Going forward, the Division will offer ship management and maintenance services, as well as provide vessel chartering services in the regional market.

During the financial year, the MS Division expanded its capability by venturing into the subsea business through the acquisition of a 60% stake in Subnautica Sdn. Bhd. (formerly known as Neptune Energy & Services Sdn. Bhd.) ("Subnautica"). Subnautica has been licensed by Petronas to undertake subsea underwater inspections, repair as well as maintenance ("IRM") works and services. These services typically encompass platform and pipeline inspection, structural integrity as well as debris clearance activities.

Subnautica has been awarded a contract for the provision of a Dynamic Positioning 2 ("DP2") diving support vessel that includes an inspection class remotely operated vehicle ("ROV") with competent personnel. Through this acquisition, Carimin was able to immediately provide subsea IRM capabilities, thus benefiting from the contract secured. The medium-term to post-2020 demand outlook remains favourable for Carimin's new subsea business as Petronas in its execution of scheduled underwater services programme supports the use of locally owned assets.

Apart from expanding its revenue base, the Group is implementing measures to mitigate the challenges faced which includes strategies to alleviate business risks, preserve business sustainability and protect shareholders' interests.

A Commendable Performance

In FY2019, Carimin turned in a stronger performance posting revenue of RM441.14 million and a profit after tax ("PAT") of RM27.44 million, a 212% and 208% increase respectively from revenue of RM141.30 million and a loss after tax ("LAT") of RM25.42 million in FY2018 which included impairment losses of RM14.38 million and RM2.67 million for its vessels and trade debtors respectively.

The increase in revenue of RM299.83 million for the financial year in review was mainly attributable to the higher offshore MCM activities for the CHUCTMM and MS businesses respectively. The CHUCTMM Division registered a 363% or RM214.65 million increase in revenue while the MS Division reported a 270% or RM50.39 million increase including a RM9.53 million contribution from subsea IRM activities.

Revenue for the MPS Division also surpassed the previous year's revenue by 79.0% or RM38.53 million mainly due to the higher requirements for the supply of manpower to Petronas' RAPID site at Pengerang and a contract for additional offshore technicians secured during the year.

Carimin achieved an improved performance in spite of a tough operating environment characterised by unstable oil prices. While the Group did project a higher revenue, the additional rejuvenation activities undertaken at the Dulang Field by its client to restore the integrity of the facilities and to optimise output contributed to the Group's successful year.

Liquidity and Capital Resources

As at end FY2019, the Group's cash and cash equivalents stood at RM77.09 million out of which RM26.01 million (FY2018: RM25.15 million) was placed in fixed deposits to secure bank facilities granted to the Group. This was 28.65% or RM17.17 million higher than the RM59.92 million recorded at the end of FY2018. During the year, a total amount of RM13.76 million was utilised for term-loan financing of vessels while RM1.93 million was utilised to partly finance operating activities related to dry docking as well as the purchase of tools and equipment. Other major outflows for the year in review included the acquisition of subsidiaries at RM1.64 million and the payment of an interim dividend totalling to RM3.27 million.

Gearing Ratio

With certain borrowings of the Group approaching maturity, the Group's gearing ratio has decreased to 0.34 times from 0.49 times. As at end FY2019, the Group's total equity amounted to RM157.21 million (FY2018: RM133.44 million) while its net cash position stood at RM51.08 million (FY2018:RM34.78 million).

Capital Management, Future Commitments and Funding Sources

In April 2019, Carimin completed the 60% acquisition of issued share capital consisting of 60,000 ordinary shares in Subnautica for a total cash consideration of RM35,659.

Meanwhile pre-development works on its five acres of land at Teluk Kalung, Kemaman in Terengganu, to enhance Carimin's capacity and capability, have commenced. Acquired in July 2018, this land will complement the Group's existing two-acre fabrication yard by reinforcing the Group's overall construction capabilities for larger projects while enabling it to cater for current job requirements. The proposed development will house Carimin's new integrated facility comprising of workshops for open fabrication, equipment storage, blasting and painting and primary building. The construction of the facility is expected to be completed by mid-2020.

The planned capital expenditure for this exercise will be partly financed by bank borrowings and internal funding.

Dividend Payments

To reward our valued shareholders for their continuous support and confidence in the Group, the Board of Directors has declared the payment of two interim dividends in respect of the financial year ended 30 June 2019.

In May 2019, the Board declared an interim dividend of 1.4 sen per ordinary share amounting to RM3,274,292. This dividend was paid on 28 June 2019. In August 2019, the Board declared a second interim dividend of 1.6 sen per ordinary share amounting to RM3,742,048 for the financial year ended 30 June 2019. The dividend was paid out to shareholders on 17 October 2019.

Trends and Events that Materially Affect Carimin's Business

The price of oil is the primary determining factor that is driving activities within the oil & gas industry. With the US Energy Information Administration ("EIA") forecasting that Brent spot prices will average between USD59 per barrel in the fourth quarter of 2019 and USD62 per barrel in the second half of 2020, this has encouraged the oil majors to revive their plans and increase work activities. Given the fact that Petronas' activity outlook for the next three years remains positive, oil & gas service providers including Carimin are positive of securing more offshore contracts as these come online.

Within the marine services segment, the demand for marine vessels is expected to remain positive with the duration of charters moving from monthly spot charters to longer utilisation durations. Both of the MS Division's vessels, namely the Carimin Airis, an anchor handling tug supply vessel ("AHTS"), and the Carimin Acacia, a dynamic positioning 2 (DP2) accommodation work boat ("AWB"), are now contracted to clients before the monsoon season. With market conditions improving, Carimin is confident that the industry and its businesses are on track to deliver positive results in the new financial year.

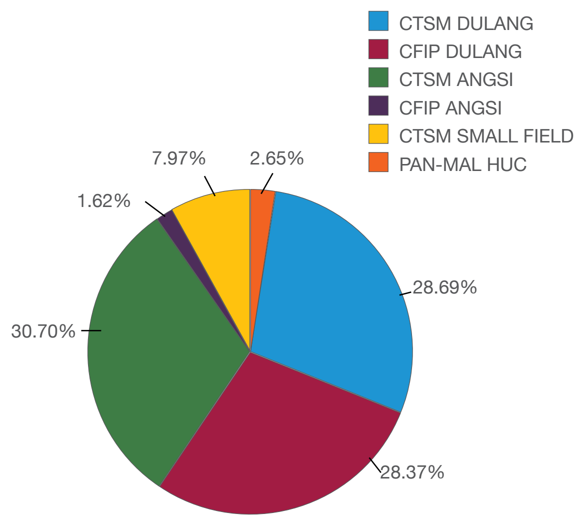
In terms of civil construction services, it is expected that the revenue for the CC Division will reduce given the slowdown in the construction industry as well as the delays faced in executing projects beyond its control and managing its credit exposures. While the CC Division continues its efforts to secure new contracts, given current market conditions and the competitive environment, the Division's growth for the coming year may be limited.

Performance By Business Divisions

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

Carimin's CHUCTMM Division comes under the ambit of subsidiary Carimin Engineering Services Sdn. Bhd. ("CESSB"). Aside from its CHUCTMM services, CESSB also provides EPCIC, rejuvenation, decommissioning, plug and abandonment as well as major blasting and painting at its fabrication yards.

For FY2019, the CHUCTMM Division's revenue rose significantly to RM273.84 million from RM59.19 million previously. This stellar 363% or RM216.65 million rise in revenue was derived primarily from the increase in offshore activities under the MCM contract. These activities included major shutdown services as well as piping upgrade works for the Dulang, Angsi and Small Field Platforms, both onshore and offshore. The pie chart on the right hand side reflects the distribution workload for the various offshore platforms under the MCM and Pan-Malaysian HUC work orders in 2019.



DISTRIBUTION WORKLOAD (OFFSHORE) 2019
MCM & PAN-MAL HUC

The CHUCTMM Division also went on to secure other major contracts during the financial year. In July 2019, CESSB accepted a Letter of Award ("LOA") from SEA Hibiscus Sdn. Bhd. for the provision of mechanical and piping maintenance services for the Labuan Crude Oil Terminal ("LCOT") for a contract duration of two years.

In August 2019, CESSB accepted a 15-month contract from Petronas Carigali Sdn. Bhd. ("PCSB") for the provision of HUCTMM services for its Angsi Field and works related to the Terengganu Crude Oil Terminal ("TCOT") offshore Peninsular Malaysia. These contracts, among others, are expected to contribute positively to the Group's revenue stream.

Moving forward, the majority of the activities of the CHUCTMM Division are expected to proceed as scheduled with the MCM work orders driving the Division's momentum and profitability. On the downside, there may be limited field improvement projects or FIPs due to the smaller projects within the FIP landscape. However, given Carimin's expertise and proven track record in this area, it remains hopeful of attaining sizeable FIP contracts should these opportunities arise.

Manpower Services ("MPS")

The MPS Division is helmed by Carimin Sdn. Bhd. ("CSB"). Following an increase in manpower demand in FY2018 to fulfill the requirements of the contracts for Petronas's RAPID project, the MPS Division went on to have a good year as the RAPID contracts were extended for another three months until June 2019. The financial year saw the Division registering revenue of RM87.06 million, a 79% or RM38.53 million increase in revenue from RM48.53 million previously.

On top of this, the Division was awarded a supply of manpower contract involving the provision of offshore technicians to Repsol Oil & Gas Malaysia Limited. The contract is for a duration of one year until December 2019 with an option to extend for another year.

The MPS Division also secured several other contracts which bode well for its performance in the coming financial year. In May 2019, the Division entered into an interim contract with JX Nippon Oil & Gas Exploration (Malaysia) Ltd for the provision of third-party manpower supply. In July 2019, MPS accepted a contract for the provision of drilling manpower services for the PM8(E) Drilling programme for Enquest Petroleum Production (Malaysia) Ltd for a duration of three years with the option to extend for another year. Within the same month, the Division secured another contract for the provision of general and specialist manpower services for the Kebabangan Petroleum Operating Company Sdn Bhd – Package 1 project for a duration of five years with the option to extend for another year.

However, the Group anticipates a weaker performance for the MPS Division in the new financial year since the RAPID contract would have expired. To mitigate this, the Division will be looking at participating in more tenders and will extend its provision of technical and professional services to both sectors, supplying consultancy and training services, as well as providing placement services. The MPS Division will also set its sights on securing manpower contracts in the international field to complement its domestic footprint.

Marine Services ("MS")

The Carimin Group currently owns three marine vessels. Its marine fleet resources comprise two vessels which it wholly owns, an AHTS and a DP2 AWB. The Group also has 15% ownership in another AWB, the SK Deep Sea, via its investment in Synergy Kenyalang Offshore Sdn. Bhd., the registered owner of the vessel. Given the Group's experience ability to manage its own vessels, Carimin possesses the competitive edge and technical capabilities to bid for larger marine support services contracts.

FY2019 saw the MS Division providing marine services to PCSB via a combination of its own vessels and via third-party charterers. Both Carimin Acacia and Carimin Airis were deployed to the Dulang Field under the MCM offshore contract. The Group also tapped into third-party charterers to fulfill its obligations to PCSB under the MCM offshore and Pan Malaysia contracts. These included AHTS vessels, workboats, work barges and a diving support vessel ("DSV").

For the year in review, the MS Division registered revenue of RM69.07 million, a 270% or RM50.39 million increase in revenue as compared to RM18.68 million in the previous year. FY2019 saw the Division providing for impairment losses of RM0.44 million (FY2018: RM3.16 million) and RM0.53 million (FY2018: RM11.22 million) for its AHTS and AWB vessels respectively. As for its 15% investment in SK Deep Sea, it posted a shared loss of RM0.16 million for the year under review.

For the financial year, Carimin secured a 200-day firm with (option for extention) contract for the provision of a DSV with IRM services. The Group plans to increase its capacity by investing in specific assets and collaborating with relevant partners. Having identified the potential of this segment, the Group is focusing on boosting its capabilities and track record in this segment.

Moving forward, the Group's vessels are expected to be occupied with charters until December 2019 before the monsoon season. The Division anticipates that it will be able to carry the good momentum achieved in FY2019 over into the coming financial year and is looking to charter more third-party vessels to carry out the necessary work for clients.

As Carimin remains as a leading CHUCTMM service provider, the MS Division will continuously optimise cost efficiencies, provide ship management and maintenance services, as well as undertake vessel charters locally and regionally. As activities within the CHUCTMM segment pick up, Carimin anticipates that the demand for marine support services will increase.

Civil Construction ("CC")

Consistent with the construction industry slowdown, the Division's posted a drop in revenue to RM11.17 million, a 25% or RM3.73 million decline year-on-year from the RM14.91 million achieved previously. CC projects faced delay due to several reasons beyond the Division's control that included land acquisition issues on the clients' side. The Division made an impairment for trade receivables of RM1.46 million in FY2019 as it initiates debt recovery actions.

Moving forward, Carimin Bina Sdn. Bhd. ("CBSB") shall adopt a prudent stance when bidding for new projects. It will instead focus its efforts on developing its competencies so as to move up the value chain by actively seeking out niche engineering systems via exclusive agencies and collaborative agreements as well as exploring asset acquisitions.

Business Risks and Mitigation Strategies

Carimin acknowledges 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. As per Bursa Malaysia Securities Berhad's ("Bursa Securities") disclosure requirements, the risks and mitigation strategies to address the Group's high-level risks are discussed below:

RISK RATING: HIGH			
Risk Category	**Description of Risk**	**Possible Consequences**	**Mitigation Measures**
External Risk	State of the global oil & gas Industry	• A slowdown in project tenders / offers • Uncertain revenue as the award of work orders slow down • Reduced operational expenditure ("Opex") and capital expenditure ("Capex") by clients	• Regular engagement with clients on upcoming projects / work orders and their commitment • Increase the client base and explore other opportunities • Ensure Carimin remains competitive for future tender bids • Innovate to enhance competitive edge • Stay abreast of the oil & gas production and supply / demand situation • Diversify into other segments within the industry to reduce over-reliance on a single segment • Reduce Opex and Capex as well as restructure loans and improve cash flow management
	Competition from existing competitors	• Loss of business • Loss of market share • Lower margins and profits	• 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 the Group's marine vessels)
Financial Risk	Inadequate budgetary control and monitoring	• Exceed budgeted expenditure / reduced profit • Impact on cashflow management • Delays in project delivery • Exposure to Liquidated and Ascertained Damages ("LAD")	• Inclusion of the project management team ("PMT") in budget cost control meetings highlighting the various shortcomings to garner their feedback • Ensure the necessary remedial actions are acted on to address variances • Ensure strict adherence to Standard Operating Procedures ("SOPs") / Financial Authority Limit ("FAL") practices • Provide proper budgets and project close out reports
Customer Risk	Obligated to contracted rates during the low oil price environment	• Financial impact • Higher costs from vendors / suppliers • Potential losses • Unable to deliver on the project	• 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

