



**CARIMIN PETROLEUM BERHAD**

(Incorporated in Malaysia)

Registration No.: 201201006787 (908388-K)

Sustainable  
Growth towards  
**Extraordinary  
Future**

ANNUAL REPORT  
**2020**




# Contents

- 002** About Carimin
- 004** Key Milestones
- 006** Corporate Information
- 007** Corporate Structure
- 008** Financial Highlights



**8th ANNUAL GENERAL MEETING**  
**OF CARIMIN PETROLEUM BERHAD**

  
26 November 2020

Refer to page 173 to 175 for Annual General Meeting Information.

- 011** Directors' Profile
- 015** Key Senior Management Profile
- 017** Management Discussion and Analysis
- 028** Sustainability Statement
- 044** Corporate Governance Overview Statement
- 061** Statement of Directors' Responsibility

- 062** Statement on Risk Management and Internal Control
- 065** Audit Committee Report
- 067** Additional Compliance Information
- 068** Directors' Report
- 073** Statement by Directors

- 073** Statutory Declaration
- 074** Independent Auditors' Report
- 078** Statements of Financial Position
- 080** Statements of Profit or Loss and Other Comprehensive Income
- 082** Statements of Changes in Equity
- 085** Statements of Cash Flows



- 088** Notes to the Financial Statements
- 169** Analysis of Shareholdings
- 172** List of Properties
- 173** Notice of Annual General Meeting
- Proxy Form

# 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 specializes in engineering, scheduled/work pack development, procurement, structural/piping fabrication, electrical/instrumentation installation, recommissioning and commissioning activities. This includes the deployment of marine vessels such as work barges, accommodation vessels, fast 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.



**PETRONAS**



CARIMIN is licensed by Petronas to supply Products & Services, Marine Vessels and Underwater inspection services 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");



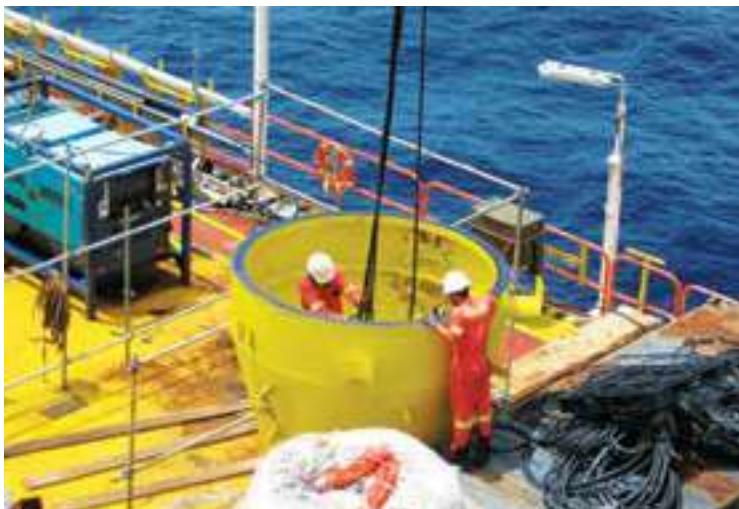
Department of Occupational Safety & Health



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

To-date we even offer 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 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 was 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

**1989**

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



• **1990**

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



**1992** •

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

• **1997**

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

• **2003**

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



**2000** •

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

**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.

**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".

• **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.



• **2006**

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



**2007** •

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

Secured hook up and commissioning contract from Talisman.

**2005** •

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



## PETRONAS

### 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.

### 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, Sarawak.

Secured Maintenance, Construction and Modification ("MCM") Services for Peninsular Malaysia Operations – Oil from PETRONAS Carigali Sdn. Bhd.



### 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.

### 2018 •

Acquired 5 acres of land to further expand the yard facilities at Teluk Kalung Yard (TKY);

Secured (15 months) Hook-up, Commissioning and Topsides Major Maintenance Services – Peninsular (Angsi and TCOT Related Works) contract from PETRONAS Carigali Sdn. Bhd.

### 2019 •

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

Acquired Subnautica Sdn. Bhd. now known as Carimin Subsea Sdn. Bhd. and to expand into sub-sea and underwater inspection, repair, and maintenance works and services (IRM).

Secured PAN Malaysia Underwater Services for Petroleum Arrangement Contractor (PACs) – Package B for the provision of Diving Support Vessel, DP2 with inspection class ROV c/w Competent Personnel for a firm 200 days charter.

### 2020 •

Received Work Order Award for the provision of Accommodation Work Boat (AWBOAT) for PETRONAS Carigali Sdn. Bhd. for a duration of 716 days.

Secured (4 years) contract for the provision of Integrated Hook-Up and Commissioning (IHUC) Services for PETRONAS Carigali Sdn. Bhd. (Package C: SKG);

Granted (1 year) extension for the provision of Equipment, Tools, Consumables and Manpower services for Flowline and Piping Repair for Block B-17 & C-19 and Block B-17-01 from Carigali-PTTEPI Operating Company Sdn. Bhd. ("CPOC").

Tied up with DOF Subsea Asia Pacific Pte Ltd to promote and/or market the vessel assets, Work class ROV and associated services of DOF in Malaysia.



# 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/  
03-2171 1792  
Website: [www.carimin.com](http://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  
Firm No. 201906000005  
(LLP0018817-LCA) & AF1018  
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*

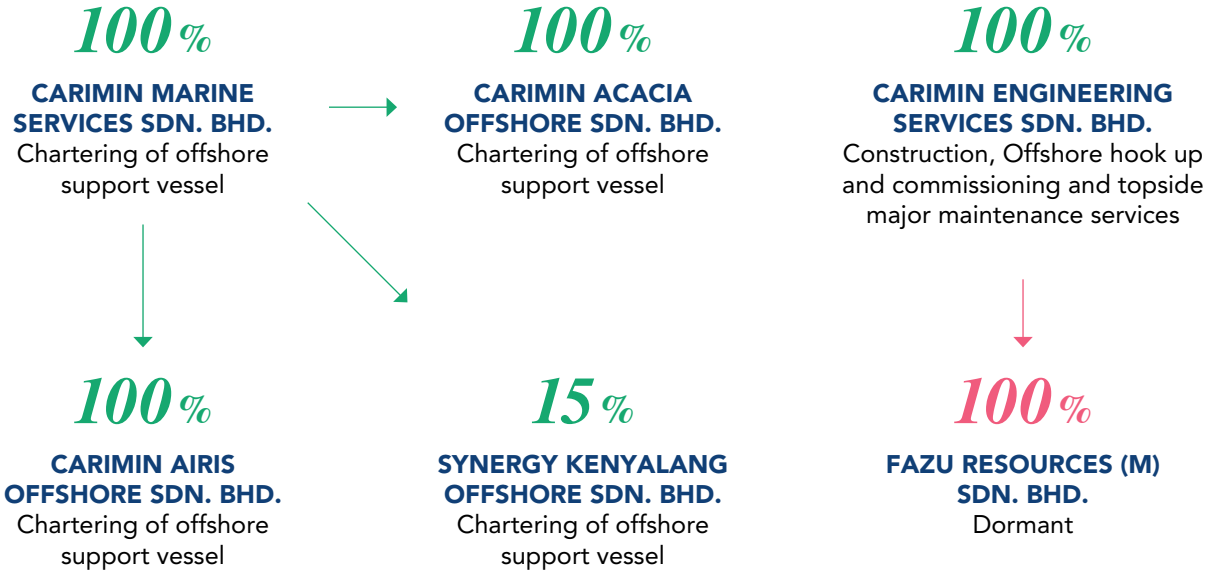
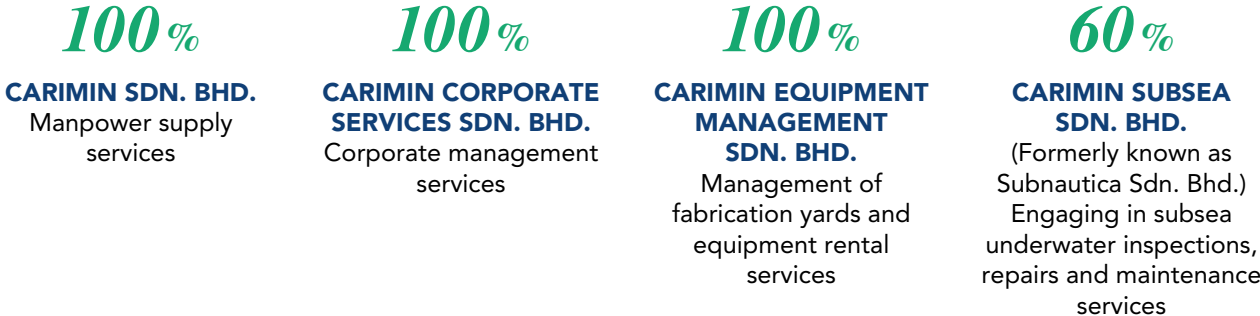
Alliance Bank Malaysia Berhad  
Ambank (M) Berhad  
CIMB Bank Berhad  
Bank Pembangunan Malaysia Berhad  
Malayan Banking Berhad  
Malaysia Debt Ventures Berhad  
United Overseas Bank (Malaysia) Berhad

## *Stock Information*

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



# Corporate Structure





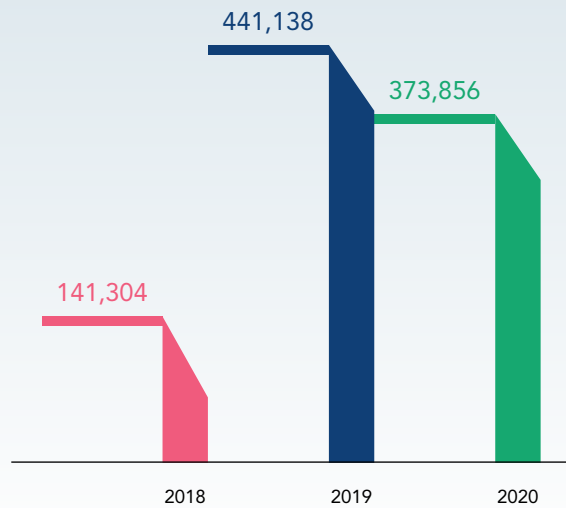
## Financial Highlights

|   | FYE 2020<br>RM'000 | FYE 2019<br>RM'000 | FYE 2018<br>RM'000 |
|---|--------------------|--------------------|--------------------|
| <b>Financial Results</b>                                  |                    |                    |                    |
| Revenue   | 373,856            | 441,138            | 141,304            |
| Profit/(Loss) before tax                                  | 18,423             | 29,931             | (24,452)           |
| Profit/(Loss) after tax                                   | 11,549             | 27,441             | (25,418)           |
| Net profit/(Loss) attributable to:                        |                    |                    |                    |
| Owners of the company                                     | 12,933             | 27,679             | (25,388)           |
| Non-controlling interest                                  | (1,384)            | (238)              | (30)               |
| <b>Financial Position</b>                                 |                    |                    |                    |
| <b>Assets</b>   |                    |                    |                    |
| Property, plant and equipment                             | 103,941            | 113,508            | 117,308            |
| Right-of-use assets                                       | 3,037              | -                  | -                  |
| Investments   | 4,271              | 4,335              | 4,493              |
| Current assets  | 206,263            | 244,462            | 119,065            |
| <b>Total assets</b>                                       | <b>317,512</b>     | <b>362,305</b>     | <b>240,866</b>     |
| <b>Equity</b>   |                    |                    |                    |
| Share capital   | 149,385            | 149,385            | 149,385            |
| Reserves  | 14,011             | 7,828              | (15,944)           |
| <b>Total equity attributable to owners of the company</b> | <b>163,396</b>     | <b>157,213</b>     | <b>133,441</b>     |
| <b>Non-controlling interests</b>                          | <b>(80)</b>        | <b>944</b>         | <b>1,285</b>       |
| <b>Liabilities</b>  |                    |                    |                    |
| Deferred tax liabilities                                  | 409                | 756                | -                  |
| Bank borrowing  | 41,053             | 53,518             | 65,088             |
| Lease liabilities   | 1,255              | -                  | -                  |
| Current liabilities                                       | 111,479            | 149,874            | 41,052             |
| <b>Total equity and liabilities</b>                       | <b>317,512</b>     | <b>362,305</b>     | <b>240,866</b>     |
| <b>WA no. of ordinary share</b>                           | <b>233,878,000</b> | <b>233,878,000</b> | <b>233,878,000</b> |
| <b>Financial Indicators</b>                               |                    |                    |                    |
| Earnings/(Loss) per share (sen)                           | 5.53               | 11.83              | (10.86)            |
| Net dividend per share (sen)                              | 1.20               | 3.00               | -                  |
| Net assets per share (RM)                                 | 0.70               | 0.67               | 0.57               |
| Return on equity (%)                                      | 7.92               | 17.61              | (19.03)            |

## Financial Highlights (Cont'd)

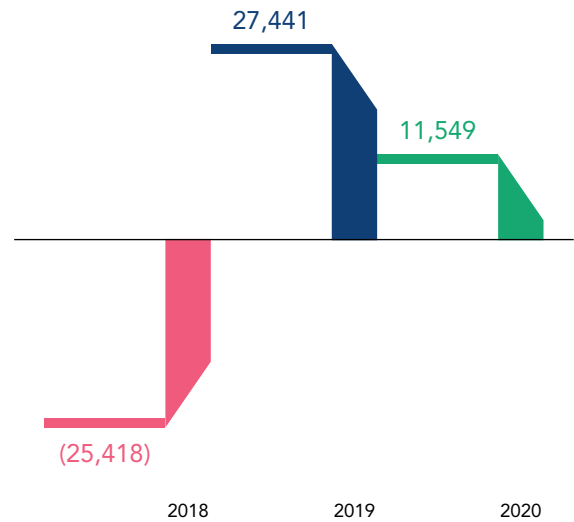
### Revenue (RM'000)

▼ 373,856



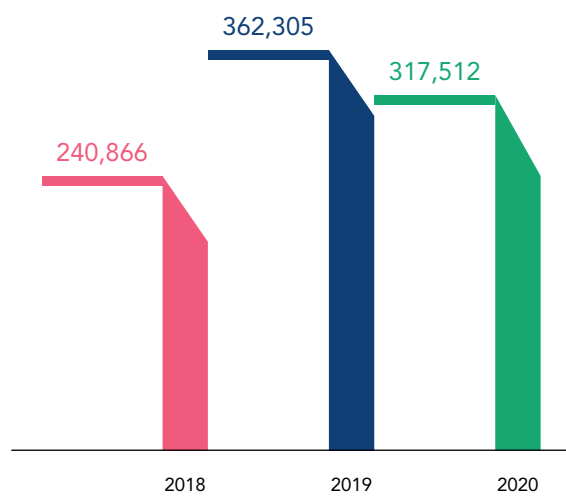
### Profit/(Loss) After Tax (RM'000)

▼ 11,549



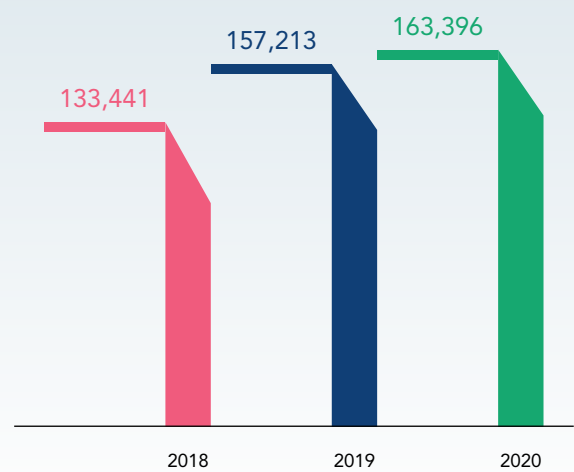
### Total Assets (RM'000)

▼ 317,512



### Shareholder's Equity (RM'000)

▲ 163,396





# *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 six (6) 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** 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 six (6) 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.

### *Mokhtar Bin Hashim*

Malaysian, Aged 61, Male  
Managing Director and  
Key Senior Management

### **Shatar Bin Abdul Hamid**

Malaysian, Aged 54, 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 all six (6) 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** was appointed to the Board on 19 April 2016 as our Executive Director and attended all six (6) Board meetings held in the financial year. He is responsible for overseeing a wide spectrum of matters related to the Group's corporate and finance operations.

Having started his career in finance and later operations management beyond the past two decades, En Lim has experiences in trading, manufacturing, sales & marketing operations, corporate finance and business development. He joined Emas Kiara, a multifaceted geosynthetic manufacturing and engineering construction group in 1995 and was its Group Chief Operating Officer till 2003. Following the public listing of Emas Kiara Industries Berhad Group on Bursa Malaysia in 2004, he was appointed an Executive Director and served as a board member till February 2016. In 2001, he obtained an Executive Master's in Business Administration from Greenwich University, Australia.

Currently, he has directorships in several private limited companies which are involved in construction engineering services, investment holding and property development but not in any other public companies and listed issuers.

### **Lim Yew Hoe**

Malaysian, Aged 52, Male  
Executive Director and  
Key Senior Management

## Directors' Profile (Cont'd)

**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 six (6) 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, Asia General Asset Berhad and FWD Takaful Berhad.

### *Yip Jian Lee*

Malaysian, Aged 65, Female  
Independent Non-Executive Director

### *Mohd Rizal Bahari Bin Md Noor*

Malaysian, Aged 50, 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 five (5) out of six (6) 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 67, 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 six (6) 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 2020, other than for traffic offences (if any).

## Key Senior Management Profile

### ***Abd Hamid Husin*** ***(“En. Hamid”)***

Malaysian, Aged 60, 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.

**En. Mohd Zamzuri** is the General Manager of Project Management Department at Carimin. He graduated from University Technology of Malaysia with a Bachelor of Chemical Engineering (Major in Gas) in 1999. His first job in 1999 was as a Project Engineer in Right Gas Sdn Bhd focusing on onshore pipeline construction for Peninsular Gas Utilization loop line. Subsequently in 2005, he moved to Oil, Gas and Plant (“OGP”) Technical Services, a subsidiary of PETRONAS as a Senior Mechanical/Piping Engineer responsible for Procurement, Construction and Commissioning package for Miri Crude Oil Terminal Rejuvenation and Malaysia Liquefied Natural Gas 2 Debottlenecking project. He left OGP Technical Services and joined Kencana HL Sdn Bhd in 2008 as a Senior Project Engineer. In 2009, he left Kencana HL Sdn Bhd and joined Carimin Engineering Sdn Bhd as a Project Manager and was promoted to the position of General Manager in January 2017.

### ***Mohd Zamzuri Yusoff*** ***(“En. Mohd Zamzuri”)***

Malaysian, Aged 45, Male  
General Manager – Project Management



## Key Senior Management Profile (Cont'd)

**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 joined 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 2016. He was then promoted to the position of Senior Manager of Corporate Finance in March 2019.

### **Patrick Choong** **(“En. Patrick”)**

Malaysian, Aged 45, Male  
Senior Manager, Corporate Finance

### **Mazhar Bin Palil** **(“En. Mazhar”)**

Malaysian, Aged 58, 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 2020.

## Management Discussion and Analysis

The financial year ended 30 June 2020 ("FY2020") demonstrated Carimin Petroleum Berhad's ("Carimin" or "the Group") resilience to maintain profitability during an economic turmoil. Amidst various challenges, such as oil price volatility, political change and an economic downturn caused by the COVID-19 pandemic, the Group delivered a revenue and profit after tax of RM373.86 million and RM11.55 million, respectively. The factors contributing to the Group's overall performance were mainly project activities under the maintenance, construction and modification ("MCM") contract for Petronas Carigali Sdn Bhd ("Petronas Carigali") and Marine Services ("MS") vessel utilisation. Further implementation of some major contracts was expectedly delayed because of the Movement Control Order ("MCO") imposed by the Malaysian government. Considering the drop in oil price and the MCO, the Group actively took steps to strengthen its financial position by conserving cash and reducing its level of debt funding. As of 30 June 2020, the Group recorded an increase of RM53.12 million in its cash-in-hand and a reduction of RM7.12 million in long-term borrowing. With this healthy reserve and ongoing projects, including the newly awarded 4-Year Integrated Hook-up and Commissioning ("iHUC") contract, Carimin can look forward to sustain growth.



### A Challenging Operating Environment Under the 'New Norm'

During the financial year under review, there was a steep decline in oil price arising from the surge in global supply relative to the demand as a result of the COVID-19 pandemic and economic turmoil. Consequently, the total annual revenue of the oil and gas industry is projected to plunge by US\$1 trillion in 2020. Prior to the COVID-19 pandemic, the industry saw a renewed growth and stabilisation in Brent Crude prices at \$55–\$65 despite a supply glut with the emergence of the United States as a major global oil exporter. The slide in oil price started with the COVID-19 outbreak in China, and its economic slow-down impacted the rest of the world. The situation worsened with the Saudi–Russia Price War in March 2020 that resulted in an oil price crash. This prompted our national energy company, Petroliaam Nasional Berhad ("Petronas"), to cut its annual capital expenditure by 21% in March 2020. This has caused a negative effect on the local oil & gas service providers who are predominantly engaged in the upstream sector and rely on Petronas for work.

[ SOURCE: [The Oil And Gas Industry Faces A \\$1.8 Trillion Loss In 2020](#) | OilPrice.com ; [Petronas' capex cut another shock to local O&G companies](#) ]



### A Challenging Operating Environment Under the 'New Norm' (Cont'd)

OPEC, the group of oil-producing nations, has revised its outlook for global oil demand to an average of 90.2 million barrels per day in 2020. This report comes in the wake of economic recovery and dwindling fuel demand concerns from energy market participants.

In the United States, the Energy Information Administration ("EIA") recently raised its average oil spot price from \$40.5 to \$41.42 per barrel for the remainder of 2020 and has estimated the price to sit at \$49.53 per barrel in 2021. These forecasts can inform the ongoing and future capital and operating expenditure of major oil companies.

[ SOURCE: [Short-Term Energy Outlook - U.S. Energy Information Administration \(EIA\)](#) ]

In order to manage such an unprecedented challenging environment, Carimin has implemented measures to consolidate resources, enhance cost efficiencies and bolster its diverse revenue streams whilst continuing to identify new business opportunities. Carimin is confident in maintaining profitability moving forward as the Group will continue to realize revenues from its MCM and iHUC projects as well as from other divisions such as MS, subsea business and ongoing service contracts.

### Carimin's Businesses and Growth Strategies

The Group has reinforced its position as a resilient oil and gas company in Malaysia that provides technical and engineering support services for upstream oil majors by fortifying its core competencies in four different business segments. Three segments include oil and gas activities in the construction, hook up and commissioning as well as topside major maintenance ("CHUCTMM"); manpower services ("MPS"); and marine services ("MS"), whilst the fourth business segment involves civil construction ("CC") activities. Carimin's balance sheet remains strong, and the company continually explores opportunities to expand and invest into new synergistic businesses.

To maintain the CHUCTMM segment's competitive advantage, Carimin intends to move beyond its present role to include underwater works, decommissioning services, associated well plugging and abandonment activities as well as late-life assets management. Domestic decommissioning presents an interesting growth opportunity that will intensify as many oil and gas assets have been operating for over 40 years. As Petronas reviews the requirements within this segment, the Group targets to enhance its decommissioning capability and collaborate with both major international and local companies.

Carimin's MPS division will maintain its focus on providing technical and professional expertise services for both upstream and downstream sectors whilst expanding its plans to enhance specialised consultancy, training and placement services.