Responsible Corporate Practices

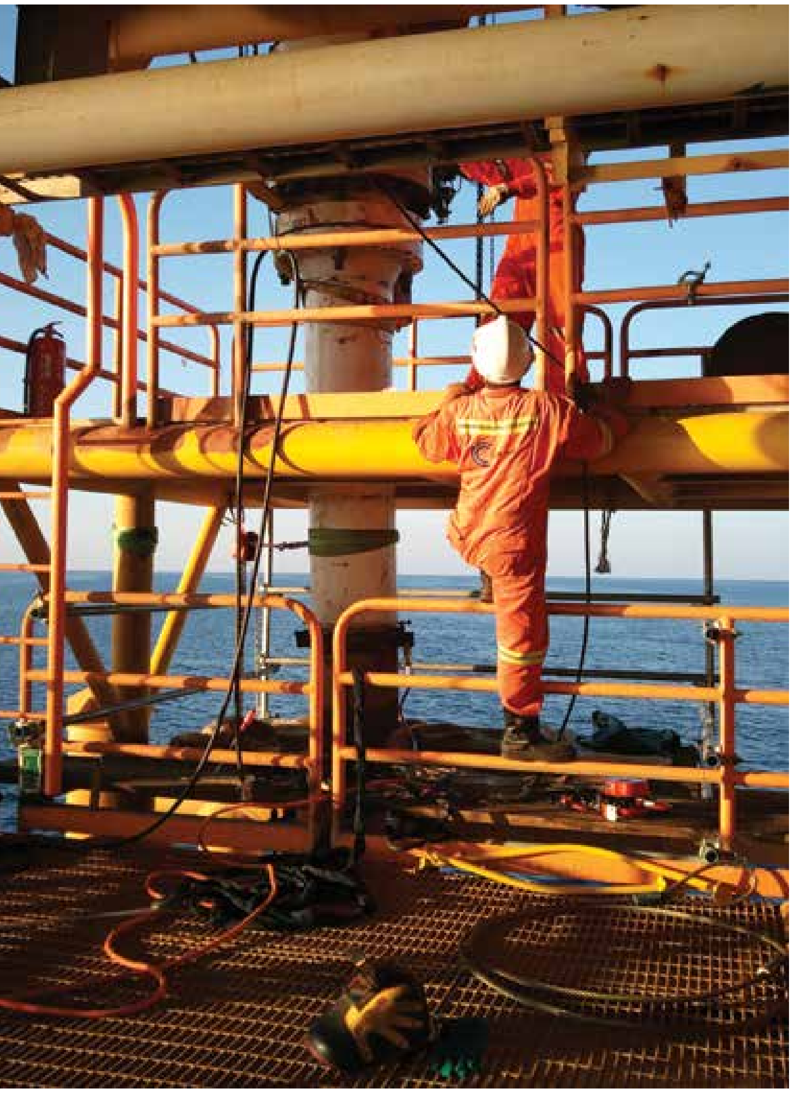
Carimin's Board of Directors acknowledges the need to uphold the tenets of transparency, accountability and integrity as well as implement the highest standards of professionalism and expertise throughout the organisation. In line with this, the Board remains committed to upholding the Best Practices in Corporate Governance outlined in the Malaysian Code on Corporate Governance 2017 ("the Code"). To ensure compliance with the Code, the Group has implemented several practices. These are outlined in the Corporate Governance Overview Statement on pages 37 to 50 of this Annual Report. In the period under review, the Nomination Committee and Remuneration Committee were merged into a single committee known as the Nomination and Remuneration Committee so as to improve its efficiency and effectiveness in discharging its duties.

To ensure the long-term sustainability of the Group's business, Carimin has taken the necessary measures to formalise its sustainability measures in alignment with Bursa Securities' guidelines. These measures to date include establishing a Sustainability Committee ("SC") to drive business sustainability within the Group and the development of the Group's Sustainability Statement. In FY2019, Carimin engaged a consultant to assist in formulating a sustainability reporting framework. The Group's sustainability achievements are spelt out in the Sustainability Statement on pages 26 to 36 of this Annual Report.

Outlook And Prospects

According to the International Monetary Fund's October 2019 World Economic Outlook, the pace of global economic activity remains weak following severe slowdowns in the last three quarters of 2018. The momentum of manufacturing activity in particular has weakened considerably to levels not seen since the global financial crisis. Intensifying trade and geopolitical tensions have not only taken a toll on business confidence, investment decisions, and global trade, but have also amplified the uncertainty about the future of the global trading system and international cooperation. While a significant shift toward increased monetary policy accommodation has helped cushion the impact of these tensions on financial market sentiment and activity, and a generally resilient service sector has helped support employment growth, the outlook remains unstable. Moving forward, global growth is projected to touch 3.0% in 2019 (its lowest level since 2008-2009) but is expected to rise to 3.4% in 2020.

The Malaysian economy is projected to grow at the slightly faster pace of 4.8% in 2020 (against 4.7% growth in 2019) as per Malaysia's Economic Outlook 2020 announcement. Underpinning this growth are sound fundamentals including strong and trustworthy public institutions, a healthy labour market, low and stable inflation, a comfortable current account surplus and a well-diversified economy. Notwithstanding the US-China trade war which is affecting the global supply chain, Malaysia (currently) seems to be benefitting from the diversion of investment and trade brought on by these trade tensions.



The oil & gas industry's expectation is that the price of oil will stay at the low 60s given the competition from US shale oil players as well as continuing geopolitical factors, trade tensions and slowing global growth. Regardless of the ongoing fluctuating price of oil, the oil majors are proceeding with their respective programmes. Local oil & gas service providers are taking comfort in the fact that Petronas' activity outlook for the next three years signals growth in brownfield activities, including rigs and supporting services, as well as onshore and offshore maintenance works. This will benefit everyone in the value chain across the board who run concurrent with Petronas' 2019 to 2021 activity outlook report. These developments also bode well for Carimin's business.

Against this backdrop, the Board and Management anticipate that ongoing major maintenance works under the CHUCTMM Division will provide an impetus for the Group as it capitalises on the expected wave of oil & gas activities. In conjunction with ongoing CHUCTMM activities, the demand for marine support services, including the Group's new subsea capability, is expected to strengthen.

To ensure the Group's sustainable growth, Carimin will continue to engage and enhance its client service levels as well as its capacity building and business development efforts, whilst maintaining the focus to remain profitable. To sustain business momentum for the mid-term, the Group will adapt to the demands of the market to ensure it remains relevant. To gain further market share from the segments it operates in, Carimin will consider exploring opportunities beyond Malaysian shores.

From an operational perspective, Carimin's Management will continue to strengthen the Group's business fundamentals and internal capabilities with a view to achieving the long-term sustainability of the business, thereby safeguarding shareholders' interests.

Carimin is mindful of the emerging renewable energy sources in the long-run. On a global level, many investment projects are already coming into play which are capable of producing clean energy such as hydro-power, solar power and biogas, all of which 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.

FY2019 was a turnaround year for Carimin and one from which the Group is working to build upon. The Carimin Group remains in a healthy position financially with a number of major contracts in hand. The Group will focus its efforts on bolstering its core competencies on the oil & gas front whilst continuing to develop its civil construction capability. Carimin already has a proven expertise and track record to handle multiple jobs simultaneously and will be actively tendering for new opportunities in these areas. There are plans continue to enhance the Group's subsea capability through investments in the relevant assets whilst building up its team of specialists in this area. The Board and Management of Carimin remain confident about the Group's prospects moving into FY2020.

In Appreciation

The Board and Management of Carimin express their gratitude to all those who have played an important part in helping us deliver a stronger performance amidst another challenging year. Our sincere thanks go to our valued shareholders, customers and business partners for their continuing support and confidence. We also wish to convey our gratitude to our loyal and hard-working staff whose professionalism, perseverance and commitment to excellence have helped us to grow steadfastly.

As Carimin goes into a new financial year, we are poised to take on all challenges and make the most of the opportunities before us. We hope that all our stakeholders will give their invaluable support as we work together to achieve greater success.

Sustainability Statement

The Carimin Group of Companies continues to advance its business momentum through sustainable practices. The embodiment of sustainability throughout the Group, not only drives our operational efficiencies but also assures our long-term growth and the creation of positive shared values with our stakeholders. As such, we are committed to maintaining responsible management of Economic, Environmental and Social ("EES") risks and opportunities.

The Carimin Group of Companies ("Carimin" or the "Group") is pleased to present our second sustainability statement. This statement follows the progress of Carimin's initiatives disclosed in our inaugural sustainability statement in the financial year 2018 ("FY 2018").

In line with Bursa Malaysia Securities Berhad ("Bursa Securities")'s sustainability reporting requirements, this statement has been prepared with reference to the local and international standards such as Bursa Malaysia Sustainability Reporting Guide 2nd Edition and Global Reporting Initiative ("GRI") Standards: Core option.

SCOPE AND BOUNDARIES

The statement covers Carimin's activities of construction, hook-up commissioning and topside major maintenance ("CHUCTMM") and marine services ("MS") initiatives undertaken by Carimin to embed sustainability into its business operations within Malaysia.

The information disclosed in this statement covers the period from 1 July 2018 to 30 June 2019 ("FY2019") and it includes all our operations within Malaysia located at Kuala Lumpur office ("KLO") and Teluk Kalong Yard ("TKY"), Kemaman, Terengganu. This statement is to be read together with the Group's Annual Report 2019, which highlights other financial and non-financial aspects of the Group's businesses.

Governance

OUR APPROACH TO SUSTAINABILITY

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

In 2015, the United Nations announced its 17 Sustainable Development Goals ("SDG") that aim at addressing challenges faced globally. The goals are dedicated to improve the quality of life around the globe in tandem with economic prosperity, environmental preservation, and achieving peace.

Malaysia is committed to the UN Agenda 2030 through the nation's sustainable development agenda described in the Eleventh Malaysia Plan (2016-2020). As a business operating in the country, it is our responsibility to contribute to the best of our abilities to the national sustainability agenda. We have adopted four SDGs that we feel align with our current business operations and areas that we can best contribute.

8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

As one of the growing and resilient oil & gas companies providing technical and engineering support services, we understand the fundamental need for sustainability in maintaining the Group's overall growth and performance. To ensure long-term value creation, our sustainability strategy serves as a guide when addressing the Group's EES risks and opportunities.

Economy
To sustain market leadership in oil & gas technical and engineering support services and promoting healthy business growth.

Environment
To maintain compliance with environmental regulations in order to minimise the Groups' environmental impact.

Social
To ensure the safety and health of all our employees, and sustain long-term and meaningful relationships with our stakeholders.

SUSTAINABILITY GOVERNANCE

In order to truly embed sustainability into our business operations, a sound governance structure is integral to the management of our approach to inculcate a culture of sustainability within the Group. For managing sustainability, our governance structure consists of two-tiers, with the Board of Directors ("Board") leading the sustainability agenda of the Group and providing guidelines to the Sustainability Committee ("SC").

The SC is responsible for identifying and implementing sustainability initiatives that have been approved by the Board and to enhance sustainability performance of the Group.

Board

Sustainability Committee

- Group Chief Operating Officer (COO)
- Group Chief Financial Officer (CFO)
- Departmental General Manager
- Head of Department ("HOD") of Health, Safety and Environment
- HOD of Quality Assurance and Quality Control
- HOD of Group Finance and Accounts
- HOD of Human Resources

Roles & Responsibilities

Board	SC
• Endorse the Group's sustainability strategy and commitment. • Issue final approval of the sustainability report and its contents.	• Identify relevant sustainability initiatives to strengthen sustainability perfomance. • Implement initiatives and strategies approved by Board.

PROACTIVE STAKEHOLDER ENGAGEMENT

The presence of various stakeholders will have a different level of influence on our business and are impactful to our operations and sustainability initiatives. We engage with a wide range of stakeholder groups on a regular basis to understand their expectations, therefore, enabling us to enhance our performance.

Stakeholder	Key Area of Focus	Platforms and Tools Utilised	Frequency
Investors & Shareholders	• Business direction of the Group • Key corporate developments	• 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	• As and when required • Annually • Quarterly/Annually • Throughout the year
Bankers	• Banking facility and financing	• Annual Review • Open house/networking	• As and when required • Annually
Customers, Suppliers and Industry Peers/Partners	• Business direction • Procurement • Knowledge sharing • Safety procedures	• Meetings, roadshows, participation in exhibition and networking lunches/dinners • Tenders/bids	• As and when required • Throughout the year
Goverment/ Regulators and Policy Makers	• Compliance to laws and regulations • Strong relationships	• Meeting, participation in exhibitions, site visits, case studies and sports activities • Tenders/bids	• As and when required • Annually (license renewal)
Employees	• Human capital development • Safety and Health • Governance • Corporate developments	• Regular communications via email and quarterly publications • Dialogue sessions • Training and development initiatives • Social activities • Voluntary participation in Corporate Social Responsibility ("CSR") programmes	• Throughout the year • As and when required • Throughout the year • Throughout the year
Local Communities	• Education and social assistance	• Engagement during festive occasions, motivational camps and sports activities • CSR activities	• As and when required • Throughout the year

Sustainability Matters

In order to better understand the Group's key sustainability focus areas, a materiality assessment was conducted to identify and rank the material sustainability matters that are significant to us. This assessment was held in a workshop mode attended by all departmental heads and senior management to capture a more comprehensive view.

A comprehensive list of potential material sustainability matters were drawn up through Carimin's risks and opportunities, benchmarking of industry peers' factors and discussion with relevant departmental heads and senior management.

Material assessment workshop was conducted with the departmental heads and senior management. The EES matters were prioritised using a weighted ranking method.

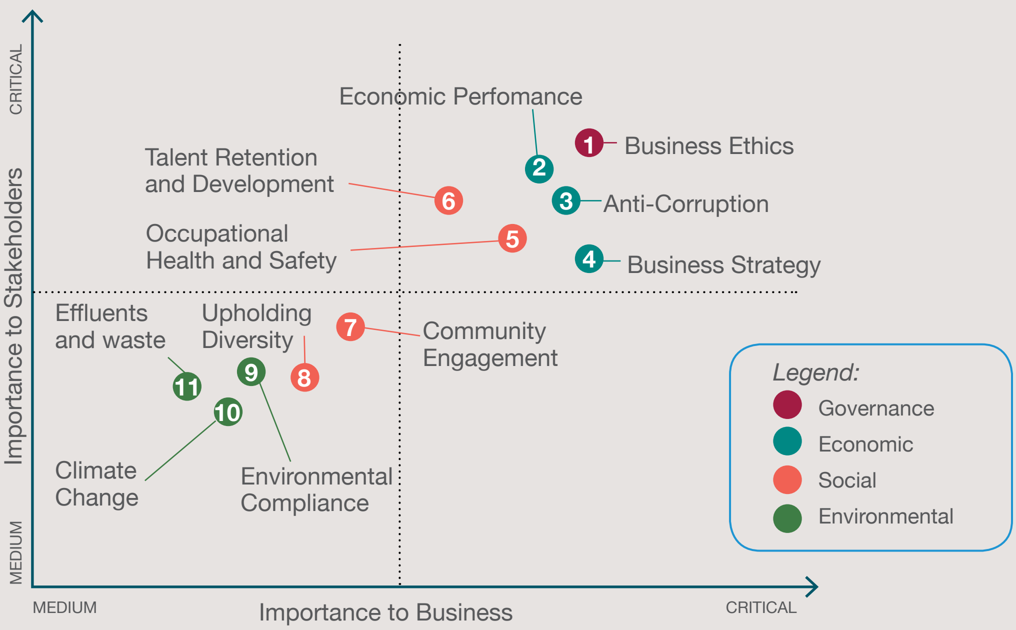
The results were plotted on a materiality matrix that displays each matter's position according to its importance to stakeholders and Carimin.

In the subsequent reporting periods, these material sustainability matters will be reviewed and reassessed to ensure its relevancy in the sustainability context.

Based on the results of the materiality review, Carimin may include or exclude other sustainability matters for reporting.

The materiality matrix was then distributed to the SC for their comments and confirmation, and submitted to the Board for validation and approval.

Based on the materiality assessment conducted, we have generated a materiality matrix mapping out the priority of each sustainability material matter based on its significance to our stakeholders and to our business operations. The sustainability material matters located at the top right quadrant are those with the highest significance.



Mapping Our Material Sustainability Matters

To illustrate our commitment to embedding sustainability into our business operations, we have mapped out the relationship between our material matters, relevant stakeholder(s), corresponding GRI indicator(s) and how they contribute to the relevant UN SDGs.