Meanwhile, the Group's MS division continues to support its CHUCTMM project and provides vessel charter services for the regional market. The division is also licensed by Petronas to undertake subsea underwater inspections, repair and maintenance ("IRM") services which typically cover platform and pipeline inspections, structural integrity checks, and debris clearance activities. The medium-term outlook for Carimin Subsea Sdn. Bhd.'s (formerly known as Subnautica Sdn. Bhd. ("Carimin Subsea")) business remain challenging given the present deferment of offshore work activities.

In addition to expanding its revenue base, the Group continues to implement strategies to reduce business risks, preserving business sustainability and protecting the shareholders' interests.

## Management Discussion and Analysis (Cont'd)

### A Resilient Performance

In FY2020, even though the government enforced the MCO to help control the COVID-19 pandemic, Carimin still managed to deliver a positive performance posting revenue of RM373.86 million and a profit after tax ("PAT") of RM11.55 million. The financial results for FY2020 was, however, affected by the higher provisions for impairment losses due to the economic sentiments: RM1.99 million and RM2.56 million, respectively, for its vessels and trade debtors, which reflected an increase by 104% and 230%, respectively, from their relevant values for the financial year ended 30 June 2019 ("FY2019").

The adverse economic situation, resulted in revenues to decrease by RM67.28 million or 15.3% for FY2020, and this is mainly attributed to the lower revenue of the MPS and CHUCTMM businesses. Together, these two divisions accounted for 79% of the total revenue and 97% of the reduction for FY2020.

CHUCTMM is the major revenue contributor for Carimin. For FY2020, it accounted for 67% of the total revenue and registered a reduction of RM25.1 million or 9.2% in revenue due to lower offshore MCM activities. The reduction accounted for 37% of the total reduction in revenue for FY2020.

The MS division provides the second highest revenue for Carimin. For FY2020, it accounted for 21% of the total revenue and registered an increase of RM7.8 million or 11.2% due to additional revenue from subsea IRM activities.

The MPS division, which accounted for 12% of the total revenue, registered a reduction of RM40.4 million or 46.4% in revenue due to lower requirements and project completion. The reduction in the MPS division accounted for 60% of total reduction in revenue for FY2020.

Despite the challenges faced from the present economic situation, we are confident that our ongoing contracts and operational efficiency will enable us to seize opportunities should there be a positive change in the macro-economic environment.

### Liquidity and Capital Resources

As at FY2020, the Group's cash and cash equivalents stood at RM130.21 million, of which RM28.94 million was placed in fixed deposits to secure the bank facilities granted to the Group. This was 69% or RM53.12 million higher than the RM77.09 million recorded for FY2019. During the year under review, RM9.94 million was utilised for term-loan financing of vessels, whereas RM3.15 million was utilised to partly finance the operational activities relating to dry docking and the purchase of tools and equipment. Other major outflows for FY2020 include increase in investment in subsidiary at RM0.54 million and the payment of dividends totalling RM6.55 million.

### Gearing Ratio

With certain loans approaching maturity, the Group's gearing ratio has decreased to 0.25 in FY2020 from 0.34 in FY2019. As at FY2020, our total equity amounted to RM163.40 million, whereas our net cash position stood at RM101.27 million.



## Management Discussion and Analysis (Cont'd)

### Capital Management, Future Commitments and Funding Sources

In FY2020, Carimin increased its investment in Carimin Subsea through a cash injection of RM0.54 million when Carimin Subsea increased its paid-up capital from RM0.10 million to RM1.0 million.

The proposed yard development on our five-acre land at Teluk Kalung, Kemaman in Terengganu will proceed despite the current economic environment. Acquired in July 2018, this land complements the Group's existing two-acre fabrication yard and will enhance our construction capabilities for larger projects and multiple contracts. The proposed development will house Carimin's new integrated facility, which will consist of workshops for open fabrication, equipment storage, blasting and painting, as well as the primary building.

The planned capital expenditure for this project 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 authorised the payment of one interim dividend for FY2020.

In February 2020, the Board declared an interim dividend of 1.2 sen per ordinary share amounting to RM2,806,536, which was paid on 3 April 2020.

In FY2020, a second interim dividend of 1.6 sen per ordinary share amounting to RM3,742,048 for FY2019 was paid out to shareholders on 17 October 2019.



### Trends and Events that Materially Affect Carimin's Business

Aside from the global economic slowdown caused by the COVID-19 pandemic, oil price is another major factor that influences the oil and gas industry. The drop in oil demand due to the pandemic was worsened by a supply glut. OPEC and its member countries had initially agreed to limit production until 31 March 2020. At the 6 March 2020 OPEC Summit, Russia announced it would no longer restrict production by 1 April 2020. In response, OPEC declared it would also increase production. Prices plummeted to the negative range as storage facilities were being filled. Consequently, delivery of oil was stalled because of the lack of available storage. On 20 April 2020, the prices for a barrel of oil declined to -US\$37.63 per barrel. On 12 April 2020, OPEC and Russia agreed to once again restrict outputs, which pushed prices back to the positive range.

The average Brent Crude price per barrel dropped from US\$64 in July 2019 to US\$18 in March 2020. According to Short-term Energy Outlook by the US EIA, worldwide crude oil prices will average at US\$44 per barrel for Q4 of 2020 and US\$49 per barrel in 2021. They projected that the average Brent Crude price will reach US\$79 per barrel by 2025.

In Malaysia, the economy has been severely affected by the COVID-19 pandemic. The local economy is projected to contract by 3.1% in 2020 before rebounding by 6.5% in 2021. The economic growth has remained muted in Q3 of 2020 after the GDP displayed a record decline in Q2 as a result of an unprecedented contraction in both investment activity and household spending. The economic situation is aggravated by the political changes in the country, which has impacted the operational activities of Petronas and other major oil companies. Even though Brent Crude prices have recovered to an average of US\$40, the national oil company's capex spending in the second half of 2020 is expected to remain tepid given its weakened financial position due to the pandemic. Petronas will attempt to partially recoup the decline in its operating cash flow in the second half of 2020 by cutting its capex below the initial target and then resume its investment activities in 2021.

[ SOURCE: Short-Term Energy Outlook - U.S. Energy Information Administration (EIA) ; Malaysia Economy - GDP, Inflation, CPI and Interest Rate ]

## Management Discussion and Analysis (Cont'd)

### Trends and Events that Materially Affect Carimin's Business (Cont'd)

In the MS segment, the demand for marine vessels is expected to remain competitive, with the duration of hires at daily or monthly spot charters. Both of the MS division's vessels, namely, the Carimin Airis Offshore Sdn. Bhd. (an anchor handling tug supply vessel, "AHTS") and the Carimin Acacia Offshore Sdn. Bhd. (a dynamic positioning 2 (DP2) accommodation work boat, "AWB") have now been contracted to clients until September and December 2020 respectively. Therefore, Carimin is confident that the industry and its businesses are on track to maintain positive results in the next financial year.

In comparison, it is expected that the revenue of the CC division will be stagnant because of the slowdown in the construction industry and project deferment. Nevertheless, the CC division will remain persistent in securing new contracts despite the current market conditions and the competitive environment.

### Performance by Business Divisions

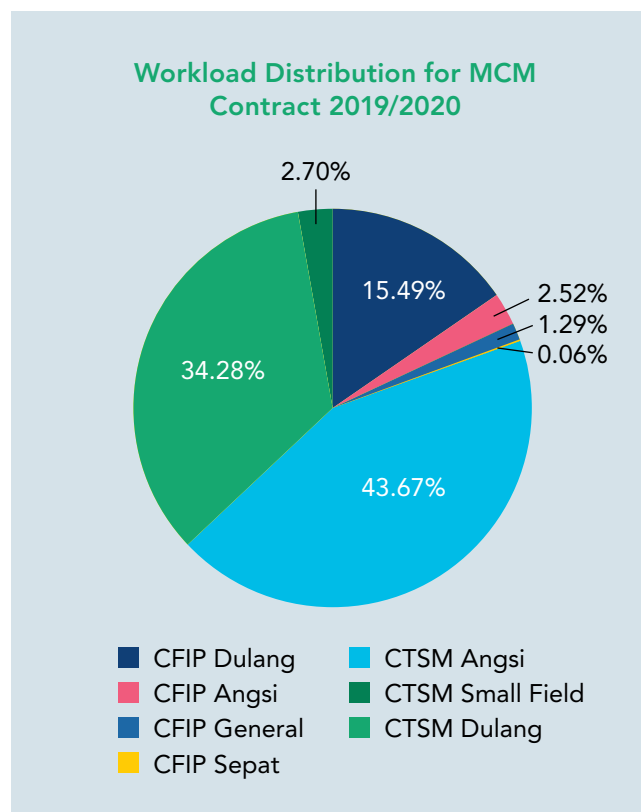
#### Construction, Hook Up, Commissioning and Topside Major Maintenance ("CHUCTMM")

Carimin's CHUCTMM division is 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 FY2020, the CHUCTMM division's revenue decreased by 9.2% or RM25.11 million from RM273.84 million to RM248.73 million. This reduction in revenue was primarily due to the slowdown in offshore activities under the MCM contract caused by the MCO and the decreased oil price. These activities included major shutdown services and piping upgrade works for the Dulang, Angsi and Small Field Platforms, both onshore and offshore. The pie chart below displays the distribution workload for the various offshore platforms under the MCM and Pan-Malaysian HUC work orders in 2019/2020.

Despite the economic slowdown, the CHUCTMM division managed to secure several major contracts. The projects secured by CEESSB during FY2020 include:

- 1) December 2019 - Letter of Award ("LOA") for the provision of Integrated Hook-Up and Commissioning (iHUC) Services for PETRONAS Carigali Sdn Bhd ("PCSB") (Package C: SKG);
- 2) August 2019 - LOA for the provision of Hook-Up, Commissioning and Topside Major Maintenance Services for PCSB – Peninsular (Angsi and TCOT Related Works); and
- 3) July 2019 - 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.



# Management Discussion and Analysis (Cont'd)

## Performance by Business Divisions (Cont'd)

### Construction, Hook Up, Commissioning and Topside Major Maintenance ("CHUCTMM") (Cont'd)

These contracts, amongst others, will provide the impetus to overcome the current challenges.

The revenue from the CHUCTMM segment was hit by the delayed resumption of offshore activities post-monsoon season. We anticipate oilfield activities to remain low during the next financial year, as the oil demand is expected to be lesser than that of the previous financial year. The Group's immediate prospects will be derived from the iHUC contract. After the financial year, we were awarded with work orders in excess of RM100 million with more projects anticipated in the coming year. Given Carimin's expertise and track record in this area, the Group is well positioned to acquire sizeable FIP contracts should they become available.

### Manpower Services ("MPS")

The MPS division is helmed by Carimin Sdn. Bhd. ("CSB"). This segment's revenue was significantly impacted by the MCO. For FY2020, the MPS segment registered a revenue of RM46.63 million, which is 46% or RM40.43 million lower than that for FY2019. Several of the major contracts that had driven the growth in FY2019 ended in the current financial year, and contracts that were expected to generate revenue for the current financial year were deferred.

With the existing balance orders and potential new contracts, the Group can expect to maintain the current level of revenue for the MPS division in the coming financial year. The MPS division will explore participating in more tenders and expand its provision of technical and professional services to include consultancy and training services.



### Marine Services ("MS")

The Group currently owns three marine vessels, two of which it wholly owns: an AHTS and a DP2 AWB. The Group also has 15% ownership in another AWB, the SK Deep Sea, through its investment in Synergy Kenyalang Offshore Sdn. Bhd., the registered owner of the vessel. Given the Group's proven ship management experience, it possesses the competitive edge and technical capabilities to bid for larger marine support service contracts.

In FY2020, the MS Division provided marine services through a combination of its own vessels and third-party charterers. Both our AHTS & DP2 AWB including 3<sup>rd</sup> party workboats, work barges and a diving support vessel ("DSV") were deployed to carry out works under the MCM and other oil majors contracts.