Material Sustainability Matters	Relevant Stakeholder(s)	Corresponding GRI Indicator(s)	Sustainable Development Goals (SDG)
Business Ethics 1	Employees, Shareholders and Investors, Bankers, Regulators	General Disclosure	16 Peace, Justice and Strong Institutions
Economic Performance 2	Suppliers, Regulators	Economic Performance, Market Presence, Indirect economic impacts, and Procurement practices	8 Decent Work and Economic Growth
Anti-Corruption 3	Employees, Shareholders and Investors, Bankers, Regulators, Suppliers	Anti-Corruption	16 Peace, Justice and Strong Institutions
Business Strategy 4	Employees, Suppliers, Regulators, Customers, Shareholders and Investors	General Disclosure and Economic Performance	8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions
Occupational Health and Safety 5	Employees, Suppliers, Regulators	Occupational Health and Safety	8 Decent Work and Economic Growth
Talent Retention and Development 6	Employees	Employment and, Training and Education	8 Decent Work and Economic Growth
Community Engagement 7	Local Communities	Local Communities	16 Peace, Justice and Strong Institutions
Upholding Diversity 8	Employees	Diversity and Equal Opportunity	8 Decent Work and Economic Growth
Environmental Compliance 9	Suppliers, Regulators, Local Communities	Environmental Compliance	13 Climate Action; 14 Life Below Water
Climate Change 10	Regulators, Local Communities	Oil and Gas Sector-Specific Disclosure, Energy	13 Climate Action
Effluents and Waste 11	Suppliers, Regulators, Local Communities	Water and Effluents and Effluents and Waste	14 Life Below Water

Business Ethics

As a responsible oil and gas services company, Carimin realises the significant role business ethics play in governing the Group, and does so through pre-set policies, procedures, and guidelines set forward by management. The importance of having good business ethics is pre-requisite at Carimin to ensure every employee observes its professionalism through respect, responsibility, fairness, and accountability of actions, thus protecting the integrity of the Group. Carimin is committed to conducting all its business in an ethical manner and indoctrinates its policies through the Employee Manual.

The Employee Manual outlines the Group's code of conduct on how all employees are to make business decisions across all operations. Good governance secures the trust and loyalty of stakeholders and ensures operational efficiency. The manual covers topics on conflicts of interest, gift and hospitality, corruption and bribery, and confidentiality, among others. The purpose for the handbook is to inculcate a culture of ethical behavior, throughout Carimin's business chain. All employees are then required to sign the Ethical Conduct, Integrity and Honesty Pledge, signifying that they have understood and agreed to adhere to the Group's rules and regulations.

In line with ethical business conduct, our established Whistle-blowing Policy provides employees and other stakeholders a platform in which they can report any suspected or actual incidents of misconduct, and any other labour grievances should they arise. Our policy states that the identity of the whistleblower be kept confidential so as to protect them from any form of reprisal such as adverse impacts on their employment or relationship with the Group. Concerns should be raised to the immediate superior, however, if that is not sufficient, then the concern should be reported to the Managing Director or the Chairman of the SC.

To further create awareness of the availability of such mechanisms, roadshows, meetings, and briefings by supervisors and managers are conducted for such purposes. The established policies are designed to build a working environment that promotes openness, accountability and integrity that fosters respect and responsibility amongst all employees, safeguarding the reputation of the Group and the interests of shareholders and stakeholders.

CERTIFICATION AND STANDARDS

Carimin maintains the best practices be it in terms of corporate governance, safety, quality services and through our partnership with relevant stakeholders. We abide by the following laws:-

- Employment Act 1955 and Regulations
- Environmental Quality Act 1974 and Regulations
- Factory Machinery Act 1967 and Regulations
- Occupational Safety and Health Act 1994 and Regulations

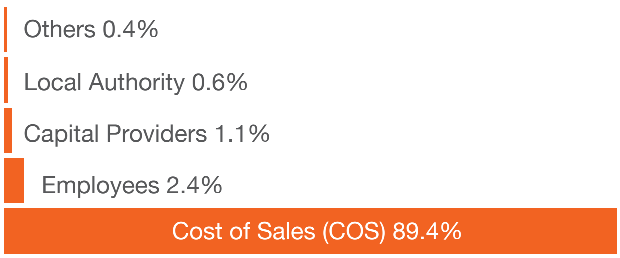
In the year 2019, there were zero fine of non-compliance with rules and regulations.

Upholding Good Economic Practices

ECONOMIC PERFORMANCE

The economic aspect is an essential component of Carimin's long-term growth. The oil and gas sector that is largely governed by the current oil price, affects the revenue of the Group. This segment details our economic gain and contribution to the community.

In FY2019, the economic value generated by Carimin was RM441.14 million, an increase of RM299.84 million or 212% from RM141.30 million recorded in FY2018. Below is the summary of economic value distributed for operating costs, as well as towards our employees (wages and benefits), providers of capital, and the local authority.



Further details on our economic performance can be found in the Financial Highlights section of this Annual Report.

Significant Indirect Economic Impacts

At Carimin, we are constantly seeking ways to contribute towards the economic enhancement of the community that we work within. In FY2019, the cost of sales (COS) incurred by the Group amounted to RM394.19 million, an increase of RM260.06 million or 194% from RM134.13 million registered in FY2018. This indicates the amount of increase business and employment opportunities that we have brought to the community residing in the East Coast.

Procurement Practices

Carimin is dedicated to build a value chain that is sustainable. We always encourage fair play in selection of vendors and promotes sourcing from the local suppliers that meet our requirement. Sourcing from abroad only occurs due to scarcity of material or services unavailable locally and project specification conformation.

Local Talent

In support of the local economy, we are proud to disclose that the Group's senior management is 100% Malaysian. We also strive to promote equal opportunity and prohibit gender discrimination. Gender has never been a determining factor of employee wages. The wages of our employees are based on performance, designation, experience and educational background. Our minimum wages meet the requirements as stipulated in the Minimum Wages Order 2018.

BUSINESS STRATEGY

Over these past few years, the oil and gas industry has experienced challenging times. Therefore, a business strategy is a fundamental aspect to Carimin as it determines the Group's direction, pricing strategy and resource deployment in ensuring the Group's growth and prosperity.

Good business strategy also sets the foundation for Carimin in expanding and identifying potential opportunities to venture into. We believe that a good business strategy does not only govern the immediate business environment, but also ensures sustainable long-term growth of the Group.

ANTI-CORRUPTION

We strive to exercise best practices in corporate governance with high standard of integrity and transparency in the way we do our business. We also aim to promote fair selection of bidders that meet our technical and commercial expectation.

At Carimin, we conduct periodic assessments involving risks related to corruption. Adhering to our Anti-Corruption Policy, all personnel are required to complete the ethical conduct, integrity and honesty pledge. It aims to inculcate a culture of ethical conduct, and maintaining professionalism in terms of integrity and honesty when performing procurement functions. Whereas, the information on the Group's Anti-Corruption Policy has been channelled via employee's e-mails, briefing by superior and roadshows.

Adopting Good Environmental Practices

CLIMATE CHANGE

Carimin is cognisant that energy and climate change can have a significant effect both directly and indirectly on our business operations.

Climate change risk and opportunities

As the society is moving towards preserving the environment, more environmental friendly measures will be put forward to preserve it. Carimin needs to be resilient in anticipating and preparing for future challenges. For instance, as the environmental standards are changing, unproductive oil rigs cannot be left unattended and must be decommissioned in accordance with the requirements of the relevant government agencies, namely, the Department of Environment ("DOE"). This year, the DOE has published a new set of decommissioning guidelines that need to be adhered to. Hence, new opportunities in terms of new service areas are opened to the Group.

While the risks of climate change will also increase the cost of preserving the environment, the way we do our business, such as waste disposal method, recycling of used materials and opting for green or natural materials however will result in cost savings which can offset any incremental cost for risks associated to climate change.

Energy Consumption

At Carimin, maximising energy efficiency is one of the efforts to reduce the environmental footprint of our operations. At KLO, 6.8% bulbs have been replaced with energy-efficient LED bulbs. Moving forward, we aim to steadily upgrade all our lights to LED lights.

Energy Consumption (MYR) in FY2019

EFFLUENTS AND WASTE

Effluents and waste management is important as it reflects on the performance and efficiency in Carimin's operation. Every procedure emphasises on minimising effluent and waste, and to do it right the first time was documented in the Job Method Statement for strict adherence.

Waste generated from our operations are handled and disposed by a commissioned licensed contractor that covers activities for transportation of waste from our premises to proper treatment, and until notification of discharged is received.

For FY2019, our waste collection was estimated to be approximately between 24-45 metric tonnes. Below is the list of our waste source, type of waste generated and the disposal methods.

Source	Type of waste	Disposal Method
Construction/Fabrication	• Scraps, plastic wrap, paper box	Reuse or recycle of scraps, segregation of waste and disposal
Scheduled waste	• Contaminated container (paint, oil, lubricants, acids, thinner, garnet, other chemical) • Contaminated personal protective equipment (gloves, coverall, shoes), solvent and effluent (from vessel and offshore works)	Transport to licensed treatment centre by contractor
Office (E-waste)	• Electrical parts and electronic components, computer parts, bulb and batteries from office	Segregation and dispose to e-waste collection centre
Domestic waste	• Office waste i.e. papers	Segregation of recyclable item and other waste, dispose to local collection centre and approved landfills.

ENVIRONMENTAL COMPLIANCE

Carimin is committed to robust environmental compliance. This is in line with our vision and values, i.e. to be the most reliable and established integrated service provider for maintenance, hook up and commissioning works in the oil and gas industry.

Our commitment is demonstrated through our Environmental Policy which was established in 1989.

The tenets of our Environmental Policy are as follows:

- Establish effective communication with our clients and relevant parties to ensure that environmental concerns are addressed;
- Compliance with environmental laws, regulations, codes and standards, and other legal and contractual requirements;
- Implementation and maintenance of an environmental management system which complies with the Environmental Quality Act 1974 (Act 127) and their regulations, rules, order and other associated legislation;
- Continual improvement in all areas of our operation, including those activities which affect land, water and air;
- Prevention of pollution, reduction of waste, conservation of resources and proper disposal of hazardous and waste product;
- Setting and reviewing objectives and targets including allocation of responsibilities and resources; and
- Increase environmental awareness of employees, subcontractors and clients through communication, induction and training.

Championing Good Social Practices

OCCUPATIONAL HEALTH AND SAFETY

The oil & gas industry faces high exposure to risks and other hazards given the type of work that is dealt with. Therefore, Carimin takes extra measures to ensure the health and safety of all its employees are secured throughout its entire business operations. Compliancy to all rules and regulations is compulsory as it prevents accidents from occurring.

The Health, Safety and Environment ("HSE") management system has been established with the intent on protecting the different areas in which the oil & gas industry specifically, may impact. It guides us in safeguarding the well-being of our employees, minimising risks exposed, as well as mitigating negative environmental impact through proper management.

To strengthen and promote a culture that prioritises HSE, Carimin has initiated several programmes and requires the involvement of all employees. These programmes advocate safety through exercises that are engaging as well as rewarding to those showing their commitment to keeping a safe working environment through responsible practices.

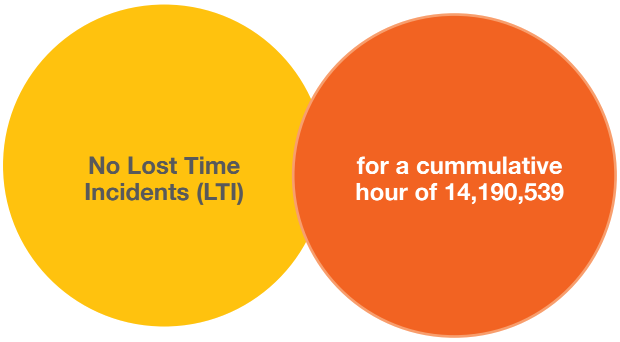
The campaign launched during the reporting year include;

- Unsafe Condition Unsafe Act (UCUA);
- Health campaign (in house health screening) at KLO;
- Management health safety environment visit at TKY;
- Emergency response plan briefing to ERT member; and
- Mental health campaign launched at platform Angsi & Dulang.

Besides internal HSE audits, external parties such as the Department of Occupational Health and Safety, Department of Environment, and other third-party authorities also hold assessments to assure our compliance. Additionally, Carimin conducts a Job Hazard Analysis (JHA) that examines all the possible hazards and risks that can arise for certain roles. They then identify methods towards eliminating or minimising those risks. Jobs that have a history of incurring more accidents, producing higher rates of injury, and pose higher risks are prioritised for the assessment. These examinations are conducted by the supervisor in charge and are then reviewed and endorsed by the HOD or Project Manager.

At present, Carimin has established a HSE committee with the objective of reviewing the operations in the business, attending to any aspects that affect the safety and health of employees, suppliers, as well as the environment. The committee is comprised of not less than eight members, and meet at least once a month. The number of employer to employee representatives within the HSE committee is a balanced number. This is to foster better communication and cooperation in achieving a safe work environment for all.

For this reporting period, Carimin is pleased to announce that we recorded zero fatality, zero high consequence injuries, and zero recordable cases. These achievements are testament to the stringent safety and health procedures that the Group enforces.



UPHOLDING DIVERSITY

Carimin is dedicated to upholding a positive working environment and embraces diversity amongst its employees. We are committed to cultivating a culture of mutual respect where all employees feel comfortable at work. Carimin hires its employees based on merit and therefore, does not discriminate based on gender, ethnicity, religion, or any other characteristics. As of current, a majority of our 131 employees are local, with only one foreign worker.

	FY2017	FY2018	FY2019
Age			
20 – 30 years	23 (27%)	51 (39.8%)	56 (42.8%)
31 – 45 years	43 (50.6%)	58 (45.4%)	57 (43.5%)
46 – 60 years	19 (22.4%)	19 (14.8%)	18 (13.7%)
	85	**128**	**131**
Gender			
Male	59 (69.4%)	82 (64.1%)	86 (65.6%)
Female	26 (30.6%)	46 (35.9%)	45 (34.4%)
	85	**128**	**131**
Category			
Management	13 (15.2%)	17 (13.3%)	16 (12.2%)
Professionals	49 (57.6%)	67 (52.3%)	75 (57.3%)
Non-Professionals	23 (27.2%)	44 (34.4%)	40 (30.5%)
	85	**128**	**131**
Nationality			
Locals	84 (98.8%)	127 (99.2%)	130 (99.2%)
Foreigners	1 (1.2%)	1 (0.8%)	1 (0.8%)
	85	**128**	**131**

TALENT RETENTION AND DEVELOPMENT

The success of an organisation is largely dependent on the performance of its employees. At Carimin we are committed to ensuring that all staff have the opportunity for career growth and are provided with fair remuneration packages. By supporting the development of our employees throughout their tenure with the Group, we aspire to keeping our retention rates high and turnover, low. For this reporting year, our turnover rate has reduced to 9.9% compared to 14.8% in 2018.

New Employee Hires			
Age	**Gender**	**FY2018**	**FY2019**
20 – 30 years	Male	10	11
	Female	12	6
31 – 45 years	Male	12	7
	Female	6	3
46 – 60 years	Male	1	-
	Female	1	-
Employee Turnover			
Age	**Gender**	**FY2018**	**FY2019**
20 – 30 years	Male	3	3
	Female	6	3
31 – 45 years	Male	6	5
	Female	3	1
46 – 60 years	Male	1	1
	Female	-	-

We ensure a competitive advantage when hiring talents by providing an attractive remuneration package, with incentives and bonuses, fair allowance, and opportunities for career growth, among others. Reasonable benefits such as Group Personal Accident (GPA), insurance, outpatient medical allowance for self and family members are also some of the perks provided to full-time employees.

As mentioned, a large part of talent retention is by providing employees the opportunity for developing their skill set and supporting their growth throughout their tenure at Carimin. We encourage training and have conducted a total of 1928 training hours for this reporting period. The average training hours per employee is 14.8 hours.

Due to the nature of our work, training is a requirement to provide knowledge on the necessary technical skills as well as to ensure the safety of our employees, thus allowing us to optimise our productivity. Below are some of the key training programmes that Carimin has conducted during this reporting period.

Training Programme	Hours
ISO	80
E Leave System	4
Introduction to Oil & Gas	16
First Aid & ERP Training	160
JAG System Training	2
CIDB	16

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ENRICHING COMMUNITIES

As a responsible corporate citizen, Carimin does its best to make positive and impactful contributions that will support the socioeconomic development of the local communities. Our efforts and initiatives revolve around helping schools, children, orphanages, and the less fortunate in society. Especially during festive season, such as Ramadhan, we offer donations and provide sponsorships to orphanage houses, Islamic schools, providing computers to schools, as well as organising sports activities.

We will continue to actively seek for opportunities to give back to the community as a corporate citizen part of a larger society. We hope that our efforts carry long-lasting impacts and are able to help as many people as possible.

1 Iftar Donation to Surau Al-Jannah, Taman Jasa Utama, Batu Caves 13 May 2019
2 Back to School Programme for Rumah Amal Asnaf Al-Barakah
3 Iftar programme Donation 20 May 2019

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CONCLUSION

The Group will continue with the integrated approach of creating value for our stakeholders by taking into considerations of the economic, environmental and social aspects of sustainability. We are cognisant that each year, different risks will arise, and therefore, by incorporating sustainability into our business operations, we will be able to address these risks and subsequently strengthen our sustainability commitment.

4 *Donation to build Tahfiz classroom for Pusat Pembangunan Minda Insan (PPMI), Kg Tegupi Laut, Lahad Datu, Sabah 10 May 2019*
5 *Iftar Donation to Surau Nurul Iman, Taman Koperasi Cuepec, Kajang 13 May 2019*
6 *Donation for Ramadhan to Pusat Jagaan Al Hasanah, Beranang, Selangor 15 May 2019*
7,8,9 *"Duir Raya" Contribution to Orphanage for Rumah Amal Asnaf Al-Barakah 28 June 2019*

Corporate Governance

Overview Statement

The Board of Directors ("the Board") of Carimin Petroleum Berhad ("the Company") recognises the importance of good corporate governance practices in the Company and its subsidiaries ("the Group") 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 on 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 should be read together with the Corporate Governance Report 2019 ("CG Report") which was prepared based on a prescribed format as enumerated in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report is available on the Company's corporate website at www.carimin.com, as well as via an announcement on the website of 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 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 maximising 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.

The Board has also delegated certain responsibilities to the following Board Committees, all of which operate within the defined Terms of Reference to assist the Board in discharging its fiduciary duties and responsibilities:-

a. Audit Committee ("AC")
b. Nomination and Remuneration Committee ("NRC")
c. Risk Management Committee ("RMC")

(collectively referred to as "Board Committees")

The Terms of Reference of the respective Board Committees can be accessed via the Company's corporate website at 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 roles and responsibilities of the Chairman and MD are exercised by different individuals, and are clear and distinct. The Chairman of the Board, Tan Sri Dato' Kamaruzzaman Bin Shariff is a Non-Independent Non-Executive Chairman, whereas the MD is En. Mokhtar Bin Hashim.

The Chairman's primary role is to lead and manage the Board, which would include, amongst others, leading the Board in the oversight of the management, ensuring the integrity of the corporate governance process and issues, guiding and mediating Board actions with respect to organisational priorities and governance concerns. The MD is responsible for the development and implementation of strategy, overseeing and managing the day to day operations of the Group, such as, amongst others, developing long-term strategic and short-term cash flow plans, directing and controlling all aspects of business operations, overseeing the human resources need of the Group and ensuring compliance with all governmental procedures and regulations.

1.3 Qualified and Competent Company Secretary

The corporate secretarial function of the Company is outsourced to Cospec Management Services Sdn. Bhd. ("CMS").

The Board is supported by a qualified and competent Company Secretary nominated by CMS. She 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 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 meeting 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 the Company Secretary to the Board in the discharge of her functions.

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 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) working days in advance of the Board and Board Committee meetings.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter clearly sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It is designed to provide guidance and clarity to Directors with regards to the respective roles and responsibilities of the Board, Board Committees, Chairman and MD, as well as issues and decisions reserved for the Board, the Board's governance structure and authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.

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

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct

The Board has adopted a Code of Ethics and Conduct for Directors and employees towards their day-to-day duties and operations of the Group. It sets out the ethical standards and underlying core ethical values to guide actions and behaviours of all Directors and employees. The Code of Ethics and Conduct is formalised in the Company handbook and incorporated in the Board Charter which are available on the Company's corporate website at www.carimin.com.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

3.2 Whistle Blowing Policy

The Board has put in place a Whistle Blowing Policy which is published on the Company's corporate website at www.carimin.com 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 Ethics and Conduct, including communication through the Company's corporate website. The Whistle Blowing Policy, which is published on the Company's corporate 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.

The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that they continue to remain relevant and appropriate.

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 current Board composition is not in line with the Practice 4.1 of the MCCG to have at least half of the Board comprises Independent Non-Executive Directors. However, the Company fulfils the requirement of Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors.

There is a clear separation of functions between the Board and Management. The Board has full control of the Management and oversees the business direction of the Group while the Management is responsible for running the day-to-day business.

The day-to-day management of the Group is carried out and performed by the MD and Executive Director jointly and collectively with each Executive Director 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 Board is aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, 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 interfered by his length of service as an Independent Director.

The assessment of independence of Independent Non-Executive Directors was conducted annually via Annual Evaluation of Independence of Director to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

In the event that the Board intends to retain a Director who has served the Board as an Independent Non-Executive Director 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 year under review, none of the Directors of the Company has served the Board as an Independent Director exceeds a cumulative term of more than nine (9) years.

4.3 New Appointment to the Board

The members of the Board are appointed in a formal and transparent practice as endorsed by the MCCG. The NRC scrutinises the candidates and recommends the same for the Board's approval. In discharging its duty, the NRC will assess the suitability of an individual by taking into consideration of 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 identifying for suitable candidates, the NRC may receive suggestions from existing Board members, Management and major shareholders. The NRC 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 three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the Annual General Meeting ("AGM"), and be eligible for re-election provided always that all Directors shall retire from office 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 and 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.

In line with the MCCG, 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 the 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.

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 NRC 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 NRC 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.

To avoid any mismatch and ineffective appointment of female Directors, the Board does not set any specific target for female Directors in the Gender Diversity Policy. However, the Board practises non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company.

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 NRC

The Nomination Committee ("NC") and Remuneration Committee ("RC") have been merged as a single committee and known as the Nomination and Remuneration Committee (NRC) with effect from 27 May 2019 which aimed to improve its efficiency and effectiveness in discharging its duties.

The NRC is chaired by En. Mohd Rizal Bahari Bin Md Noor, an Independent Non-Executive Director. The NRC comprises the following members, all being Non-Executive Directors and majority of whom are Independent Directors:-

Name of NRC 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
Wan Muhamad Hatta Bin Wan Mos, Member	Independent Non-Executive Director

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

The NRC meets as and when required. The activities undertaken by the NRC during the financial year ended 30 June 2019 ("FYE 2019") were as follows:

a. Conducted an annual assessment of the Board's effectiveness as a whole and Board Committees in respect of the financial year ended 30 June 2018 ("FYE 2018");

b. Conducted independent assessment for each Board and Board Committees' effectiveness as a whole.

c. Reviewed and assessed the term of office and performance of the AC and each of its members for the FYE 2018;

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 Sixth AGM of the Company.

5. Overall Effectiveness of the Board and Individual Directors

5.1 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 2019, 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, financial budgets 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 2019 are as follows:-

Type of Meetings	**Board**	**AC**	**NC^**	**RC^**	**RMC**
No. of Meetings Held	5	5	1	3	2
Name of Directors	**No. of Meetings Attended**				
Tan Sri Dato' Kamaruzzaman Bin Shariff	5	–	1	–	–
Mokhtar Bin Hashim	5	–	–	–	2
Shatar Bin Abdul Hamid	4	–	–	–	–
Lim Yew Hoe	5	–	–	–	–
Yip Jian Lee	5	5	1	3	–
Mohd Rizal Bahari Bin Md Noor	5	5	1	–	1
Wan Muhamad Hatta Bin Wan Mos	5	5	–	3	2

Note:
^ *The NC and RC have been merged into NRC as at 27 May 2019.*

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.

The Notice of Board meetings are sent to the Directors via email at least five (5) working 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 the meetings. The draft minutes of which are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings before they are finalised and tabled at the next meeting for confirmation. 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.

5.2 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 2019, the Directors have attended the following training programmes, seminars and conferences in compliance with Paragraph 15.08 of the MMLR of the Bursa Securities:-

Name of Directors	Programmes / Seminars attended
Tan Sri Dato' Kamaruzzaman Bin Shariff	• The New Constitution under the Companies Act 2016 • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments
Mokhtar Bin Hashim	• The New Constitution under the Companies Act 2016 • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments
Shatar Bin Abdul Hamid	• The New Constitution under the Companies Act 2016 • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments
Lim Yew Hoe	• The New Constitution under the Companies Act 2016 • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments • Building & Construction Conference 2018 " Global Mega Wave"
Yip Jian Lee	• Emerging Risks, the Future Board and Return on Compliance • Understanding Fintech and its Implications for Insurance Companies • The New Constitution under the Companies Act 2016 • Breakfast Series - Companies of the Future -The Role for Boards • Revisiting the Misconception of Board Remuneration • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments • Cyber Security in the Boardroom
Mohd Rizal Bahari Bin Md Noor	• The New Constitution under the Companies Act 2016 • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments
Wan Muhamad Hatta Bin Wan Mos	• The New Constitution under the Companies Act 2016 • The Key Amendments to the MMLR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments • Sustainability Engagement Series for Directors/Chief Executive Officer • CG Watch: How Does Malaysia Rank? • Cyber Security in the Boardroom

PART III – REMUNERATION

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The NRC of the Company is principally responsible for assessing and reviewing the remuneration policy and packages for the Directors of the Company. The NRC 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 approval.

The Terms of Reference of NRC which details out the roles and responsibilities in relation to the remuneration matters, is accessible on the Company's corporate website at www.carimin.com.

The Board has established a formal and transparent Remuneration Policy as a guide for the Board and the NRC to determine the remuneration of Directors and Senior Management of the Company, which consider the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is made available for reference on the Company's corporate website at www.carimin.com.

The Board recognises that levels of remuneration is 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.
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: • 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 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.

7. Remuneration of Directors and Senior Management

7.1 Details of Remuneration of Directors

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 payable to the Directors on the Company and the Group basis for the FYE 2019 are as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Others RM	Total RM
Tan Sri Dato' Kamaruzzaman Bin Shariff	77,500	–	–	5,300	–	–	82,800
Mokhtar Bin Hashim	–	–	–	–	–	–	–
Shatar Abd Hamid	–	–	–	–	–	–	–
Lim Yew Hoe	–	–	–	–	–	–	–
Yip Jian Lee	51,667	–	–	5,200	–	–	56,867
Mohd Rizal Bahari Bin Md Noor	45,000	–	–	4,600	–	–	49,600
Wan Muhammad Hatta Bin Wan Mos	45,000	–	–	5,500	–	–	50,500
TOTAL	**219,167**	**–**	**–**	**20,600**	**–**	**–**	**239,767**

The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Others RM	Total RM
Tan Sri Dato' Kamaruzzaman Bin Shariff	77,500	–	–	5,300	–	–	82,800
Mokhtar Bin Hashim	–	706,000	–	–	36,500	–	742,500
Shatar Abd Hamid	–	390,000	–	–	20,000	24,000	434,000
Lim Yew Hoe	156,000	–	–	–	–	12,000	168,000
Yip Jian Lee	51,667	–	–	5,200	–	–	56,867
Mohd Rizal Bahari Bin Md Noor	45,000	–	–	4,600	–	–	49,600
Wan Muhammad Hatta Bin Wan Mos	45,000	–	–	5,500	–	–	50,500
TOTAL	**375,167**	**1,096,000**	**–**	**20,600**	**56,500**	**36,000**	**1,584,267**

7.2 Details of Remuneration of Senior Management

The details of the remuneration of the top five (5) Senior Management of the Group for the FYE 2019 are as follows:-

Range of Remuneration	No. of Senior Management
Below RM50,000	–
RM100,001 to RM150,000	1
RM150,001 to RM200,000	–
RM200,001 to RM250,000	2
RM250,001 to RM300,000	2
TOTAL	**5**

Due to confidentiality and sensitivity of the remuneration packages 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.

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 that 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 – AC

8. Effective and Independent AC

The AC is chaired by Pn. Yip Jian Lee, an Independent Non-Executive Director who is not a Chairman of the Board. The positions of Board Chairman and AC Chairperson assumed by different individuals which allows the Board and AC to objectively review their findings and recommendations.

The AC comprises the following three (3) members who are exclusively Independent Non-Executive Directors:-

Name of AC 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 AC members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process, whilst the Chairperson of the AC is 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. The AC has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairperson of the AC.

Currently, none of the members of the AC were former key audit partners of the present auditors of the Group. The Company has always recognised the need to uphold independence. The AC has in place a policy that requires a former key partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The policy had been codified in the Terms of Reference of AC of the Company which is published on the Company's corporate website at www.carimin.com.

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 NRC annually to determine whether they 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 established the External Auditors Assessment Policy together with an annual performance evaluation form to review, assess and monitor the performance, and independence of the External Auditors of the Company.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Risk Management and Internal Control Framework

9.1 Effective Risk Management and Internal Control Framework

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

The Board is 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 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.

9.2 RMC

The Board formed the RMC on 20 August 2015, which comprises of the following three (3) members with majority of whom are Independent Directors:-

Name of RMC Members	Designation
Wan Muhamad Hatta Bin Wan Mos, Chairman	Independent Non-Executive Director
Mokhtar Bin Hashim, Member	MD
Mohd Rizal Bahari Bin Md Noor, Member	Independent Non-Executive Director

The RMC is to assist the Board in the following functions:-

i. Carrying out its responsibility of overseeing the Group's risk management framework and policies;
ii. Ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and
iii. Determining the nature and extent of significant risks which it is willing to take in achieving its strategies objectives.

10. Effective Governance, Risk Management and Internal Control Framework

10.1 Internal Audit Function

The Group has 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 are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.

To ensure that the responsibilities of Internal Auditors are fully discharged, the Board had established the Internal Auditors Assessment Policy together with an annual assessment form. The AC evaluated the performance of the Internal Auditors for the FYE 2019 upon such evaluation criteria as set out in its Internal Auditors 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 carried out during the FYE 2019 are 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

11. Continuous Communication between the Company and Stakeholders

The Board values the importance of effective communication and timely flow of information on all material business matters to its stakeholders. Hence, the Board has established a Corporate Disclosure Policy to enable comprehensive, accurate and timely disclosure information to its shareholders and stakeholders. A copy of the policy is published on the Company's corporate website at www.carimin.com.

Quarterly results, announcements, analyst briefings, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website, www.carimin.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholders' Participation at General Meetings

12.1 AGM

The Company dispatched its notice of AGM and related papers to shareholders at least twenty-eight (28) days before the AGM 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.

12.2 Voting in absentia

Voting in absentia and remote shareholders' participation are currently not facilitated by the Company in view that the Company does not have a large number of shareholders and the Company's AGM are not held in remote locations but held at a venue which is easily accessible.