Although the mobilisation of DP2 AWB under the two (2) years Provision of Accommodation Work Boat ("AWBOAT") was deferred due to MCO, the MS division still registered a revenue of RM76.81 million, which is an increase of 11% or RM7.74 million from that in the previous year. The higher revenue was contributed by the subsea services which had a six-month charter. For FY2020, the division made provisions for impairment losses of RM1.99 million for the DP2 AWB vessels. In addition, a provision of RM2.09 million for impairment on trade debtor made as the debt had exceeded the credit term and debt recovery action was initiated.

The 15% investment in SK Deep Sea yielded a shared loss of RM0.06 million in FY2020.

The Group looks forward to another positive year with the following additional contracts:

1. Work Order Award in January 2020 to provide an AWBOAT for Petronas Carigali Sdn. Bhd.;
2. Contract to provide PTTEP Sarawak Oil Limited with a Self-Propelled Accommodation Work Boat (AWB2 – 150 PAX) for September 2020 Sarawak (SK) Turnaround (TA), for the vessel "Carimin Acacia"; and
3. Contract to provide an AHTS for hook up & commissioning and topside maintaining services for the SEAH project.



### Performance by Business Divisions (Cont'd)

#### Marine Services ("MS") (Cont'd)

The MS division is confident that the good momentum achieved in FY2020 will continue over the coming financial year. The division is also looking into securing more contracts, particularly in the subsea sector, and chartering more third-party vessels to fulfil the needs of the clients.

As one of the leading CHUCTMM service providers, the MS division will continue to optimise cost efficiencies, provide ship management and maintenance services, as well as undertake vessel charters locally and regionally. Carimin has sufficient standby capacities to take advantage of any upturn in the CHUCTMM segment once the COVID-19 pandemic subsides and oil prices or demand picks up. Carimin anticipates the demand for marine support services to increase as the Malaysian economy recovers.

#### Civil Construction ("CC")

The CC division was understandably affected by the MCO restrictions and the adverse economic situation, posting a revenue of only RM1.69 million in FY2020, which is an 85% or RM9.48 million decrease from that in FY2019. In addition to the COVID-19 pandemic, CC projects also faced delays due to reasons beyond its control, including land acquisition issues on the clients' part. The division made an impairment for trade receivables of RM0.29 million in FY2020 as it initiates debt recovery actions.

Moving forward, Carimin Bina Sdn. Bhd. ("CBSB") will be prudent when bidding for new projects. It will instead focus on tenders where it has competencies and capabilities to improve profit margins and manage collection risk.



## Management Discussion and Analysis (Cont'd)

### Business Risks and Mitigation Strategies

Carimin acknowledges that it may be exposed to certain anticipated or known risks that may exert a material effect on its operations, performance, financial condition and liquidity. As per Bursa Malaysia Securities Berhad's ("Bursa Securities") disclosure requirements, the Group's risks and mitigation strategies for addressing 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 and gas Industry                                   | <ul style="list-style-type: none"> <li>A slowdown in project tenders/offers</li> <li>Uncertain revenue as the award of work orders slow down</li> <li>Reduced operational expenditure ("Opex") and capital expenditure ("Capex") by clients</li> </ul> | <ul style="list-style-type: none"> <li>Regular engagement with clients about upcoming projects/work orders and their commitment</li> <li>Increase the client base and explore other opportunities</li> <li>Ensure that Carimin remains competitive for future tender bids</li> <li>Innovate to enhance competitive edge</li> <li>Stay abreast of the oil and gas production and supply/demand situation</li> <li>Diversify into other segments within the industry to reduce over-reliance on a single segment</li> <li>Reduce Opex and Capex as well as restructure loans and improve cash flow management</li> </ul> |
|                   | Competition from existing competitors                                      | <ul style="list-style-type: none"> <li>Loss of business</li> <li>Loss of market share</li> <li>Lower margins and profits</li> </ul>  | <ul style="list-style-type: none"> <li>Retain and employ a qualified and competent team to deliver high-quality performance</li> <li>Ensure close rapport and healthy relationships with clients</li> <li>Provide competitive rates to clients</li> <li>Explore and invest in new technologies</li> <li>Provide better facilities, equipment and higher specifications (e.g. in relation to the Group's marine vessels)</li> </ul>   |
| Financial Risk    | Inadequate budgetary control and monitoring                                | <ul style="list-style-type: none"> <li>Exceed budgeted expenditure/reduced profit</li> <li>Impact on cash flow management</li> <li>Delays in project delivery</li> <li>Exposure to Liquidated and Ascertained Damages ("LAD")</li> </ul>               | <ul style="list-style-type: none"> <li>Inclusion of the project management team ("PMT") in budget cost control meetings highlighting the various shortcomings to garner their feedback</li> <li>Ensure that necessary remedial actions are undertaken on to address variances</li> <li>Ensure strict adherence to Standard Operating Procedures ("SOPs")/ Financial Authority Limit ("FAL") practices</li> <li>Provide proper budget and project closeout reports</li> </ul>   |
| Customer Risk     | Obligation to fulfil contracted rates during the low oil price environment | <ul style="list-style-type: none"> <li>Financial impact</li> <li>Higher costs from vendors/suppliers</li> <li>Potential losses</li> <li>Unable to deliver on the project</li> </ul>  | <ul style="list-style-type: none"> <li>Bulk orders to reduce the cost</li> <li>Long-term price agreements with vendors</li> <li>Renegotiate term of contracts</li> <li>Direct negotiations with vendors</li> <li>Encourage multi-tasking</li> </ul>  |



### Responsible Corporate Practices

Carimin's Board of Directors believes in the need to uphold the tenets of transparency, accountability and integrity as well as implement the highest standards of professionalism and expertise across the organisation. In line with this, the Board abides by the Best Practices in Corporate Governance prescribed by the Malaysian Code on Corporate Governance ("the Code"). The Group has adopted several practices to ensure compliance with the Code, which are outlined in the Corporate Governance Overview Statement on pages 044 to 060 of this Annual Report. In FY2019, the Nomination Committee and Remuneration Committee were merged into a single committee called the Nomination and Remuneration Committee to improve its efficiency and effectiveness in discharging its duties.

To ensure the long-term sustainability of the Group's business operations, Carimin has formally aligned its sustainability measures with Bursa Securities' guidelines. These measures include establishing a Sustainability Committee ("SC") that will drive sustainability within the Group and publishing the Group's Sustainability Statement. For FY 2020, Carimin sought the expertise of a consultant in formulating a sustainability reporting framework. The Group's sustainability achievements are detailed in the Sustainability Statement on pages 028 to 043 of this Annual Report.

### Outlook and Prospects

Bank Negara Malaysia (BNM) has revised Malaysia's official gross domestic product (GDP) growth forecast for 2020 to between -3.5% and -5.5% mainly due to changes in the global growth forecasts and the unprecedented length of the MCO. According to the governor of BNM, the COVID-19 pandemic has had a "larger than anticipated" adverse impact on economic activity in the first half of 2020 and that the recovery is expected to be more gradual than the previous forecast. BNM expects the Malaysian economy to recover gradually in the second half of 2020 and rebound further in 2021. BNM is forecasting a growth range of between 5.5% and 8% for 2021, underpinned by improvements in external conditions and a gradual normalisation of economic activities and labour market conditions. Economic growth will be further supported by new investment projects, demand for technology and healthcare products, as well as expansion in commodity-related production capacity.

[ SOURCE: [Research houses reduce Malaysia's GDP 2020 outlook, improve 2021 forecast](#) | Malay Mail ]

During Q4 of FY2020, most countries around the world were in lockdown. Given the severity of the lockdown, the International Monetary Fund ("IMF") has revised its global growth forecast to -4.9% for 2020 as the depth of the downturn became more apparent worldwide. For 2021, the IMF projects a global growth rate of 5.4%, which would put the 2021 GDP at 6.5% which is lower than the pre-COVID-19 projections announced in January 2020. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to economic activity during the lockdown in the first half of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown is expected to inflict an additional toll on economic activity.

[ SOURCE: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020> ]

## Management Discussion and Analysis (Cont'd)

### Outlook and Prospects (Cont'd)

In addition to the economic disruption brought about by the COVID-19 pandemic, intensifying trade and geopolitical tensions have also impacted business confidence, investment decisions, and global trade. All of these macroeconomic factors have amplified the uncertainty about the future of the global trading system and international cooperation. Although oil price and demand seemed to have stabilised after the turmoil in the first half of 2020, the uncertainty over the future of global economic recovery suggests that businesses must hope for the best but be prepared for the worst.

To ensure the Group's ability to endure the current economic situation, Carimin has been conserving its resources in FY2020, with the cash-in-bank balances rising by 69% or RM53.12 million. However, Carimin has not stopped investing in human capital with the recruitment of relevant Project Management Team and in-house catering services which has strengthened the Group's competitive advantage. Carimin will continue to enhance its client service levels as well as its capacity-building and business development efforts whilst improving on profitability.



To attain mid-term business momentum, the Group is exploring late-life asset management and decommissioning works as potential sources of additional revenue with its collaborative partners i.e. Emas Energy Services (Thailand) Ltd and DOF Subsea Asia Pacific Pte Ltd. Carimin is constantly adapting to the changes and demands of the industries to maintain its relevance. To gain further market share from the segments it operates in, Carimin will also explore opportunities beyond Malaysian shores.

Brent Crude prices had dipped to \$15.98 per barrel in March 2020 but has since rebounded and hovers around the \$40 per barrel level, where it expects to trade within a \$5 range through and until the second half of 2021. As of 31 August 2020, oil prices had moved into an increasingly narrow trading range with some of the lowest levels of price volatility since 2015. Although considerable uncertainty remains in the global economy and oil markets, price volatility may have declined primarily as a result of the large volume of oil inventories accumulated during the first half of 2020 and the slow rate of oil consumption growth.



According to the EIA, indicators of worldwide economic activity have largely been higher than expected, particularly in sectors such as housing and new durable goods orders. Nonetheless, economic recovery has been slow in some sectors that are important for oil consumption, such as personal travel and tourism. The EIA forecasts that oil market balances will continue to tighten for the remainder of 2020 as a result of continued demand recovery, restrained production from OPEC member countries and partner countries (OPEC+), and price-related declines in production in the United States. The EIA expects that high inventory levels and surplus crude oil production capacity will limit upward pressure on oil prices. They forecast that monthly Brent Crude spot prices will average at \$44 per barrel during Q4 of 2020 and reach an average of \$49 per barrel in 2021 once oil markets become more balanced. They also forecast that the global consumption of petroleum and liquid fuels will average at 93.1 million barrels per day for 2020, which will increase by 6.5 million barrel per day in 2021.

[ SOURCE: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020> ]

# Management Discussion and Analysis (Cont'd)

## Outlook and Prospects (Cont'd)

Although the near-term outlook for oil and gas production is weighed down by the effects of the COVID-19 pandemic, the Board and the Management anticipate its maintenance works under the CHUCTMM and MS division will remain consistent with FY2020 levels. This should enable the Group to withstand this challenging economic period of lower activities in the oil and gas sector.

The emergence of renewable energy sources with many investment projects globally coming into play, such as hydro-power, solar power and biogas, may impact the long-term demand for fossil fuel. As such, Carimin will continue to review its long-term strategy and be innovative to stay relevant in the oil & gas industry.

FY2020 was a year of unprecedented challenges but the Group was able to manage a commendable performance by achieving a profit after tax of RM11.55 million. Given our past experience in operating through the challenging environment of low oil prices in 2014–2016, our Management team and staff are well capable of working under these volatile market conditions. The Group will focus on boosting its core competencies on the oil and gas front and continue to develop its capabilities. Carimin already has an excellent track record in handling multiple jobs simultaneously and will be actively pursuing new opportunities. The Board and the Management of Carimin remain confident about the Group's prospects in FY2021.