Notwithstanding that, shareholders are encouraged to attend general meetings and are allowed to appoint proxy(ies) to attend, participate, speak and vote at the general meetings on their behalf and represent them.

Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within a reasonable time.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 MMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2019.

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 2019, 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, 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 on Risk Management and Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") 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 on 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 year 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 Risk Management Committee and Audit Committee respectively.

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 but do not apply to the non-controlled entities. 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 that comprises of two (2) Independent Non-Executive Directors and one (1) Managing 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 2019, 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 21 October 2019.

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

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 which is independent of the activities and operations of the Group, 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	Businesss Process
Carimin Petroleum Berhad – performed on group level	- Management of Information System; and - Procurement and Tender Management
	- Business Development; and - Billing and credit control
	- Human Resource Management; and - Manpower Operations Management

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 2019 is RM90,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

i. Organisation Structure

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

ii. Clearly Defined Policies and Procedures and Authority Limits

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

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

iii. Regular Management Meetings

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

iv. Periodic Financial Performance Reviews

The Group Finance Department prepares the 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

In accordance with Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG3) - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants (MIA).

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : 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.

CONCLUSION

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 on the recommendation of the Audit Committee to the Board and is made in accordance with the Board's resolution dated on 22 October 2019.

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:

Audit Committee Members	Designation	Directorship
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 ("MMLR") 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 corporate 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: -

Audit 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 2019:-

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;

iv. Considered and recommended the re-appointment of Crowe Malaysia PLT as External Auditors and their audit fees of the Group 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 any 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 2018 and submit the evaluation to the Nomination Committee for assessment.

INTERNAL AUDIT FUNCTION

Internal audit function of the Group has been 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 Audit 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 cost incurred for the internal audit function of the Group for the financial year ended 30 June 2019 is RM90,000.

A summary of the works of the internal audit function is disclosed in the Statement on 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 separate disclosure in this 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 233,878,000 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 2019 is as follows:-

Details of utilisation	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	1,751	10,249	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**	**56,521**	**10,249**	

AUDIT AND NON-AUDIT FEES

The fees paid/payable for services rendered by the External Auditors during the financial year ended 30 June 2019 are as below:-

Description	Audit Fee (RM)	Non Audit Fee (RM)	Total (RM)
The Company	45,000	13,000	58,000
The Group	177,000	–	177,000

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest during the financial year ended 30 June 2019.

RECURRENT RELATED PARTY TRANSACTIONS

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 June 2019.

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 2019.

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. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	27,441	4,148
Attributable to:-		
Owners of the Company	27,679	4,148
Non-controlling interests	(238)	–
	27,441	4,148

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2018 are as follows:-

	RM'000
In respect of the financial year 30 June 2019	
A first interim dividend of 1.4 sen per ordinary share, paid on 28 June 2019	3,274

On 29 August 2019, the Company declared a second interim dividend of 1.6 sen per ordinary share amounting to RM3,742,048 in respect of the current financial year, payable on 17 October 2019, to shareholders whose names appeared in the record of depositors on 18 September 2019. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2020.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of two new subsidiaries as disclosed in Note 37 to the financial statements.

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

DIRECTORS

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

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

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
IR. Dr. Mohd Asbi Bin Othman
Wan Hamdan Bin Wan Embong
Elaine Salmi Randolph Binti Mohd Fauzi (Appointed on 28.1.2019 and resigned on 10.04.2019)
Armand Emir Bin Johany (Appointed on 28.1.2019)
Zhafri Bin Mokhtar (Appointed on 10.4.2019)
Sh Mohd Firdaus Amri Bin Sh Mohmed Puzi (Resigned on 13.9.2019)
Abd Helmi Bin Mohd Ali (Resigned on 28.1.2019)
Mohd Fadli Bin Abdul Jamil (Resigned on 28.1.2019)

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares			
	At 1.7.2018	Bought	Sold	At 30.6.2019
The Company				
Direct Interests				
Tan Sri Dato' Kamaruzzaman Bin Shariff	8,000,000	–	–	8,000,000
Mokhtar Bin Hashim	58,873,234	–	–	58,873,234
Lim Yew Hoe	7,118,300	34,500	(1,944,800)	5,208,000
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 40(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 38 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 RM9,928 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), 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 2019.

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 67 to 140 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 2019 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 2019.

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

Statutory Declaration
Pursuant to Section 251(1)(b) of The Companies Act 2016

I, Lim Yew Hoe, 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 67 to 140 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
Lim Yew Hoe, NRIC Number: 680618-10-5165
at Kuala Lumpur
in the Federal Territory
on this 22 October 2019

Lim Yew Hoe

Before me
Lai Din (No. W668)
Commissioner for Oaths

Independent Auditors' Report to The Members of Carimin Petroleum Berhad

(Incorporated In Malaysia)

Registration No: 201201006787 (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 2019 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 67 to 140.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

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

Revenue recognition for construction contract Refer to Note 26 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Construction contract revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. We focused on this area as construction contract accounting is inherently complex due to the contracting nature of the business, which involves significant judgements. This includes the determination of the total budgeted contract costs to complete the projects and the calculation of percentage of completion which affects the reported revenue and profits to be recognised. In making the estimate, the management relies on workdone certified by customers and/or independent third parties, past experience and the continuous monitoring mechanism.	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 of vessels Refer to Note 6 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As at 30 June 2019, the Group reported an aggregate carrying value of RM103.5 million for its vessels including dry docking expenditure. The volatility of the oil and gas prices had affected the offshore activities and upstream vessels, which gave rise to a risk that the carrying amount of the Group's vessels and dry docking expenditure might exceed their recoverable amounts. An impairment of RM0.98 million on its vessels was recognised in the current financial year following its impairment assessment as disclosed in Note 6 to the financial statements. The impairment is recognised as the recoverable amount of the vessels, being the vessels' fair value less cost of disposal ("FVLCOD") is lower than the carrying amount. We focused on this area as the determination of the recoverable amount of the vessels involved significant assumptions in particular the estimated fair value of the vessels, as provided by an independent professional valuer ("valuer").	Our audit procedures include, amongst others:- • Evaluating the qualifications and competencies of valuer engaged by the Management to understand and determine whether there were any matters that might have affected their 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 valuer to examine the assumptions and valuation techniques used in deriving the fair values of the vessels in accordance with MFRS 136 'Impairment of Assets'; 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)
Registration No: 201201006787 (908388 - K)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

- 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 PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ung Voon Huay
03233/09/2020 J
Chartered Accountant

Kuala Lumpur

22 October 2019

Statements of Financial Position

At 30 June 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	83,325	83,289
Property, plant and equipment	6	113,508	117,308	–	–
Investment in joint venture	7	4,285	4,443	–	–
Other investments	8	50	50	–	–
		117,843	121,801	83,325	83,289
CURRENT ASSETS					
Trade receivables	9	73,445	20,135	–	–
Other receivables, deposits and prepayments	10	8,129	3,316	20	30
Contract assets	11	78,882	30,196	–	–
Amount owing by subsidiaries	12	–	–	48,073	45,352
Amount owing by joint venture	13	2,130	2,130	–	–
Current tax assets		2,887	3,367	6	–
Short-term investments	14	37,762	25,543	35,859	23,707
Fixed deposits with licensed banks	15	26,010	25,146	–	–
Cash and bank balances		15,217	9,232	1,154	528
		244,462	119,065	85,112	69,617
TOTAL ASSETS		362,305	240,866	168,437	152,906

The annexed notes form an integral part of these financial statements.

Statements of Financial Position
At 30 June 2019 (Cont'd)

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	149,385	149,385	149,368	149,368
Share premium		–	–	–	–
Merger deficit	17	(80,802)	(80,802)	–	–
Retained profits		88,593	64,854	2,251	3,266
Capital reserve		–	–	–	–
Fair value reserve	18	37	4	19	4
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		157,213	133,441	151,638	152,638
NON-CONTROLLING INTERESTS	5	944	1,285	–	–
TOTAL EQUITY		158,157	134,726	151,638	152,638
NON-CURRENT LIABILITIES					
Long-term borrowings	19	38,170	51,123	–	–
Deferred tax liabilities	20	756	–	–	–
		38,926	51,123	–	–
CURRENT LIABILITIES					
Trade payables	23	90,494	19,953	–	–
Other payables and accruals	24	59,138	21,099	299	268
Amount owing to subsidiaries		–	–	16,500	–
Current tax liabilities		242	–	–	–
Short-term borrowings	25	15,348	13,965	–	–
		165,222	55,017	16,799	268
TOTAL LIABILITIES		204,148	106,140	16,799	268
TOTAL EQUITY AND LIABILITIES		362,305	240,866	168,437	152,906

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss
and Other Comprehensive Income
For the Financial Year Ended 30 June 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	26	441,138	141,304	3,500	–
COST OF SALES	27	(394,194)	(134,132)	–	–
GROSS PROFIT		46,944	7,172	3,500	–
OTHER INCOME	28	2,112	2,529	1,449	1,327
		49,056	9,701	4,949	1,327
ADMINISTRATIVE EXPENSES	29	(13,031)	(10,235)	(609)	(575)
OTHER EXPENSES	30	(1,928)	(15,394)	–	–
FINANCE COSTS	31	(4,687)	(5,450)	–	–
NET GAIN/(LOSS) ON IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS	32	679	(2,027)	(179)	–
SHARE OF RESULTS IN JOINT VENTURE, NET OF TAX		(158)	(1,047)	–	–
PROFIT/(LOSS) BEFORE TAXATION		29,931	(24,452)	4,161	752
INCOME TAX EXPENSE	33	(2,490)	(966)	(13)	(26)
PROFIT/(LOSS) AFTER TAXATION		27,441	(25,418)	4,148	726
OTHER COMPREHENSIVE INCOME					
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Fair value changes of equity investments		41	8	15	9
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		27,482	(25,410)	4,163	735

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 30 June 2019 (Cont'd)

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		27,679	(25,388)	4,148	726
Non-controlling interests		(238)	(30)	–	–
		27,441	(25,418)	4,148	726
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:-					
Owners of the Company		27,720	(25,380)	4,163	735
Non-controlling interests		(238)	(30)	–	–
		27,482	(25,410)	4,163	735
EARNINGS/(LOSS) PER SHARE (SEN)					
- Basic	34	11.83	(10.86)		
- Diluted	34	11.83	(10.86)		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 30 June 2019

The Group	Note	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.7.2017		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

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For the Financial Year Ended 30 June 2019 (Cont'd)

The Group	Note	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 30.6.2018/1.7.2018		149,385	–	(80,802)	–	4	64,854	133,441	1,285	134,726
Changes in accounting policies	45	–	–	–	–	–	(674)	(674)	(127)	(801)
Balance at 30.6.2018/1.7.2018 (restated)		149,385	–	(80,802)	–	4	64,180	132,767	1,158	133,925
Profit after taxation for the financial year		–	–	–	–	–	27,679	27,679	(238)	27,441
Other comprehensive income for the financial year:										
- Fair value changes of equity investments		–	–	–	–	41	–	41	–	41
Total comprehensive income for the financial year		–	–	–	–	41	27,679	27,720	(238)	27,482
Contributions by and distributions to owners of the Company:										
- Dividend by the Company	35	–	–	–	–	–	(3,274)	(3,274)	–	(3,274)
- Acquisition of subsidiaries	37	–	–	–	–	–	–	–	24	24
Total transactions with owners		–	–	–	–	–	(3,274)	(3,274)	24	(3,250)
Disposal of equity investments		–	–	–	–	(8)	8	–	–	–
Balance at 30.6.2019		149,385	–	(80,802)	–	37	88,593	157,213	944	158,157

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For the Financial Year Ended 30 June 2019 (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 1.7.2017		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 30.6.2018/1.7.2018		149,368	–	4	3,266	152,638
Changes in accounting policies	45	–	–	–	(1,889)	(1,889)
Balance at 30.6.2018/1.7.2018 (restated)		149,368	–	4	1,377	150,749
Profit after taxation for the financial year		–	–	–	4,148	4,148
Other comprehensive income for the financial year:						
- Fair value changes of equity investments		–	–	15	–	15
Total comprehensive income for the financial year		–	–	15	4,148	4,163
Contributions by and distributions to owners of the Company:						
- Dividend	35	–	–	–	(3,274)	(3,274)
Total transactions with owners		–	–	–	(3,274)	(3,274)
Balance at 30.6.2019		149,368	–	19	2,251	151,638

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 30 June 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	29,931	(24,452)	4,161	752
Adjustments for:-				
Depreciation of property, plant and equipment	6,632	7,011	–	–
Impairment loss on:				
- property, plant and equipment	977	14,382	–	–
- trade receivables	776	2,668	–	–
- other receivables	800	–	–	–
- amount owing by subsidiaries	–	–	474	–
Interest income	(1,967)	(2,189)	(1,089)	(967)
Interest expense	4,687	5,450	–	–
Bargain purchase from joint venture	–	(220)	–	–
Reversal of impairment loss on:				
- cash and cash equivalents	(120)	–	(48)	–
- trade receivables	(2,135)	(641)	–	–
- amount owing by subsidiaries	–	–	(247)	–
Property, plant and equipment written off	–	2	–	–
Share of results in joint venture	158	1,047	–	–
Unrealised (gain)/loss on foreign exchange	(23)	190	–	–
Operating profit/(loss) before working capital changes	39,716	3,248	3,251	(215)
Increase in contract assets	(48,686)	(17,016)	–	–
(Increase)/Decrease in trade and other receivables	(58,185)	(3,512)	10	21
Increase/(Decrease) in trade and other payables	108,575	16,322	30	(67)
CASH FROM/(FOR) OPERATIONS	41,420	(958)	3,291	(261)
Interest paid	(4,687)	(5,450)	–	–
Tax paid	(1,237)	(750)	(18)	(55)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	35,496	(7,158)	3,273	(316)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For the Financial Year Ended 30 June 2019 (Cont'd)

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
BALANCE BROUGHT FORWARD		35,496	(7,158)	3,273	(316)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	(1,636)	–	(36)	–
Additional investment in joint venture		–	(100)	–	–
Interest received		1,967	2,189	1,089	967
Purchase of property, plant and equipment	36(a)	(1,374)	(448)	–	–
Repayment from joint venture		–	450	–	–
Repayment from/(Advances to) subsidiaries		–	–	11,710	(2,179)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,043)	2,091	12,763	(1,212)
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid		(3,274)	–	(3,274)	–
(Increase)/Decrease in placement of pledged deposits		(864)	2,803	–	–
Repayment of hire purchase obligations	36(b)	(313)	(197)	–	–
Repayment of term loans	36(b)	(13,760)	(15,697)	–	–
NET CASH FOR FINANCING ACTIVITIES		(18,211)	(13,091)	(3,274)	–
BALANCE CARRIED FORWARD		16,242	(18,158)	12,762	(1,528)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For the Financial Year Ended 30 June 2019 (Cont'd)

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD/NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		16,242	(18,158)	12,762	(1,528)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		64	(182)	16	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		34,775	53,115	24,235	25,763
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36(c)	51,081	34,775	37,013	24,235

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

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. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	B-1-6, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 October 2019.

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. There have been no significant changes in the nature of these activities during the financial year.

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)
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140 - Transfers of Investment Property
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

3. BASIS OF PREPARATION (CONT'D)

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) (Cont'd):-

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 except as follows:-

(i) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held-to-maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The changes in accounting policies as a consequence of the adoption of above accounting standards and interpretation (including the consequential amendments, if any) are presented in Note 45 to the financial statements.

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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

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

(i) 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.