## In Appreciation

The Board and the Management of Carimin express their gratitude to everyone who has contributed to our success amidst another challenging year. We give our sincere thanks to our valued shareholders, customers and business partners for their continuing support and confidence. We also wish to convey our gratitude to our dedicated and hard-working staff whose professionalism, perseverance and commitment to excellence have cooperated with us through this challenging year.

As Carimin enters a new financial year, we are poised to face challenges and make the most of the opportunities that come 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 (“Carimin” or “the Group”) is resolute in integrating sustainable practices in its business agenda as it moves forward. The Group believes that embodying sustainability across the organisation will drive operational efficiencies, assure long-term growth and create positive value for all stakeholders.

We are committed in implementing initiatives for the responsible management of Economic, Environmental and Social (“EES”) sustainability.

## About This Report



### Economy

To sustain market leadership within the oil and gas technical engineering and support services industry whilst promoting healthy business growth.

This Sustainability Statement conveys the initiatives undertaken by the Group to demonstrate its commitment to EES sustainability.

### Scope and Boundary:

This statement covers the entire operations of the Group as well as on entities where the Group holds a majority stake or has direct control.

### Reporting Period:

The reporting period spans from 1 July 2019 to 30 June 2020 (“FY2020”). Historical information collected from previous years is included to display comparative data and trends.

### Report Cycle:

One (1) year coinciding with our Annual Report

### Reporting Standards:

- o Principal Guideline: Bursa Malaysia Sustainability Reporting Guide (2<sup>nd</sup> Edition)
- o Reference Guideline: Global Reporting Initiative (“GRI”) Standards (Core option)

### Feedback:

We welcome your feedback: [biz@carimin.com](mailto:biz@carimin.com)



### Environment

To adhere to regulations for environmental conservation.



### Social

To foster long-term and meaningful relationships with our stakeholders, provide a safe workplace for our employees and business partners, contribute to the welfare of our community and serve our clients to the best of our ability.

# Sustainability Statement *(Cont'd)*

## SUSTAINABILITY GOVERNANCE

We believe that in order to truly embed sustainability into our business operations, we should follow a sound governance structure that would lead to inculcate a culture of sustainability within the Group.

Our sustainability governance structure consists of two-tiers: the Board and the Sustainability Committee.

### Board

The Board of Directors ("Board") is the highest body of sustainability governance. As the leaders of the Group's sustainability agenda, the Board is responsible for the vital tasks of developing strategies, setting goals and driving the sustainability culture within the Group. The Board formulates the guidelines that will be implemented by the Sustainability Committee in enhancing the Group's sustainability performance.

The Board reviews the report given by the Sustainability Committee ("SC") and evaluates the effectiveness of existing strategies, i.e. whether they're consistent with the current best practices and meeting stakeholders' expectations.

### BOARD

#### Sustainability Committee

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

### Sustainability Committee

Headed by the COO, the SC assists the Board in performing their oversight responsibilities concerning CPB's sustainability policies and practices.

The SC, which comprises the Group's managers, implements, monitors and improves upon the sustainability initiatives that is approved by the Board to enhance the Group's sustainability performance.

The SC reports to the Board the sustainability performances and make recommendations regarding EES sustainability matters that are relevant to the Group's operations.



# Sustainability Statement *(Cont'd)*

## BUSINESS ETHICS

The Group recognises the importance of observing good business practice, so our commitment is to perform ethical, transparent and responsible actions always.

**Policies:** To ensure our employees and transactions are treated with respect, fairly and held accountable, the Group has established the following policies:

- Code of Business Conduct and Ethics ("Code")
- Anti-Bribery and Corruption Policy ("ABC")
- Whistleblowing Policy
- Employee Handbook

The Group abides by all applicable laws, including the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

**Management and Monitoring:** Implementation procedures have been established to ensure compliance with the policies. Awareness programmes are also conducted to inculcate a culture of ethical behaviour across the entire Group and business partners.

**Grievance Channel:** We have created a Whistleblowing Policy to provide a platform where all stakeholders can report grievances, suspected and/or actual incidents of misconduct. The steps in making a confidential report are detailed in the policy guidelines and published on our corporate website.

## SUSTAINABILITY MATTERS

### Materiality Assessment Process

We conducted a materiality assessment to understand the Group's key sustainability focus areas. The material EES sustainability issues were identified and ranked based on their significance. All heads of department and senior management participated in this assessment to obtain a more comprehensive perspective.

### Materiality Review

Our report would focus on the issues that are presently most significant to our stakeholders. As such, our materiality assessment is updated every year to make sure that it reflects any changes in our business and the external environment.

# 1



## Identification

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.

# 2



## Prioritisation

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.

# 3



## Validation

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

# 4



## Review

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.

# Sustainability Statement (Cont'd)

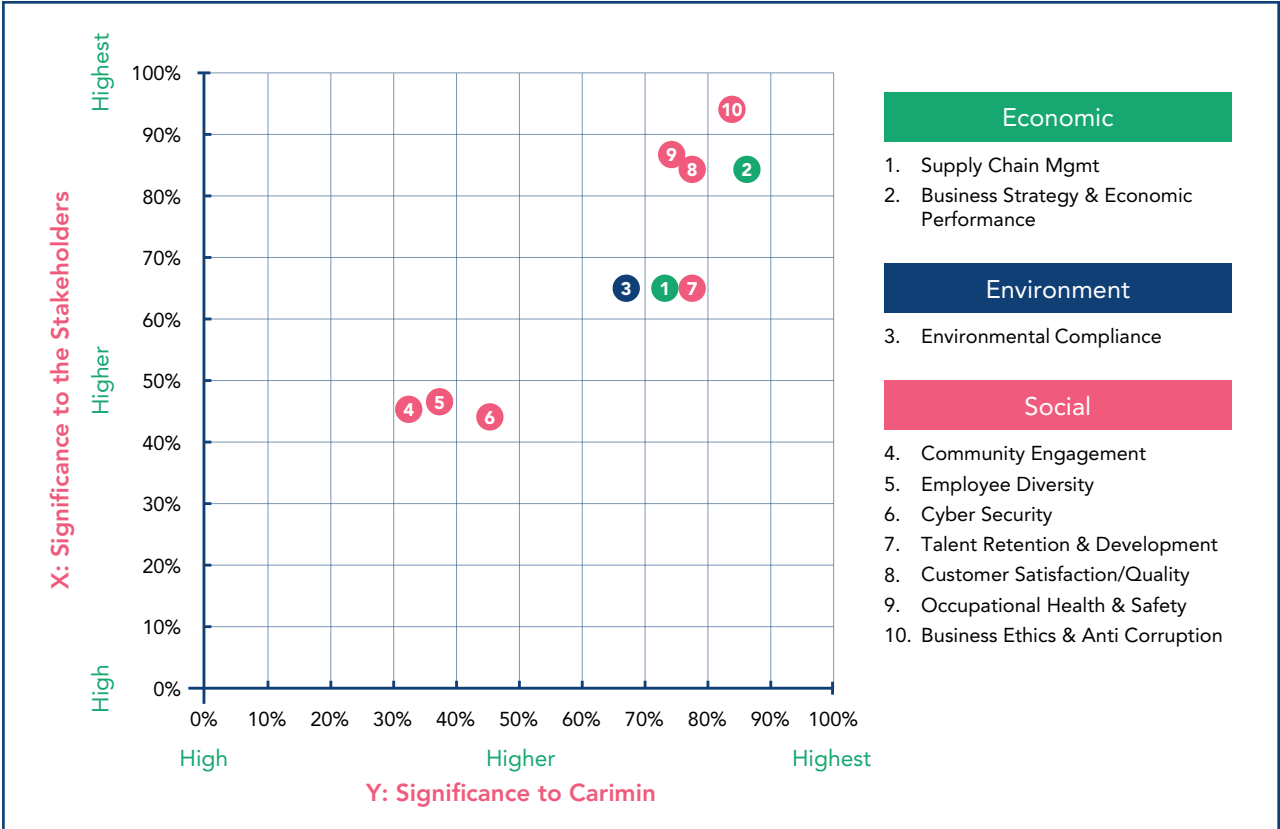
## SUSTAINABILITY MATTERS (Cont'd)

### Materiality Matrix

The diagram below depicts the results of our materiality assessment. The Y-axis represents the relevance of the EES issues to the Group, and the X-axis denotes their significance to our stakeholders. The issues situated in the upper right-hand quadrant of the matrix are those that are most significant to both our Group and stakeholders.

Our materiality assessment identified 10 material EES issues. The Group's top three (3) priority aspects are business ethics and anti-corruption, occupational health and safety and customer satisfaction, which are all closely linked to the core nature of our business.

The less important issues are cyber security, employee diversity and community engagement. Our activities do not have a significant impact on the community as we do not operate in highly populated areas, and cyber security does not warrant too much focus at the moment. In terms of employee diversity, given that the nature of the job scope in the oil and gas industry is physically demanding, most of our employees are male with the exception of those who are working in an office environment. Although the above three (3) issues are not high in our priority, we have implemented programmes to enhance its positive impacts.





## Sustainability Statement (Cont'd)

### PROACTIVE STAKEHOLDER ENGAGEMENT

Each of our stakeholder group exerts a different level of influence and impact on our operations. Thus, the sustainability initiatives that we implement for each will vary. We maintain constant communication with our stakeholder groups as necessary throughout the year to understand and meet their expectations in a timely manner.

The table below shows the list of stakeholders that we engage with, their concerns, our responses and the mode and channels of engagements. The table also shows the identified material issues and their corresponding concerns.

| Stakeholder Group          | Concerns   | Response   | Engagement Channels  |
|----------------------------|--|--|--|
| Shareholders/<br>Investors | <ul style="list-style-type: none"> <li>- Fiduciary Duties</li> <li>- Ethics &amp; Transparency</li> <li>- Timely Information Disclosure</li> <li>- Economic Performance</li> </ul> | <ul style="list-style-type: none"> <li>- Good Governance Best Practices</li> <li>- Bursa Compliance</li> <li>- Business Strategy</li> </ul>                          | <ul style="list-style-type: none"> <li>- Website information update</li> <li>- AGM/EGM meetings</li> </ul>                                   |
| Bankers                    | <ul style="list-style-type: none"> <li>- Business Strategy &amp; Economic Performance</li> </ul>   | <ul style="list-style-type: none"> <li>- Strategic Capital Management</li> </ul>   | <ul style="list-style-type: none"> <li>- Meetings</li> <li>- Annual reviews</li> </ul>   |
| Employees                  | <ul style="list-style-type: none"> <li>- Health and Safety</li> <li>- Career Development</li> <li>- Job Security</li> </ul>  | <ul style="list-style-type: none"> <li>- OSHA Compliance</li> <li>- Education and Trainings</li> <li>- Succession Planning</li> </ul>                                | <ul style="list-style-type: none"> <li>- HSE meetings and conferences</li> <li>- Career management</li> <li>- Performance reviews</li> </ul> |
| Customers                  | <ul style="list-style-type: none"> <li>- Service Quality</li> <li>- Health, Safety &amp; Environmental ("HSE") Compliance</li> </ul>   | <ul style="list-style-type: none"> <li>- ISO Certification</li> <li>- HSE Performance Goals</li> </ul>   | <ul style="list-style-type: none"> <li>- HSE meetings, conferences and mentorships</li> </ul>  |
| Community                  | <ul style="list-style-type: none"> <li>- Community Welfare &amp; Engagement</li> </ul>   | <ul style="list-style-type: none"> <li>- Local Hiring and Sourcing</li> <li>- Community Outreach Activities</li> </ul>   | <ul style="list-style-type: none"> <li>- Local recruiting and hiring</li> <li>- CSR Activities</li> </ul>                                    |
| Government                 | <ul style="list-style-type: none"> <li>- Compliance</li> </ul>   | <ul style="list-style-type: none"> <li>- Regulatory Compliance</li> </ul>  | <ul style="list-style-type: none"> <li>- Regulatory seminars</li> <li>- Updating of permits &amp; license</li> </ul>                         |
| Suppliers/<br>Contractors  | <ul style="list-style-type: none"> <li>- Health and Safety</li> <li>- Ethics and Transparency</li> </ul>   | <ul style="list-style-type: none"> <li>- Reduce Lost Time Injuries ("LTI")</li> <li>- OSHA Compliance</li> <li>- Anti-Corruption and Bribery (ABC) Policy</li> </ul> | <ul style="list-style-type: none"> <li>- S&amp;H awareness trainings and discussion</li> <li>- ABC policy awareness</li> </ul>               |



### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Endorsed by all 193 United Nations Member States in 2015, the 2030 Agenda focus global efforts and attention on 17 pressing issues. While the overall responsibility lies with national governments, the SDGs cannot be achieved without a concerted effort by business and other organisations.

Our main contribution to SDGs is by providing services that supports O&G sustainable development. The mapping below identifies the areas of our business and operational activities that demonstrate our commitment to the achievement of SDGs.

# Sustainability Statement (Cont'd)

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs) (Cont'd)

| UNSDGs  | The Group Contribution  |
|---|---|
|    | <p><b>Goal 3. Ensure healthy lives and promote well-being for all at all ages.</b></p> <ul style="list-style-type: none"> <li>&gt; The Group does not tolerate any form of harassment in the workplace.</li> <li>&gt; Provide employee health benefits, sports and recreational activities, compassionate leaves, maternal and paternal leaves</li> </ul>   |
|    | <p><b>Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b></p> <ul style="list-style-type: none"> <li>&gt; Invest in workforce education, training, and technical programmes</li> </ul>   |
|    | <p><b>Goal 5. Achieve gender equality and empower all women and girls</b></p> <ul style="list-style-type: none"> <li>&gt; Upholds the practice of equal opportunity to its employees, customers, suppliers and other stakeholders</li> </ul>  |
|    | <p><b>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <ul style="list-style-type: none"> <li>&gt; Foster productive local employment and workforce development</li> </ul>  |
|   | <p><b>Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b></p> <ul style="list-style-type: none"> <li>&gt; Upgrade infrastructure and technology as well as enhance technological capabilities</li> </ul>  |
|  | <p><b>Goal 12. Ensure sustainable consumption and production patterns</b></p> <ul style="list-style-type: none"> <li>&gt; Practice environmentally sound waste management and recycling activity</li> </ul>   |
|  | <p><b>Goal 14. Conserve and sustainably use oceans, sea and marine resources for sustainable development</b></p> <ul style="list-style-type: none"> <li>&gt; Incorporate environmental assessments into management plans</li> </ul>   |
|  | <p><b>Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b></p> <ul style="list-style-type: none"> <li>&gt; The Group Policies address Conflicts of Interest, Related Party Transactions, as well as Bribery, Corruption and Business Courtesies</li> <li>&gt; Conduct stakeholder engagement between the public and private sectors.</li> </ul> |

## ECONOMIC

Malaysia is a key oil and gas (“O&G”) hub and has, in many ways, been identified under various government economic development programmes. Within this eco-system, Carimin has established a niche in supporting the driving forces of O&G industry.

### Direct Economic Impact

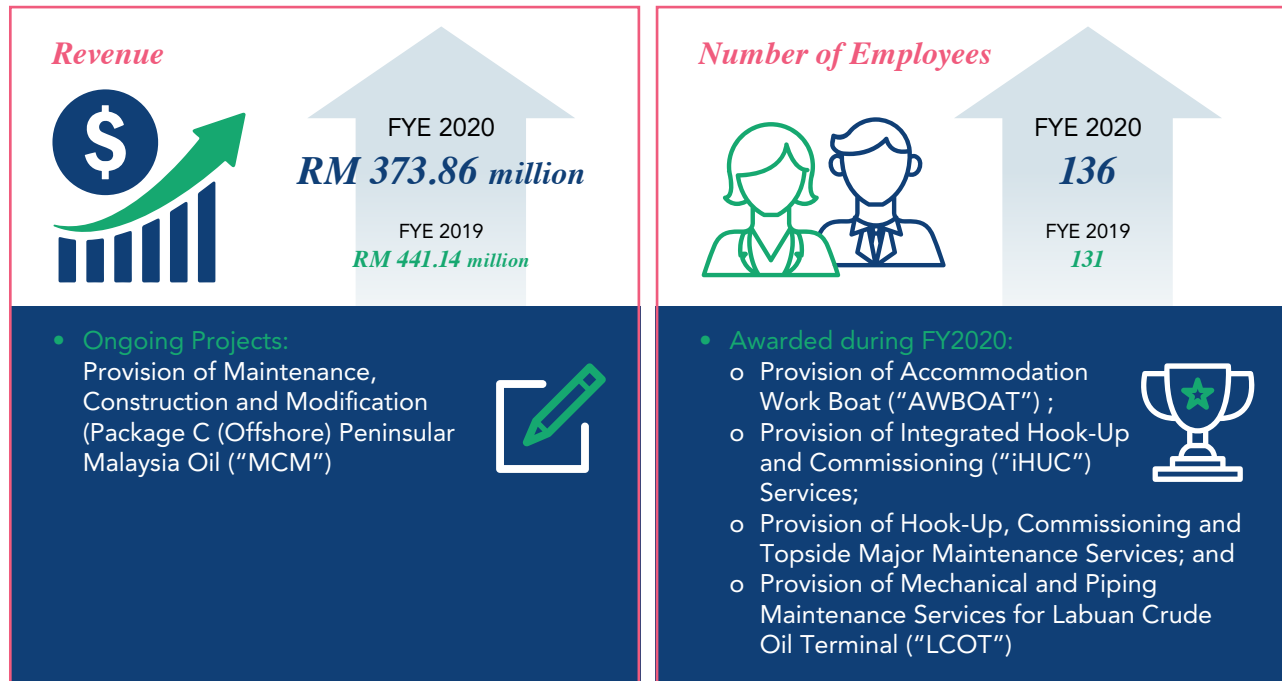
The economic aspect is an essential component of Carimin’s long-term growth and is thus rated as high priority in our material matters. Although the O&G industry has to contend with the challenging global climate, we are steadfast in implementing business strategies that would contribute to the economy.

Our direct economic contribution is measured in terms of the revenue we generate and awarded service contracts, as well as the employment creation, and corresponding taxes associated with the mentioned direct impacts. The investment we inject to grow and improve our business and services also contributes to economic growth.

# Sustainability Statement (Cont'd)

## ECONOMIC (Cont'd)

### FY2020 Economic Impacts:



### Indirect Economic Impact

The effect of midstream investment and expenditures of the O&G support operation sector has a significant and beneficial economic impact over the decades.

The number of skilled jobs created by these expenditures through the supply chain is long term. Our partnership with stakeholders contributed to the increased number of local workers who are given training opportunities for relevant job scopes. We have also contributed to the local supporting industries and communities in the locations where we have performed our contract and works over the years.

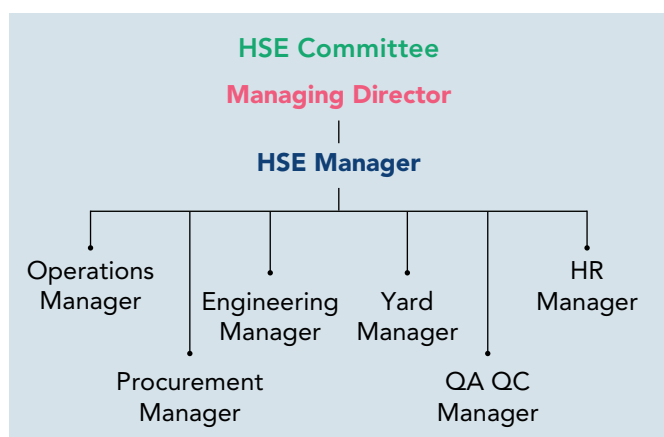
## HEALTH SAFETY AND ENVIRONMENT ("HSE")

At Carimin, we embody sustainable excellence in all our activities and services. In every aspect of our business, we consider the wellbeing and safety of our personnel. We strictly adhere to regulatory requirements pertaining to HSE, and our actions contribute to the conservation and preservation of the environment, including enhancements on health and safety.

### HSE COMMITTEE

The HSE Committee was established as the main body responsible for the protection and operational safety of all employees. The committee would review protocols, develop strategies, make recommendations, and monitor operational activities to ensure that all necessary measures are taken to prevent accidents and create a safe working environment. The committee comprises the heads of department, headed by the HSE manager and chaired by the managing director.

The status of the Group's HSE is reported by the HSE committee to the SC.



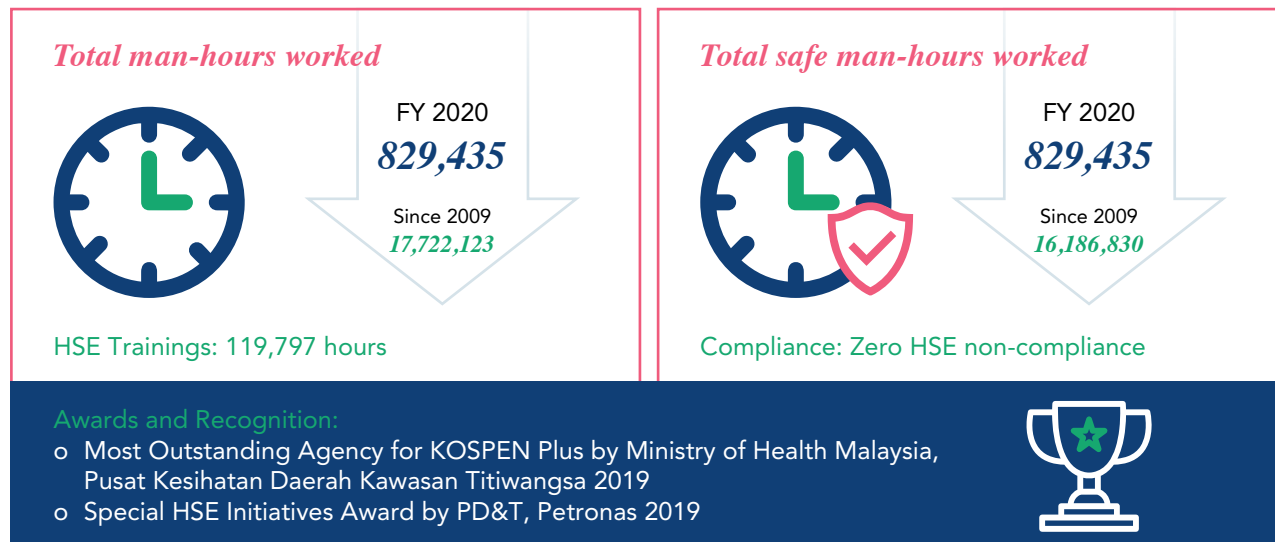
# Sustainability Statement *(Cont'd)*

## HEALTH SAFETY AND ENVIRONMENT (HSE) *(Cont'd)*

### HSE PERFORMANCE

Building a sustainable workforce is a core component of the Group's strength and success. At Carimin, we protect the health and safety of our employees, support their growth and development, and encourage teamwork to create a good and sustainable work culture.

### HSE Highlights



Since 2009, the company's total logged man-hours worked has totalled 17,722,123 hours. From the commencement of the recordkeeping, there has only been one lost time incident (LTI) occurrence in 2010, which was defined as an on-the-job accident that resulted from an employee being absent from the workplace for a minimum of one full day work day. 2020 has similarly seen no LTIs out of the 829,435 total logged man-hours within the year.

Carimin has completed 16,186,830 man-hours without any LTI's. We attribute this to our safety measures being effective, regular education and continuous safety programmes for proper conduct whilst on site for our employees.