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) 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.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 11 to the financial statements.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amount owing by subsidiaries and amount owing by joint venture as at the reporting date are disclosed in Notes 10, 12 and 13 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Revenue Recognition for Construction Contracts

(i) Hook up, Construction and Commissioning

The Group recognises construction revenue 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. The carrying amount of the contract assets as at the reporting date is disclosed in Note 11 to the financial statements.

(ii) Civil Construction

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to-date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets as at the reporting date is disclosed in Note 11 to the financial statements.

(f) 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 amounts of current tax assets and current tax liabilities as at the reporting date are RM2,886,947 and RM241,974 (2018 - current tax assets: RM3,367,275).

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 37(b) to the financial statements.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (Cont'd)

(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 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

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

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

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

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

4.4 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

(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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

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 amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

<u>Accounting Policies Applied Until 30 June 2018</u>

As disclosed in Note 45 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 July 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with the previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were 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.

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss 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 was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2019. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2018 - 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:-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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%

Vessels in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 LEASED ASSETS

(a) Finance Leases

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.

(b) Operating Leases

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.11 CONTRACT ASSET AND CONTRACT LIABILITIY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.12 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.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 30 June 2018

As disclosed in Note 45 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 July 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 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.

4.15 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.16 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs and output by reference to the construction progress on the survey of works performed by the customers. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(b) Rendering of Services

Revenue is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. The Group recognises revenue based on the actual labour hours spent relative to the total expected labour hours.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

4.23 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(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) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2019 RM'000	The Company 2018 RM'000
Unquoted shares, at cost	93,263	93,227
Accumulated impairment losses	(9,938)	(9,938)
	83,325	83,289

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
		2019	2018	
		%	%	
Carimin Sdn. Bhd.	Malaysia	100	100	Provision of manpower supply services.
Carimin Engineering Services Sdn. Bhd.	Malaysia	100	100	Offshore hook up and commissioning services, engineering, fabrication and maintenance services.
Carimin Equipment Management Sdn. Bhd.	Malaysia	100	100	Management of fabrication yards and equipment rental services.
Carimin Corporate Services Sdn. Bhd.	Malaysia	100	100	Providing project 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.	Malaysia	60	60	General contracting work and trading of geosynthetic products.
Subnautica Sdn. Bhd. (formerly known as Neptune Energy & Services Sdn. Bhd.)	Malaysia	60	–	General trading and services.
Fazu Resources (M) Sdn. Bhd.**	Malaysia	100	–	General trading, manpower supply, contractors and sub-contractor and other related activities.

** These subsidiaries' interests are held by Carimin Marine Services Sdn. Bhd.*
*** The subsidiary's interest is held by Carimin Engineering Services Sdn. Bhd.*

(a) The Company assessed the recoverable amount of the investments in the subsidiaries and determined that no additional impairment loss is required as the recoverable amount is higher than the carrying amount. 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 as at the end of the reporting period.

(b) During the current financial year, Carimin Engineering Services Sdn. Bhd., a wholly owned subsidiary of the Company acquired 100% equity interests in Fazu Resources (M) Sdn. Bhd. for a total cash consideration of RM1,600,000. The details of the acquisition are disclosed in Note 37(a) to the financial statements.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) During the current financial year, the Company acquired 60% equity interests in Subnautica Sdn. Bhd. (formerly known as Neptune Energy & Services Sdn. Bhd.) for a total cash consideration of RM35,659. The details of the acquisition are disclosed in Note 37(b) to the financial statements.

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

	Effective Equity Interest		The Group	
	2019	2018	2019	2018
	%	%	RM'000	RM'000
Carimin Bina Sdn. Bhd.	40	40	510	1,135
Carimin Resources Services Sdn. Bhd.	40	40	133	150
Subnautica Sdn. Bhd. (formerly known as Neptune Energy & Services Sdn. Bhd.)	40	–	301	–
			944	1,285

(e) The summarised financial information (before intra-group elimination) of Carimin Bina Sdn. Bhd. and Subnautica Sdn. Bhd. (formerly known as Neptune Energy & Services Sdn. Bhd.) that has non-controlling interests that is material to the Group is as follows:-

	Carimin Bina Sdn. Bhd.	
	2019	2018
	RM'000	RM'000
At 30 June		
Non-current assets	–	53
Current assets	8,780	14,889
Non-current liabilities	–	–
Current liabilities	(7,506)	(12,105)
Net assets	1,274	2,837
Financial Year Ended 30 June		
Revenue	11,173	14,906
Loss for the financial year	(1,246)	(33)
Total comprehensive expenses	(1,246)	(33)
Total comprehensive expenses attributable to non-controlling interests	(498)	(13)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) The summarised financial information (before intra-group elimination) of Carimin Bina Sdn. Bhd. and Subnautica Sdn. Bhd. (formerly known as Neptune Energy & Services Sdn. Bhd.) that has non-controlling interests that is material to the Group is as follows:-(Cont'd)

	Subnautica Sdn. Bhd.	
	2019	2018
	RM'000	RM'000
At 30 June		
Non-current assets	–	–
Current assets	6,870	–
Non-current liabilities	–	–
Current liabilities	(6,117)	–
Net assets	753	–
Financial Year Ended 30 June		
Revenue	9,527	–
Profit for the financial year	693	–
Total comprehensive income	693	–
Total comprehensive income attributable to non-controlling interests	277	–

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2018 RM'000	Additions (Note 36(a)) RM'000	Depreciation Charges RM'000	Impairment Loss (Note 30) RM'000	Acquisition Of A Subsidiary (Note 37(a)) RM'000	At 30.6.2019 RM'000
2019						
Carrying Amount						
Freehold land	225	–	–	–	–	225
Leasehold land	263	–	(55)	–	1,830	2,038
Buildings	6,228	–	(431)	–	–	5,797
Furniture and fittings	42	184	(13)	–	–	213
Operation tools and equipment	98	500	(123)	–	–	475
Office equipment	130	11	(61)	–	–	80
Motor vehicles	474	132	(262)	–	–	344
Renovation	1,089	–	(347)	–	–	742
Vessels	108,713	1,090	(5,322)	(977)	–	103,504
Others	46	62	(18)	–	–	90
	117,308	1,979	(6,632)	(977)	1,830	113,508

Others includes computers and telecommunication equipment.

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

The Group	At 1.7.2017 RM'000	Additions (Note 36(a)) RM'000	Written Off (Note 30) RM'000	Depreciation Charges RM'000	Impairment Loss (Note 30) RM'000	At 30.6.2018 RM'000
2018						
Carrying Amount						
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

Others includes computers and telecommunication equipment.

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
2019				
Freehold land	225	–	–	225
Leasehold land	2,270	(232)	–	2,038
Buildings	9,820	(4,023)	–	5,797
Furniture and fittings	779	(566)	–	213
Operation tools and equipment	6,910	(5,976)	(459)	475
Office equipment	745	(540)	(125)	80
Motor vehicles	1,822	(1,478)	–	344
Plant and equipment	923	(507)	(416)	–
Renovation	2,213	(1,441)	(30)	742
Vessels	143,381	(22,957)	(16,920)	103,504
Others	1,216	(971)	(155)	90
	170,304	(38,691)	(18,105)	113,508
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

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

(a) Included in the carrying amount of property, plant and equipment of the Group 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	
	2019	2018
	RM'000	RM'000
Buildings	4,277	4,651
Vessels	102,656	108,713
	106,933	113,364

(b) Included in the carrying amount 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	
	2019	2018
	RM'000	RM'000
Motor vehicles	308	427
Operation tools and equipment	390	–
	698	427

(c) During the financial year, the Group has carried out a review of the recoverable amount of its vessels. An impairment loss of RM976,685 (2018 - RM14,381,644), representing the write-down of the vessels 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 2019 RM'000	The Group 2018 RM'000
Unquoted shares, at cost	1,500	1,500
Share of post-acquisition profits	2,785	2,943
	4,285	4,443

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest held by Company 2019	Company 2018	Subsidiary 2019	Subsidiary 2018	Principal Activities
Synergy Kenyalang Offshore Sdn. Bhd.* ("SKO")	Malaysia	–	–	15%	15%	Providing chartering of offshore support vessel.

- *Not audited by Crowe Malaysia PLT

(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 2018 to 30 June 2019 respectively.

(b) In the previous financial year, 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 in the previous financial year.

7. INVESTMENT IN JOINT VENTURE (CONT'D)

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

	2019 RM'000	2018 RM'000
At 30 June		
Non-current assets	53,524	58,067
Current assets	19,774	24,150
Non-current liabilities	(14,518)	(25,073)
Current liabilities	(29,758)	(26,846)
Net assets	29,022	30,298
12-month Period Ended 30 June		
Revenue	12,090	10,210
Loss for the financial year	(1,055)	(7,357)
Total comprehensive expenses	(1,055)	(7,357)
Group's share of loss for the financial year/total comprehensive expenses	(158)	(1,047)
Carrying amount of the Group's interest in this joint venture	4,285	4,443

8. OTHER INVESTMENTS

	The Group	
	2019 RM'000	2018 RM'000
Investment in club membership, at fair value (2018 - at cost)	50	50

Equity Investments at Fair Value Through Other Comprehensive Income

As at 1 July 2018, the Group designated its investments in club membership to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets and measured at cost.

9. TRADE RECEIVABLES

	The Group	
	2019	2018
	RM'000	RM'000
Trade receivables	75,715	23,083
Allowance for impairment losses	(2,270)	(2,948)
	73,445	20,135
Allowance for impairment losses:-		
At 1 July:		
- As previously reported	(2,948)	(921)
- Effect on adoption of MFRS 9	(681)	–
- Amount reported under MFRS 9 (2018 - MFRS 139)	(3,629)	(921)
Addition during the financial year (Note 32)	(776)	(2,668)
Reversal during the financial year (Note 32)	2,135	641
At 30 June	(2,270)	(2,948)

(a) The Group's normal trade credit terms range from 30 to 60 (2018 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) In the last financial year, included in the trade receivables of the Group were retention sums totalling RM1,818,072. These retention sums have been represented as 'contract assets' (Note 11) during the current financial year pursuant to the adoption of MFRS 15.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Other receivables:-					
Third parties		1,099	1,263	–	–
Goods and services tax recoverable		100	470	19	20
		1,199	1,733	19	20
Allowance for impairment losses		(800)	–	–	–
		399	1,733	19	20
Advances	(a)	5,843	1,125	–	–
Deposits		171	225	–	–
Prepayments		1,716	233	1	10
		8,129	3,316	20	30

	The Group	
	2019	2018
	RM'000	RM'000
Allowance for impairment losses:-		
At 1 July:		
- As previously reported	–	–
- Effect on adoption of MFRS 9	–	–
- Amount reported under MFRS 9 (2018 - MRFS 139)	–	–
Addition during the financial year (Note 32)	(800)	–
At 30 June	(800)	–

(a) Being advance payments to suppliers for purchase of goods/materials.

11. CONTRACT ASSETS

	The Group	
	2019	2018
	RM'000	RM'000
Contract assets relating to construction contracts in progress	78,882	30,196

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 6 (2018 - 6) months.

(b) Included in the contract assets are retention sum receivables totalling RM2,364,388. The retention sums represent a portion of progress billings which are due and receivable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

12. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Current		
Non-trade balance	50,141	45,352
Allowance for impairment losses	(2,068)	–
	48,073	45,352
Allowance for impairment losses:-		
At 1 July:		
- As previously reported	–	–
- Effect on adoption of MFRS 9	(1,841)	–
- Amount reported under MFRS 9 (2018 - MFRS 139)	(1,841)	–
Addition during the financial year (Note 32)	(474)	–
Reversal during the financial year (Note 32)	247	–
At 30 June	(2,068)	–

The non-trade balance represents 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Money market fund, at fair value (Note 36(c))	37,762	25,543	35,859	23,707
At market value	37,762	25,543	35,859	23,707

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% (2018 - 2.74% to 3.83%) per annum respectively.

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 RM26,009,580 (2018 - RM25,146,124) 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 3.35% (2018 - 2.55% to 3.20%) per annum respectively. The fixed deposits have maturity periods ranging from 30 to 365 (2018 - 30 to 365) days.

16. SHARE CAPITAL

	2019	2018	2019	2018
	Number of Shares ('000)		RM'000	RM'000
The Group				
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 July	233,878	233,878	149,385	116,939
Transfer from share premium account	–	–	–	32,429
Capital reserve	–	–	–	17
At 30 June	233,878	233,878	149,385	149,385
The Company				
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 July	233,878	233,878	149,368	116,939
Transfer from share premium account	–	–	–	32,429
At 30 June	233,878	233,878	149,368	149,368

(a) 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.

(b) In the previous financial year, the Company's share premium account 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.

18. FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments mandatorily at fair value through other comprehensive income (2018 - available-for-sale financial assets).

19. LONG-TERM BORROWINGS

	The Group	
	2019	2018
	RM'000	RM'000
Hire purchase payables (Note 21)	405	133
Term loans (Note 22)	37,765	50,990
	38,170	51,123

20. DEFERRED TAX LIABILITIES

The Group	At 1.7.2018 RM'000	Acquisition Of A Subsidiary (Note 37(a)) RM'000	Recognised in Profit or Loss (Note 33) RM'000	At 30.6.2019 RM'000
2019				
Deferred Tax Liabilities				
Property, plant and equipment	–	225	558	783
Other temporary differences	–	–	–	–
	–	225	558	783
Deferred Tax Assets				
Allowance for impairment losses on trade receivables	–	–	(27)	(27)
Unabsorbed capital allowances	–	–	–	–
	–	225	531	756

The Group	At 1.7.2017 RM'000	Recognised in Profit or Loss (Note 33) RM'000	At 30.6.2018 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	–	–	–
	–	–	–

21. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2019	2018
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than 1 year	256	214
- later than 1 year and not later than 5 years	449	136
	705	350
Less: Future finance charges	(76)	(13)
Present value of hire purchase payables	629	337
Analysed by:-		
Current liabilities (Note 25)	224	204
Non-current liabilities (Note 19)	405	133
	629	337

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% (2018 - 4.55% to 4.79%) per annum and are secured by corporate guarantee of the Company.

22. TERM LOANS (SECURED)

	The Group	
	2019	2018
	RM'000	RM'000
Current liabilities (Note 25)	13,226	13,761
Non-current liabilities (Note 19)	37,765	50,990
	50,991	64,751

The interest rate profile of the term loans is summarised below:-

	Effective	The Group	
	Interest Rate	2019	2018
	%	RM'000	RM'000
Floating rate term loans	4.40 - 8.10	50,991	64,751

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

The term loans 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 (2018 - 30 to 60) days.

24. OTHER PAYABLES AND ACCRUALS

	The Group			The Company
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other payables	1,123	1,095	6	22
Accruals	57,998	19,987	293	246
Deposits received	17	17	–	–
	59,138	21,099	299	268

25. SHORT-TERM BORROWINGS

		The Group	
		2019	2018
		RM'000	RM'000
Bank overdrafts	(a)	1,898	–
Hire purchase payables (Note 21)		224	204
Term loans (Note 22)		13,226	13,761
		15,348	13,965

(a) The bank overdrafts of the Group at the end of reporting period bore fixed interest rates ranging from 7.82% to 8.17% (2018 - Nil) per annum and are secured by fixed deposits with licensed banks as disclosed in Note 15 to the financial statements.

26. REVENUE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from Contracts with Customers				
Revenue recognised over time				
Manpower services	87,056	48,527	–	–
Hook up, construction and commissioning	273,839	59,191	–	–
Civil construction	11,173	14,906	–	–
Marine services	69,070	18,680	–	–
	441,138	141,304	–	–
Revenue from Other Source				
Revenue recognised at a point in time				
Dividend income	–	–	3,500	–
	441,138	141,304	3,500	–

The information on the disaggregation of revenue is disclosed in Note 41.1 to the financial statements.

27. COST OF SALES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Included are the following items:				
Depreciation of property, plant and equipment	5,693	6,191	–	–
Interest expense:				
- hire purchase	–	#	–	–
Rental of vehicles, yard and others	322	218	–	–
Staff costs:				
- salaries and others	51,729	28,692	–	–
- defined contribution plan	4,213	2,410	–	–

- Less than RM1,000

28. OTHER INCOME

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Included are the following items:				
Bargain purchase from joint venture (Note 7)	–	220	–	–
Gain on foreign exchange:				
- realised	9	45	–	–
- unrealised	30	–	–	–
Interest income:				
- fixed deposits	665	966	–	–
- repo	32	48	16	–
- short-term investments	1,051	1,079	1,010	868
- others	219	96	63	99
Rental income	66	66	–	–
Management fees	–	–	360	360

29. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Included are the following items:				
Auditors' remuneration:				
- audit fees:				
- current financial year	222	202	45	41
- under/(over)provision in previous financial years	3	(8)	2	4
- non-audit fees	13	12	13	12
Contributions to defined contribution plan:				
- directors of the Company	137	130	–	–
- directors of the subsidiaries	15	9	–	–
Directors' fees:				
- directors of the Company	375	432	219	264
Directors' non-fees emoluments:				
- directors of the Company	1,210	1,104	21	21
- directors of the subsidiaries	136	72	–	–
Staff costs:				
- salaries and others	7,998	6,132	–	–
- defined contribution plan	923	714	–	–

30. OTHER EXPENSES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Included are the following items:				
Depreciation of property, plant and equipment	939	820	–	–
Impairment loss on property, plant and equipment (Note 6)	977	14,382	–	–
Property, plant and equipment written off (Note 6)	–	2	–	–
Loss on foreign exchange:				
- realised	5	–	–	–
- unrealised	7	190	–	–

31. FINANCE COSTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- bank overdrafts	79	44	–	–
- hire purchase	35	21	–	–
- term loans	4,474	5,189	–	–
- others	99	196	–	–
	4,687	5,450	–	–

32. NET GAIN/(LOSS) ON IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Impairment losses during the financial year:				
- Individually impaired under MFRS 139	–	(2,668)	–	–
- Additions under MFRS 9	(1,576)	–	(474)	–
Reversal of impairment losses	2,255	641	295	–
	679	(2,027)	(179)	–

33. INCOME TAX EXPENSE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	1,941	649	11	17
- underprovision in the previous financial year	18	317	2	9
	1,959	966	13	26
Deferred tax expense (Note 20):				
- for the financial year	358	–	–	–
- underprovision in the previous financial year	173	–	–	–
	531	–	–	–
	2,490	966	13	26

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	29,931	(24,452)	4,161	752
Tax at the statutory tax rate of 24%	7,184	(5,868)	999	180
Tax effects of:-				
Share of results in joint venture	38	251	–	–
Non-taxable income	(256)	(259)	(1,082)	(208)
Non-deductible expenses	774	288	94	45
Deferred tax assets not recognised during the financial year	541	6,237	–	–
Utilisation of deferred tax assets previously not recognised	(5,982)	–	–	–
Underprovision in the previous financial year:				
- current tax	18	317	2	9
- deferred tax	173	–	–	–
Income tax expense for the financial year	2,490	966	13	26

33. INCOME TAX EXPENSE (CONT'D)

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

No deferred tax assets were recognised for the following items:

	The Group	
	2019	2018
	RM'000	RM'000
Accelerated capital allowances	(63,788)	(57,953)
Unrealised (gain)/loss on foreign exchange	(23)	190
Allowance for impairment losses on trade receivables	3,070	3,605
Allowance for impairment losses on property, plant and equipment	18,084	17,108
Provision for foreseeable losses	12	–
Unused tax losses	4,552	22,325
Unabsorbed capital allowances	82,847	82,151
	44,754	67,426

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of RM4,551,628 (2018 - RM22,325,055) and RM82,846,674 (2018 - RM82,150,520) 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.

34. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is arrived at by dividing the Group's profit/(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	
	2019	2018
Profit/(Loss) attributable to owners of the Company (RM)	27,679,000	(25,388,000)
Weighted average number of ordinary shares at 30 June	233,878,000	233,878,000
Basic earnings/(loss) per share (Sen)	11.83	(10.86)

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

35. DIVIDEND

	The Company	
	2019	2018
	RM'000	RM'000
First interim dividend of 1.4 sen per ordinary share in respect of the current financial year	3,274	–

36. CASH FLOW INFORMATION

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

	The Group	
	2019	2018
	RM'000	RM'000
Cost of property, plant and equipment purchased (Note 6)	1,979	448
Amount financed through borrowings	(605)	–
Cash disbursed for purchase of property, plant and equipment	1,374	448

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

	Term loans	Hire Purchase	Total
	RM'000	RM'000	RM'000
The Group			
2019			
At 1 July	64,751	337	65,088
Changes in Financing Cash Flows			
Repayment of borrowing principal	(13,760)	(313)	(14,073)
Repayment of borrowing interests	(4,474)	(35)	(4,509)
	(18,234)	(348)	(18,582)
Non-cash Changes			
Finance charges recognised in profit or loss (Note 31)	4,474	35	4,509
New hire purchase	–	605	605
	4,474	640	5,114
At 30 June	50,991	629	51,620

36. CASH FLOW INFORMATION (CONT'D)

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

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

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits with licensed banks (Note 15)	26,010	25,146	–	–
Short-term investments (Note 14)	37,762	25,543	35,859	23,707
Cash and bank balances	15,217	9,232	1,154	528
Bank overdrafts (Note 25)	(1,898)	–	–	–
	77,091	59,921	37,013	24,235
Less: Fixed deposits pledged to licensed banks (Note 15)	(26,010)	(25,146)	–	–
	51,081	34,775	37,013	24,235

37. ACQUISITION OF SUBSIDIARIES

(a) On 10 July 2018, Carimin Engineering Services Sdn. Bhd., a wholly owned subsidiary of the Company acquired 100% equity interests in Fazu Resources (M) Sdn. Bhd. ("Fazu"). The acquisition of this subsidiary is to enable the Group to develop the land it presently held and expand its fabricating facilities for its business operations.

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

		The Group
		2019
	Note	RM'000
Leasehold land	6	1,830
Cash and bank balances		#
Trade payables and other payables		(5)
Deferred tax liabilities	20	(225)
Net identifiable assets acquired/ Purchase consideration settled in cash and cash equivalents		1,600
Less: Cash and bank balances of subsidiary acquired		#
Net cash outflow from the acquisition of a subsidiary		1,600

(b) On 26 April 2019, the Company acquired 60% equity interests in Subnautica Sdn. Bhd. (formerly known as Neptune Energy and Services Sdn. Bhd.). The acquisition of this subsidiary is to enable the Group to expand its business into the oil & gas sub-sea and underwater inspection, repair, and maintenance works and services.

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

	The Group
	2019
	RM'000
Trade and other receivables	60
Cash and bank balances	#
Trade payables and other payables	–
Net identifiable assets acquired	60
Less: Non-controlling interest, measured at the proportionate fair value of the net identifiable assets	(24)
Less: Bargain purchase from business combination	#
Purchase consideration settled in cash and cash equivalents	36
Less: Cash and bank balances of subsidiary acquired	#
Net cash outflow from the acquisition of a subsidiary	36

37. ACQUISITION OF SUBSIDIARIES (CONT'D)

	The Company 2019 RM'000
Purchase consideration settled in cash and cash equivalents	36
Add: Transaction costs	–
Net cash outflow from the acquisition of a subsidiary	36

For the financial year ended 30 June 2019, the subsidiary has contributed revenue of RM9,527,238 and profit after taxation of RM693,295 to the Group since the date of acquisition.

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and profit after taxation from operations would have been RM441,197,424 and RM27,443,408 respectively.

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

#- less than RM1,000

38. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	156	168	–	–
- non-fee emoluments	1,189	1,083	–	–
Defined contribution plan	137	130	–	–
	1,482	1,381	–	–
Non-executive Directors				
Short-term employee benefits:				
- fees	219	264	219	264
- non-fee emoluments	21	21	21	21
	240	285	240	285
	1,722	1,666	240	285

The estimated monetary value of benefits-in-kind provided by the Group to the directors were Nil (2018 - RM40,000) respectively.

38. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

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

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors (Cont'd)				
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- non-fee emoluments	136	72	–	–
Defined contribution plan	15	9	–	–
	151	81	–	–
Total directors' remuneration (Note 29)	1,873	1,747	240	285

39. 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank/Performance guarantee extended to third parties by:				
- subsidiaries	17,516	11,289	–	–

40. 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.

40. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(i) Subsidiaries:				
- management fees	–	–	360	360
- interest income	–	–	63	87
(ii) Joint venture:				
- charter vessel paid/payable	–	(969)	–	–
(iii) Key management personnel compensation:				
- short-term employee benefits	(1,873)	(1,747)	(240)	(285)

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.

41. 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:-

- Manpower services ("MPS") - providing services to its customers in sourcing suitable personnel to fulfil specified functions.
- 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.
- Marine services ("MS") - providing vessel chartering, underwater inspection, repair, and maintenance works and services to external customers.
- Civil construction ("CC") - providing general contracting work and geotechnical engineering to external customers.
- 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.

(a) The Managing Director assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets are measured based on all assets of the segment other than tax-related assets.

41. OPERATING SEGMENTS (CONT'D)

(c) Each reportable segment liabilities are measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

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

41.1 BUSINESS SEGMENTS

	MPS RM'000	CHUCTMM RM'000	MS RM'000	CC RM'000	Others RM'000	Elimination RM'000	Group RM'000
2019							
Revenue							
External revenue	87,056	273,839	69,070	11,173	–	–	441,138
Inter-segment revenue	99	–	32,126	–	5,760	(37,985)	–
Total revenue	87,155	273,839	101,196	11,173	5,760	(37,985)	441,138
Results							
Segment results	2,239	20,621	12,070	(1,158)	3,460	(4,423)	32,809
Finance costs	(107)	(154)	(4,417)	(72)	–	63	(4,687)
Interest income	172	462	225	49	1,122	(63)	1,967
Share of result in joint venture	–	–	–	–	–	–	(158)
Profit before taxation							29,931
Income tax expense							(2,490)
Consolidated profit after taxation							27,441
2019							
Assets							
Segment assets	98,031	174,402	202,172	8,707	173,169	(297,063)	359,418
Tax recoverable							2,887
Consolidated total assets							362,305
Liabilities							
Segment liabilities	30,141	141,666	216,686	7,514	22,731	(215,588)	203,150
Deferred tax liabilities							756
Provision for taxation							242
Consolidated total liabilities							204,148

41. OPERATING SEGMENTS (CONT'D)

41.1 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
2019							
Capital expenditure							
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	–	702	1,090	–	187	–	1,979

	MPS RM'000	CHUCTMM RM'000	MS RM'000	CC RM'000	Others RM'000	Elimination RM'000	Group RM'000
2019							
Other material items of (income)/expenses consist of the following:							
Depreciation of property, plant and equipment	688	508	5,322	53	45	16	6,632
Impairment loss on:							
- trade receivables	119	–	–	657	–	–	776
- property, plant and equipment	–	–	977	–	–	–	977
Interest expense	107	154	4,417	72	–	(63)	4,687
Interest income	(172)	(462)	(225)	(49)	(1,122)	63	(1,967)

41. OPERATING SEGMENTS (CONT'D)

41.1 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							
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

41. OPERATING SEGMENTS (CONT'D)

41.1 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

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

41.2 GEOGRAPHICAL SEGMENTS

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

41.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	2019 RM'000	2018 RM'000	
Customer A	283,281	49,005	CHUCTMM Segment
Customer B	–	15,667	MPS Segment

42. 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.

42.1 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 currency giving rise to this risk is primarily United States Dollar ("USD"). 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
2019			
Financial Assets			
Other investments	–	50	50
Trade receivables	34	73,411	73,445
Other receivables	–	299	299
Amount owing by joint venture	–	2,130	2,130
Short-term investments	–	37,762	37,762
Fixed deposits with licensed banks	–	26,010	26,010
Cash and bank balances	193	15,024	15,217
	227	154,686	154,913
Financial Liabilities			
Trade payables	194	90,300	90,494
Other payables and accruals	–	59,133	59,133
Hire purchase payables	–	629	629
Term loans	–	50,991	50,991
Bank overdrafts	–	1,898	1,898
	194	202,951	203,145
Net financial assets/(liabilities)	33	(48,265)	(48,232)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	48,265	48,265
Currency Exposure	33	–	33

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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	Ringgit Malaysia RM'000	Total RM'000
2018			
Financial Assets			
Other investments	–	50	50
Trade receivables	1,507	18,628	20,135
Other receivables	–	1,263	1,263
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	79,927	83,499
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	(25,715)	(22,293)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	25,715	25,715
Currency Exposure	3,422	–	3,422

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 2019 RM'000	The Group 2018 RM'000
Effects on Profit/(Loss) After Taxation		
USD/RM		
- strengthened by 10%	2	260
- weakened by 10%	(2)	(260)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Con'td)

(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.

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Effects on Profit/(Loss) After Taxation				
Increase of 100 basis points	101	(298)	273	180
Decrease of 100 basis points	(101)	298	(273)	(180)

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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 Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given 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 84% (2018 - 47%) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than one (1) year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Current (not past due)	63,451	(42)	63,409
1 to 30 days past due	6,263	(42)	6,221
31 to 60 days past due	991	(42)	949
61 to 90 days past due	432	(42)	390
More than 90 days past due	2,502	(41)	2,461
	73,639	(209)	73,430
Credit impaired:			
- individually impaired	2,076	(2,061)	15
Trade receivables	75,715	(2,270)	73,445
Contract assets	78,882	–	78,882
	154,597	(2,270)	152,327

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables 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

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 9 and 11 to the financial statements respectively.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for the other receivables. Generally, the Group considers the advances to other receivables have low credit risks.