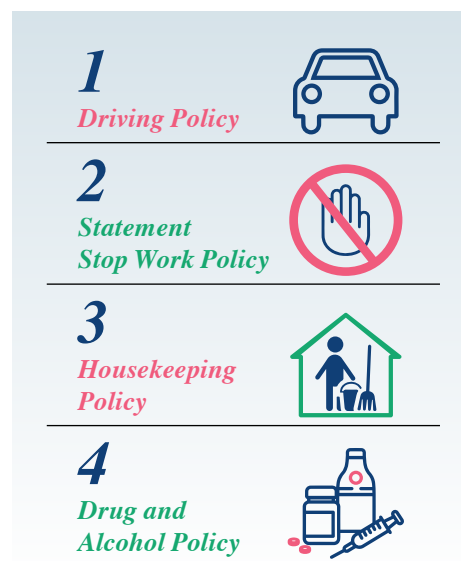
### HSE PROMOTION PROGRAMMES

#### 'Achieving high productivity without losses'

The Group strongly believes that maintaining a high degree of safety awareness would ultimately lead to achieving high productivity without losses as a result of minimised accidents and equipment damage. The Group takes extra precautions and organises HSE promotion activities to ensure that the health and safety of all our stakeholders are safeguarded in accordance with our policy.

#### Supplemental Policies:

We have also created supplemental policies to address all S&H issues associated with our sector. These policies target health and work issues that specifically affect our daily operations.



# Sustainability Statement *(Cont'd)*

## HEALTH SAFETY AND ENVIRONMENT (HSE) (Cont'd)

### HSE PROMOTION PROGRAMMES (Cont'd)

#### Rewarding Positive Behaviour:

To highlight the emphasis that management places on this aspect of the business. Incentive programmes have been put in place to motivate employees with categories such as the best Unsafe Condition *Unsafe Act (UCUA)*, which encourages employees to identify hazards, intervene and report any unsafe act and unsafe conditions.

#### HSE INCENTIVE Programme

- BEST Unsafe Condition Unsafe Act ("UCUA")
- MOST UCUA
- HSE Best Personnel Performance

#### Incident Reporting and Communication:

All reported incidents are investigated to determine the potential severity and probability of occurrence. In this way, we can address and adequately control the root cause of the problem, thereby preventing re-occurrence. All injuries must be reported promptly to the supervisor regardless of extent.

#### Job Hazard Analysis ("JHA"):

The JHA is used to examine all the possible hazards and risks that can arise for certain roles. They then identify methods for eliminating or minimising those risks. Prioritised for assessment are jobs that historically incur more accidents, produce higher rates of injury, and pose greater risks. These evaluations are conducted by the supervisor in charge and are then reviewed and endorsed by the HOD or Project Manager.

#### Awareness and Trainings:

U-SEE U-ACT is a programme that allows us to mitigate human errors in our accident/incident prevention efforts before these errors could result in accidents. Observers can take immediate corrective actions and make suggestions. The process is not punitive in nature, and no names are mentioned in the reports submitted by observers.

#### Emergency Response Plan ("ERP") and Emergency Response Team ("ERT"):

The ERP details the standard operating procedures that must be observed in the event of an emergency.

#### Disciplinary Actions:

At Carimin, HSE breaches are taken seriously, and employees are expected to abide by the SOPs. A negligent worker may expose other employees to injury or put our operations at risk.

#### Personal Protective Equipment (PPE):

All employees are equipped with PPE in accordance with their responsibility as per our safety checklist to reduce their exposure to occupational health and safety risks.

#### Signages:

Standardised safety signs are placed to warn employees about potential dangers and precautionary measures. All safety signs are displayed at the main entrance for reference.



# Sustainability Statement *(Cont'd)*

## HEALTH SAFETY AND ENVIRONMENT (HSE) (Cont'd)

### HSE PROMOTION PROGRAMMES (Cont'd)

#### Competency and Training:

To implement an effective and efficient HSE management, the Group has created customised training programmes for employees and contractors based on their work scope and responsibility. These trainings are updated as necessary.

- *Internal Trainings* are structured working practices for raising awareness and better understanding of the work environment to ensure that employees are well trained in executing their roles in projects.
- *External Trainings* focus on teaching the basic knowledge on lifesaving appliances and survival techniques. These trainings are required for employees and subcontractors working onshore and offshore.
- *Manager/Supervisor Trainings* are conducted to highlight the worksite environment, HSE trainings and organised refresher courses at required intervals.

For FY2020, we have conducted 119,797 hours of internal and external HSE trainings and campaign awareness programmes to 1,579 contractors, vendors, and employees at various locations onshore and offshore.

| FY 2020 HSE TRAINING PROGRAMMES                      |                 |                        |
|--|-----------------|------------------------|
| Topic  | Number of Hours | Number of Participants |
| Fire Extinguisher & Emergency Response Plan          | 6,025           | 265                    |
| Tropical Boseit                                      | 3,318           | 205                    |
| H2s Certification Training (Opito)                   | 656             | 82                     |
| Permit to Work (PTW) LEVEL 2 (APPLICANT)             | 48              | 2                      |
| Carimin Yard readiness audit finding update for iHUC | 20,800          | 20                     |
| Hand & Finger Injury Campaign                        | 22,500          | 250                    |
| HSE Campaign Spot & Rectify the Hazards              | 66,150          | 735                    |
| PTW Training & Refresher                             | 300             | 20                     |
| <b>TOTAL</b>   | <b>119,797</b>  | <b>1,579</b>           |

#### COVID-19:

The COVID-19 pandemic has raised new challenges in business operations. To help in curbing the spread of the virus, we have followed the government's guidelines and focused on protecting the socio-economic wellbeing of our stakeholders, thereby leading to overall sustainability.

Employees must wear masks, sanitise their hands, and have their temperature checked prior to entry to the work premises.

The Group has applied for the My Sejahtera App to assist in monitoring the COVID-19 outbreak in the country. This application collects useful data that will aid the Group and the Ministry of Health (MOH) in planning for early and effective countermeasures.

## Sustainability Statement (Cont'd)

### HEALTH SAFETY AND ENVIRONMENT (HSE) (Cont'd)

#### HSE PROMOTION PROGRAMMES (Cont'd)

#### WASTE MANAGEMENT

##### Scheduled Waste

##### Safety Data Sheets ("SDS"):

The SDS serves as guide for the safe use of controlled materials. It provides useful information, such as the warning levels, the hazards of exposure to these chemicals, as well as information on handling, storage, preventive and emergency measures.

##### Labelling and Storage:

All hazardous wastes are labelled with their contents, hazard warning and safe handling. All containers for storing hazardous chemicals are labelled with standard warning signs in accordance with internationally accepted standards.

##### Non-Scheduled Waste

The non-scheduled waste that we generate are industrial, domestic and office waste. Industrial waste consist of ferrous metals from construction and fabrication projects. These metals are disposed to registered metal recycling companies.

| WASTE GENERATION FY 2020<br>(Kemaman Site) |               |
|--|---------------|
| Types of Waste                             | Quantity (Tn) |
| Recycled Metal                             | 20            |
| General Waste                              | 130           |
| Scheduled Waste                            | 31            |

##### HSE Audit and Inspection:

The effectiveness of our HSE initiatives is measured through an HSE audit and inspection. This process identifies programmes that require corrective action and those that deserve commendations.

An annual audit is conducted by an independent auditor, whereas quarterly inspections are carried out by the respective line supervisors. Daily inspections are also performed prior to work commencement where each worker is responsible for inspecting their own tool, equipment or machinery they operate.

### HSE COMPLIANCE

The following HSE regulations govern our operations. For FY2020, we are proud to report that the Group has maintained a zero "0" non-compliance report as regards the HSE aspects of our business operations.

|  |  |
|--|--|
| <b>Employment Act 1955 &amp; Regulations</b>                     | <b>Occupational Safety &amp; Health Act 1994 &amp; Regulations</b>               |
| <b>Petroleum Safety Act 1984</b>                                 | <b>Atomic Energy Licensing Act, 1984</b>   |
| <b>Customer Requirements</b>                                     | <b>Environmental Quality Act 1974 &amp; Regulations</b>                          |
| <b>Factories &amp; Machinery Act 1967 and Regulations</b>        | <b>DOE Guideline for decommissioning of Oil &amp; Gas Facilities in Malaysia</b> |
| <b>International Safety Management (ISM) for Marine Security</b> | <b>Local municipal and enforcement authorities</b>                               |

### CUSTOMER

Our customers are one of our key stakeholder groups, and their most material concerns are Quality of work, timely completion and HSE. As such, we strive to strictly comply with the required statutory and specific work requirements relating to these areas, because satisfying our customers is our pathway towards achieving our vision:

*'To be the most reliable and established integrated service provider for maintenance and hook-up & commissioning works in the oil and gas industry'*

# Sustainability Statement *(Cont'd)*

## CUSTOMER (Cont'd)

### QUALITY

#### Our Commitment to Quality

We have been accredited with Quality Policy and ISO 9001:2015 certifications, which demonstrate our commitment to deliver quality products and services to our customers.

These quality standards certificates assure that Carimin has consistently fulfilled customer requirements and regulatory conditions, enhanced our competencies and adopted new technologies. All of these actions translate to customer satisfaction.

#### Quality Management System (QMS)

We have adopted a quality management system (QMS) that is aligned with ISO 9001:2015 to ensure that every aspect of our operations adheres to the approved procedures. The QMS serves as a guide for all employees regarding the Group's quality policy, objectives and commitment to quality assurance, and customer satisfaction.

#### Organisational Structure

The QMS organisational structure was established by the management to display leadership and commitment. This structure defines the specific departments, positions, responsibilities, authority and interrelation of the personnel who will manage and verify the quality of projects.



### CUSTOMER SATISFACTION

The customers' perception is monitored through the Customer Satisfaction Survey ("CSS"), through which customers can register complaints and offer feedback. The survey is conducted by interviewing representatives of relevant clients regarding their views on the products or services delivered. All complaints and feedback that are gathered through meetings, emails and verbal communications are recorded, compiled and analysed for corrective measures and further quality improvement.

### CYBER SECURITY

At Carimin, cybersecurity and privacy are core elements of stakeholder trust. We abide by the terms prescribed by the Malaysian Personal Data Protection Act 2010 ("PDPA"), which mandates the protection of the private data of our customers, employees and business partners.

We are committed in building a strong foundation of privacy and security controls by employing a set of security best practices. Our data protection consists of secure usage in and out of the system, and every user is held accountable to deter unauthorised user behaviour.

### EMPLOYEES

At Carimin, we value and nurture our employees so that we can work together in fulfilling our mission to:

*'Provide excellent services to our customers'*

### TALENT RETENTION AND DEVELOPMENT

*'Translate our vision into action'*

We translate our vision into action by exposing our team to various learning opportunities and enriching their work experience. We place high regard in the career growth of our employees. As such, throughout their tenure, they are trained not only in the skills they need for their current job but also to gain competence for career advancement.



## Sustainability Statement (Cont'd)

### EMPLOYEES (Cont'd)

#### TALENT RETENTION AND DEVELOPMENT (Cont'd)

**Training Needs Analysis ("TNA")** is the first step in creating a successful training programme. By developing a good training programme, we can produce more effective training materials and maximise training time.

The TNAs are composed of 82 topics which are categorised under five (5) types based on the employees' knowledge, skills and ability.

**Performance Review** is the management tool for gauging and acknowledging the contributions of employees. This process involves improving an employee's poor performance and incentivising competent performance.

**Staff Assessment** is conducted by managers or head of departments for purposes of employee confirmation, promotion, contract extension and change of contract. Unlike performance reviews, which are conducted yearly or two (2) months prior to contract expiry, staff assessments are conducted when necessary.