The information about the exposure to credit risk and the loss allowance calculated under MFRS 9 for the other receivables are summarised below:

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Low credit risk	299	–	299
Credit impaired	800	(800)	–
	1,099	(800)	299

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances) (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Low credit risk	48,073	–	48,073
Credit impaired	2,068	(2,068)	–
	50,141	(2,068)	48,073

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

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
2019						
Non-derivative Financial Liabilities						
Trade payables	–	90,494	90,494	90,494	–	–
Other payables and accruals	–	59,133	59,133	59,133	–	–
Hire purchase payables	5.80	629	705	256	449	–
Term loans	6.25	50,991	57,644	16,292	41,352	–
Bank overdrafts	8.00	1,898	1,898	1,898	–	–
		203,145	209,874	168,073	41,801	–
2018						
Non-derivative Financial Liabilities						
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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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) (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
2019						
Non-derivative Financial Liabilities						
Other payables and accruals	–	299	299	299	–	–
Amount owing to subsidiaries	–	16,500	16,500	16,500		
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	–	–	71,309	71,309	–	–
		16,799	88,108	88,108	–	–
2018						
Non-derivative Financial Liabilities						
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	–	–

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 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	
	2019	2018
	RM'000	RM'000
Hire purchase payables (Note 21)	629	337
Term loans (Note 22)	50,991	64,751
Bank overdrafts (Note 25)	1,898	–
	53,518	65,088
Less: Short-term investments (Note 14)	(37,762)	(25,543)
Less: Fixed deposits with licensed banks (Note 15)	(26,010)	(25,146)
Less: Cash and bank balances	(15,217)	(9,232)
Net debt	(25,471)	5,167
Total equity	157,213	133,441
Debt-to-equity ratio	N/A	0.04

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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019	
	The Group RM'000	The Company RM'000
Financial Assets		
Mandatorily at Fair Value Through Other Comprehensive Income		
Short-term investments (Note 14)	37,762	35,859
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition		
Other investments (Note 8)	50	–
Amortised Cost		
Trade receivables (Note 9)	73,445	–
Other receivables (Note 10)	299	–
Amount owing by subsidiaries (Note 12)	–	48,073
Amount owing by joint venture (Note 13)	2,130	–
Fixed deposits with licensed banks (Note 15)	26,010	–
Cash and bank balances	15,217	1,154
	117,101	49,227
Financial Liabilities		
Amortised Cost		
Trade payables (Note 23)	90,494	–
Other payables and accruals (Note 24)	59,133	299
Amount owing to subsidiaries	–	16,500
Hire purchase payables (Note 21)	629	–
Term loans (Note 22)	50,991	–
Bank overdrafts (Note 25)	1,898	–
	203,145	16,799

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2018	
	The Group RM'000	The Company RM'000
Financial Assets		
Available-for-sale Financial Assets		
Other investments (Note 8)	50	–
Short-term investments (Note 14)	25,543	23,707
	25,593	23,707
Loans and Receivables Financial Assets		
Trade receivables (Note 9)	20,135	–
Other receivables (Note 10)	1,263	–
Amount owing by subsidiaries (Note 12)	–	45,352
Amount owing by joint venture (Note 13)	2,130	–
Fixed deposits with licensed banks (Note 15)	25,146	–
Cash and bank balances	9,232	528
	57,906	45,880
Financial Liabilities		
Other Financial Liabilities		
Trade payables (Note 23)	19,953	–
Other payables and accruals (Note 24)	20,751	268
Hire purchase payables (Note 21)	337	–
Term loans (Note 22)	64,751	–
	105,792	268

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019	
	The Group RM'000	The Company RM'000
Financial Assets		
Mandatorily at Fair Value Through Other Comprehensive Income		
Net gain recognised in other comprehensive income	41	15
Amortised Cost		
Net gains/(loss) recognised in profit or loss	1,479	(179)

	2018	
	The Group RM'000	The Company RM'000
Financial Assets		
Available-for-sale Financial Assets		
Net gain recognised in other comprehensive income	8	9
Loans and Receivables Financial Assets		
Net loss recognised in profit or loss	(2,027)	–

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 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:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019								
Financial Assets								
Other investments								
- club membership	–	50	–	–	–	–	50	50
Short-term investments								
- money market fund	–	37,762	–	–	–	–	37,762	37,762
Financial Liabilities								
Hire purchase payables	–	–	–	–	629	–	629	629
Term loans	–	–	–	–	50,991	–	50,991	50,991
2018								
Financial Assets								
Other investments								
- club membership	–	–	–	–	–	–	#	50
Short-term investments								
- money market fund	–	25,543	–	–	–	–	25,543	25,543
Financial Liabilities								
Hire purchase payables	–	–	–	–	337	–	337	337
Term loans	–	–	–	–	64,751	–	64,751	64,751

- In the last financial year, the fair value of the Group's investment in club membership that with carrying amount of RM49,500 was not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
The Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019								
Financial Asset								
Short-term investments								
- money market fund	–	35,859	–	–	–	–	35,859	35,859
2018								
Financial Asset								
Short-term investments								
- money market fund	–	23,707	–	–	–	–	23,707	23,707

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of the club membership is estimated based on its market price at the end of the reporting period.

(ii) The fair value of money market fund is determined by reference to statements provided by the financial institutions with which the investments were entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of hire purchase payables and term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate on or near the reporting date.

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

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 10 July 2018, Carimin Engineering Services Sdn. Bhd., a wholly owned subsidiary of the Company has acquired 100% equity interest in Fazu Resources (M) Sdn. Bhd. ("Fazu") consisting of 900,000 ordinary shares for a total cash consideration of RM1,600,000. Consequently, Fazu became a subsidiary of the Company.

(b) On 26 April 2019, the Company has acquired 60% equity interest in Subnautica Sdn. Bhd. ("Subnautica") (formerly known as Neptune Energy & Services Sdn. Bhd.) consisting of 60,000 ordinary shares for a total cash consideration of RM35,659. Consequently, Subnautica became a 60% owned subsidiary of the Company.

44. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 17 July 2019, Carimin Engineering Services Sdn. Bhd. ("CES") had accepted a Letter of Award ("LOA") dated 12 July 2019 from SEA Hibiscus Sdn. Bhd. to provide Mechanical and Piping Maintenance Services for Labuan Crude Oil Terminal (LCOT) ("the Contract"). The Contract will be for a duration of two (2) years with an extension option of one (1) year, effective from 12 July 2019 and will expire on 11 July 2021, at an agreed fixed schedule of rates.

(b) On 21 August 2019, Carimin Engineering Services Sdn. Bhd. ("CES") had accepted a Letter of Award dated 16 August 2019 for the provision of Hook-Up, Commissioning and Topside Major Maintenance Services for PETRONAS Carigali Sdn. Bhd. - Peninsular (Angsi and TCOT Related Works) ("the Contract"). The Contract will be for a duration of fifteen (15) months, effective from 16 August 2019 and will expire on 15 November 2020.

45. CHANGES OF IN ACCOUNTING POLICIES

As mentioned in Note 3.1(i) to the financial statements, the Group has adopted MFRS 9 during the financial year. The financial impacts upon the adoption of these accounting standards are summarised below:-

Statements of Financial Position			
	<------------------ At 1 July 2018 ----------------->		
The Group	As Previously Reported RM'000	MFRS 9 Adjustments RM'000	As Restated RM'000
Assets			
Trade receivables	20,135	(681)	19,454
Cash and bank balances	9,232	(120)	9,112
Equity			
Retained profits	64,854	(674)	64,180
Non-controlling interests	1,285	(127)	1,158
The Company			
Assets			
Amount owing by subsidiaries	45,352	(1,842)	43,510
Cash and bank balances	528	(47)	481
Equity			
Retained profits	3,266	(1,889)	1,377

Analysis of Shareholdings

as at 27 September 2019

Total Number of Issued Shares	: 233,878,000 Ordinary Shares
Class of Equity Securities	: Ordinary Shares ("shares")
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	9	0.40	300	*
100 - 1,000 shares	333	14.77	217,200	0.09
1,001 - 10,000 shares	1,137	50.44	6,439,700	2.76
10,001 - 100,000 shares	654	29.02	22,196,100	9.49
100,001 - less than 5% of issued shares	119	5.28	126,204,466	53.96
5% and above of issued shares	2	0.09	78,820,234	33.70
Total	**2,254**	**100.00**	**233,878,000**	**100.00**

Note:
** - negligible*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Mokhtar Bin Hashim	58,623,234	25.07	–	–
Cipta Pantas Sdn. Bhd.	39,910,128	17.07	–	–
Wong Kong Foo	–	–	44,637,128[1]	19.09
Platinum Castle Sdn. Bhd.	12,466,400	5.33	–	–
WHE Bina Sdn. Bhd.	–	–	12,466,400[2]	5.33
Wan Hamdan Bin Wan Embong	–	–	12,466,400[2]	5.33
Lim Yew Hoe	4,908,000	2.10	7,850,000[3]	3.36

Notes:-

1 *Deemed interested by virtue of Section 8(4) of the Companies Act 2016 ("the Act") held through Intan Kuala Lumpur Sdn. Bhd. and Cipta Pantas Sdn. Bhd.*

2 *Deemed interested by virtue of Section 8(4) of the Act held through Platinum Castle Sdn. Bhd.*

3 *Deemed interested by virtue of Section 8(4) of the Act held through Emas Kiara Marketing Sdn. Bhd.*

Analysis of Shareholdings as at 27 September 2019 (Cont'd)

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Sri Dato' Kamaruzzaman Bin Shariff	5,430,500	2.32	–	–
Mokhtar Bin Hashim	58,623,234	25.07	–	–
Lim Yew Hoe	4,908,000	2.10	7,850,000[1]	3.36
Shatar Bin Abdul Hamid	8,821,138	3.77	–	–
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.*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 27 SEPTEMBER 2019
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1	Mokhtar Bin Hashim	58,620,234	25.07
2	Cipta Pantas Sdn. Bhd.	20,200,000	8.64
3	Cipta Pantas Sdn. Bhd.	10,000,000	4.28
4	AMSEC Nominees (Tempatan) Sdn. Bhd. (Pledged securities account–AmBank (M) Berhad for Cipta Pantas Sdn. Bhd.)	9,710,128	4.15
5	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Platinum Castle Sdn. Bhd.)	9,000,000	3.85
6	Emas Kiara Marketing Sdn. Bhd.	7,850,000	3.36
7	Shatar Bin Abdul Hamid	6,039,638	2.58
8	Tokio Marine Life Insurance Malaysia Bhd (As Beneficial Owner (PF))	5,550,000	2.37
9	Tan Sri Dato' Kamaruzzaman Bin Shariff	5,430,500	2.32
10	Yeoh Yew Choo	4,964,100	2.12
11	Maybank Nominees (Tempatan) Sdn. Bhd. (Maybank Private Wealth Management for Gan Hai Toh)	4,799,700	2.05
12	AMSEC Nominees (Tempatan) Sdn. Bhd. (Pledged securities account–AmBank (M) Berhad for Lim Yew Hoe (Smart))	4,728,000	2.02
13	Intan Kuala Lumpur Sdn. Bhd.	4,727,000	2.02
14	Platinum Castle Sdn. Bhd.	3,466,400	1.48
15	UOBM Nominees (Tempatan) Sdn. Bhd. (UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund)	2,850,000	1.22
16	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Shatar Bin Abdul Hamid)	2,781,500	1.19
17	UOBM Nominees (Tempatan) Sdn. Bhd. (UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Strategic Fund)	1,950,000	0.83
18	UOBM Nominees (Tempatan) Sdn. Bhd. (UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Life Berhad (Par Fund)	1,750,000	0.75

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 27 SEPTEMBER 2019 (CONT'D)
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
19	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Gan Hai Toh)	1,611,800	0.69
20	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Koon Yew Yin (6000051))	1,484,700	0.63
21	Citigroup Nominees (Tempatan) Sdn. Bhd. (Kumpulan Wang Persaraan (Diperbadankan) (UOB AM SC EQ))	1,480,000	0.63
22	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Shaharool Nizam Bin Mohd Kassim)	1,430,200	0.61
23	Cartaban Nominees (Tempatan) Sdn. Bhd. (RHB Trustees Berhad for KAF Vision Fund)	1,400,000	0.60
24	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Che Nor Rubiah Binti Md Nawi)	1,399,900	0.60
25	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Deutsche Trustees Malaysia Berhad for United Asean DiscoveryFund)	1,385,000	0.59
26	Cartaban Nominees (Asing) Sdn. Bhd. (Exempt an for Barclays Capital Securities Ltd (SBL/PB))	1,284,900	0.55
27	HLIB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Yap Sung Pang (M))	1,050,000	0.45
28	RHB Nominees (Tempatan) Sdn. Bhd. (Tan Choon Piew)	1,000,000	0.43
29	Universal Trustee (Malaysia) Berhad (KAF Tactical Fund)	1,000,000	0.43
30	HLIB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ong Wee Khiang (M))	998,600	0.43

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 2019 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 CA as at 30 June 2019 (RM)
Carimin Sdn. Bhd.	(i) No. 6048, Bangunan Miel, Kawasan Industri Teluk Kalong, 24000 Chukai, Terengganu - Industrial land	Leasehold of 60 years expiring on 22 August 2057	7,288	240,705
	(ii) B-1-4, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office lot	Freehold 20 years	179	746,612
	(iii) B-1-5, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 20 years	179	561,645
	(iv) B-1-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 20 years	179	529,854
	(v) B-1-7, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 20 years	179	529,854
	(vi) B-1-8, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 20 years	391	1,238,204
	(vii) B-7-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur - Office Lot	Freehold 20 years	215	670,577
	(viii) No. 7, Jalan SS15/2A, Subang Jaya, 47500 Selangor Darul Ehsan Double storey intermediate terrace shophouse - Office Use	Freehold 33 years	123 246	224,911
Carimin Engineering Services Sdn. Bhd.	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	7 years	1,499	1,520,889
Fazu Resources (M) Sdn. Bhd.	PT10363 Mukim Teluk Kalung, Kemaman Terengganu - Industrial land	Leasehold of 60 years expiring on 27 February 2078	21,130	872,282

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting ("AGM" or "Meeting") of CARIMIN PETROLEUM BERHAD ("Carimin" or "the Company") will be held at AGM Room, Cenderawasih, Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 27 November 2019 at 2:30 p.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon. **PLEASE REFER TO NOTE (a)**

2. To approve the payment of Directors' fees and benefits of up to RM450,000.00 for the financial year ending 30 June 2020. **ORDINARY RESOLUTION 1**

3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution:-

   i. Pn. Yip Jian Lee; **ORDINARY RESOLUTION 2**
   ii. En. Lim Yew Hoe; and **ORDINARY RESOLUTION 3**
   iii. Tan Sri Dato' Kamaruzzaman Bin Shariff. **ORDINARY RESOLUTION 4**

4. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 5**

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 ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **ORDINARY RESOLUTION 6**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324)
SSM Practising Certificate No. 201908001272
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
29 October 2019

Notes:

(a) The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.
(b) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
(c) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
(d) 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 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 November 2019. Only members whose names appear in the General Meeting Record of Depositors as at 20 November 2019 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
(e) 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.
(f) 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.
(g) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
(h) The instrument appointing a proxy must be deposited at the Share Registrar Office of the Company situated at at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, 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.
(i) All the resolutions set out in the Notice of the Meeting will be put to vote by poll.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. Item 5 of the Agenda

The Ordinary Resolution 6 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to 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 the issuance and allotment of such shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This general mandate will provide flexibility to the Company for issuance and 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 and allotted pursuant to the mandate granted to the Directors at the Sixth AGM held on 29 November 2018 which will lapse at the conclusion of the Seventh AGM of the Company.

CARIMIN

Proxy Form

CARIMIN PETROLEUM BERHAD 201201006787(908388-K)
(Incorporated in Malaysia)

I/We* (full name in capital letters) ________________________________ NRIC/Company No.*________________________________

of (full address) ____

being (a) member(s) of CARIMIN PETROLEUM BERHAD (908388-K) ("the Company") hereby appoint (full name in capital letters) ____ NRIC No.______________________________ of (full address)

____

and/or* (full name in capital letters), ________________________________ NRIC No. _________________________ 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 Seventh Annual General Meeting ("AGM" or "Meeting") of the Company to be held at AGM Room, Cenderawasih, Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 27 November 2019 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.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM450,000.00 for the financial year ending 30 June 2020.		
2.	To re-elect Pn. Yip Jian Lee as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
3.	To re-elect En. Lim Yew Hoe as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
4.	To re-elect Tan Sri Dato' Kamaruzzaman Bin Shariff as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
5.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
6.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

* delete whichever not applicable

Dated this ________ day of ______________ 2019.

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

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) The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.

(b) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(c) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.

(d) 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 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 November 2019. Only members whose names appear in the General Meeting Record of Depositors as at 20 November 2019 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

(e) 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.

(f) 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.

(g) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(h) The instrument appointing a proxy must be deposited at the Share Registrar Office of the Company situated at at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, 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.

(i) All the resolutions set out in the Notice of the Meeting will be put to vote by poll.

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AFFIX
STAMP

The Share Registrar of
CARIMIN PETROLEUM BERHAD 201201006787(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,
Wilayah Persekutuan.

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CARIMIN PETROLEUM BERHAD 201201006787(908388-K)

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