Performance reviews, staff assessments and TNAs are all interrelated, as the results of the former two directly leads to the identification of the training needs in the latter.

#### Training Programmes:

Our training programmes consist of external and internal trainings.

Internal training are conducted by supervisors and managers for new hires, new contractors/vendors and employees who are assigned to a new role or responsibility. By contrast, external trainings are carried out by third-party service provider.



The table below shows the list of trainings completed in FY2020.

| Topic   | Description   | Number of Hours | Number of Participants |
|---|---|-----------------|------------------------|
| Security, Safety, Health and Environment ("SSHE") | SSHE Preventive Measures, Awareness Regulatory and Compliance, Role and Work Requirements, and Standard Working Procedures Trainings and Seminars | 119,797         | 1,579                  |
| Key Performance Indicator ("KPI") Training        | Defining Performance & Developing KPIs Training   | 16              | 1                      |
|   | How to Set Relevant Goal/KPI@Work   | 32              | 2                      |
| Procurement                                       | Effective Contract Preparation (E-Learning)   | 32              | 2                      |
| Accounting  | Service Tax Seminar: Application on Facilities & Exemption  | 8               | 1                      |
| <b>TOTAL</b>                                      |   | <b>119,885</b>  | <b>1,585</b>           |

# Sustainability Statement (Cont'd)

## EMPLOYEES (Cont'd)

### UPHOLDING DIVERSITY

Our Code of Conduct and Business Ethics espouse equal employment opportunity and anti-discrimination at the workplace.

Advocating for diversity is consistent with our mission to 'increase our stakeholder value'. Our employees come from diverse backgrounds, which promote creativity, innovation and better decision making. Our commitment to diversity also strengthens our reputation amongst our peers and aids in our ability to attract good talent.

| AGE GROUP     |                   |                   |                   |
|---------------|-------------------|-------------------|-------------------|
|               | FY2020            | FY2019            | FY2018            |
| 20 – 30 years | 46 (33.82%)       | 56 (42.8%)        | 51 (39.8%)        |
| 31 – 45 years | 69 (50.74%)       | 57 (43.5%)        | 58 (45.4%)        |
| 46 – 60 years | 21 (15.44%)       | 18 (13.7%)        | 19 (14.8%)        |
| <b>Total</b>  | <b>136 (100%)</b> | <b>131 (100%)</b> | <b>128 (100%)</b> |

| EMPLOYEE CATEGORY |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|
|                   | FY2020            | FY2019            | FY2018            |
| Management        | 15 (11.03%)       | 16 (12.2%)        | 17 (13.3%)        |
| Professionals     | 72 (52.94%)       | 75 (57.3%)        | 67 (52.3%)        |
| Non-Professionals | 49 (36.03%)       | 40 (30.5%)        | 44 (34.4%)        |
| <b>Total</b>      | <b>136 (100%)</b> | <b>131 (100%)</b> | <b>128 (100%)</b> |

| Employee Retention    |         |        |        |        |        |        |
|-----------------------|---------|--------|--------|--------|--------|--------|
| Year                  | FY 2020 |        | FY2019 |        | FY2018 |        |
|                       | Male    | Female | Male   | Female | Male   | Female |
| Number of Employees   | 95      | 41     | 86     | 45     | 82     | 46     |
| Employee Turnover     | 12      | 3      | 9      | 4      | 10     | 9      |
| Newly Hired Employees | 29      | 3      | 18     | 9      | 23     | 19     |

Carimin's employee recruitment trend has consistently increased every year from FY2018 to FY2020. In particular, we saw minimal reduction of management employees from 13.3% (FY2018) to 12.2% (FY2019) to 11.03% (FY2020) and professional employees from 52.3% (FY2018) to 57.3% (FY2019) to 52.94% (FY2020).

For FY2020, most of our employees are aged in the range of 31 to 45 years old, and the majority of our employees are males (69.85%), whereas females comprise 30.15%. Our group welcomed 32 new hires in FY2020.

Although we achieved a reduction of turnover rate from 14.8 % (FY2018) to 9.9% (FY2019), it is at 11.03% for FY2020.

| GENDER DISTRIBUTION |                   |                   |                   |
|---------------------|-------------------|-------------------|-------------------|
|                     | FY2020            | FY2019            | FY2018            |
| Male                | 95 (69.85%)       | 86 (65.6%)        | 82 (64.1%)        |
| Female              | 41 (30.15%)       | 45 (34.4%)        | 46 (35.9%)        |
| <b>Total</b>        | <b>136 (100%)</b> | <b>131 (100%)</b> | <b>128 (100%)</b> |

| NEW EMPLOYEE HIRES |           |           |           |
|--------------------|-----------|-----------|-----------|
| Gender             | FY2020    | FY2019    | FY2018    |
| Male               | 29        | 18        | 23        |
| Female             | 3         | 9         | 19        |
| <b>Total</b>       | <b>32</b> | <b>27</b> | <b>42</b> |

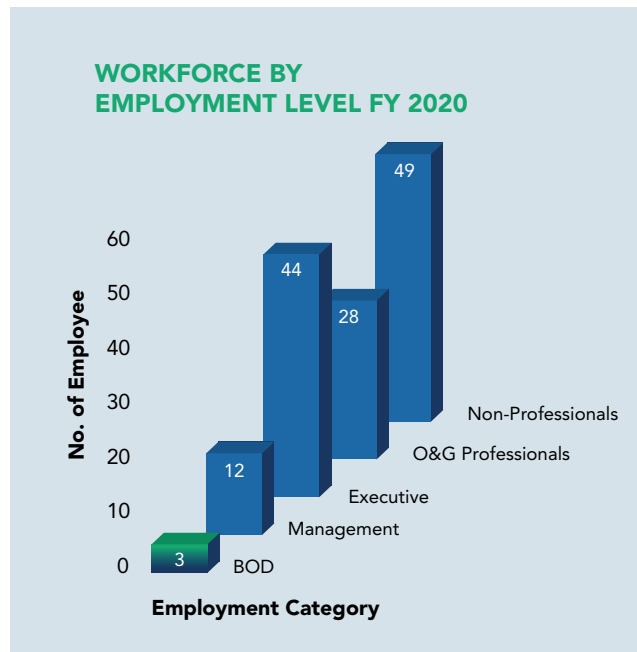
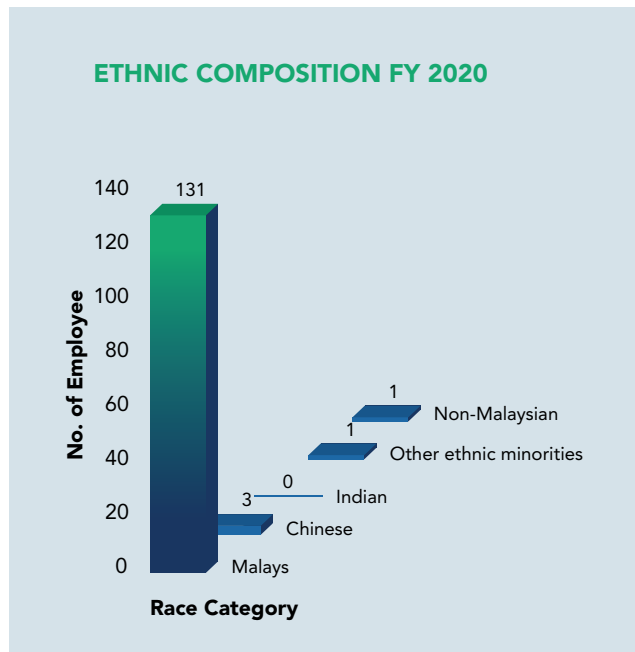
| NATIONALITY OF EMPLOYEES |                   |                   |                   |
|--------------------------|-------------------|-------------------|-------------------|
|                          | FY2020            | FY2019            | FY2018            |
| Malaysians               | 135 (99.3%)       | 130 (99.2%)       | 127 (99.2%)       |
| Non- Malaysian           | 1 (0.7%)          | 1 (0.8%)          | 1 (0.8%)          |
| <b>Total</b>             | <b>136 (100%)</b> | <b>131 (100%)</b> | <b>128 (100%)</b> |

| Employee Turnover |                    |                  |                   |
|-------------------|--------------------|------------------|-------------------|
| Gender            | FY 2020            | FY 2019          | FY 2018           |
| Male              | 12                 | 9                | 10                |
| Female            | 3                  | 4                | 9                 |
| <b>Total</b>      | <b>15 (11.03%)</b> | <b>13 (9.9%)</b> | <b>19 (14.8%)</b> |

# Sustainability Statement (Cont'd)

## EMPLOYEES (Cont'd)

### UPHOLDING DIVERSITY (Cont'd)



### REMUNERATION AND BENEFITS

We provide the compensation mandated by labour laws and other benefits in our remuneration packages. Our packages include incentives and bonuses, fair allowance, Group Personal Accident (“GPA”) insurance, and outpatient medical allowance for the employees’ family members.

#### Work-Life Balance

The need for both work and other aspects of life, such as family-related or personal interests, is necessary to achieve a work-life balance. The Group has initiated programmes that encourage work-life balance which include various recreation and social activities like celebrations of seasonal holidays and birthday to inspire employees to bond over their shared love for festivity and food. We have also organised sports activities and friendly matches that promote an active lifestyle, friendly competition and camaraderie amongst employees.



# Sustainability Statement (Cont'd)

## SUPPLY CHAIN

Carimin has an effective management system for managing the relevant sustainability aspects associated with O&G in our supply chain. We have established appropriate policies that incorporates training, monitoring and auditing processes to ensure that our suppliers are integrated seamlessly into our operations.

### Transparent Vendor Selection Process

We implement a fair, transparent and equal supplier selection process. As part of the Group's due diligence, suppliers that wish to be part of the supply chain are required to submit an application to the Group's procurement department and include necessary documentations pertaining to HSE, quality and ethical conduct. The verification, audit and evaluation processes will follow for the evaluation of applications to mitigate supplier-related risks.

### Mutual Growth

Our aim is for our business partners to support our vision and mission in the path to mutual growth. Accredited suppliers or contractors are duly informed of the policies and procedures relevant to their roles and responsibilities. We closely monitor vendor performance to ensure consistent performance, identify areas for improvement and conformity that can be addressed in succeeding plans.

## COMMUNITY

The O&G sector is a significant contributor to the Malaysian economy, and Carimin is proud to be part of this industry. We believe that is our duty and responsibility to provide excellent products and services to all Malaysians and to engage in constant improvement. By making positive and impactful contributions, we can support the development of the communities where we operate and the nation as a whole.

### Enhancing Local Content

**Local hiring** is one of our strengths. Amongst all our employees, only one is a foreigner. We sustain the local economy by hiring and training fellow Malaysians to develop their skills capabilities.

**Local Sourcing** is prioritised in Carimin. All of our contractors and subcontractors are Malaysian companies that specialise in the O&G sector. We believe in providing hiring opportunities to locals as there is a pool of qualified local talent available whilst promoting Malaysia's image as a reputable workforce in the O&G industry.

### COMMUNITY OUTREACH INITIATIVES

Carimin fosters harmonious relationships with the communities where we operate. Our community welfare initiatives centre on underserved groups and contributions to relief work.



Contributions to MERCY MALAYSIA  
on 29 January 2020



Contributions to MALAYSIAN RELIEF AGENCY  
on 14 February 2020

### Keeping the Spirit of Ramadan

Ramadan celebrations have unfortunately been restricted due to the implementation of the Movement Control Order (MCO). To keep the spirit of Ramadan alive, Carimin has contributed to the various institutions that aid those staying at home and those who are forbidden from 'balik kampung' to celebrate the breaking of fast.

# 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 2020 ("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") so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 30 June 2020 ("FYE 2020"). The CG Report is available on the Company's corporate website at [www.carimin.com](http://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.

# Corporate Governance Overview Statement *(Cont'd)*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I – BOARD RESPONSIBILITIES (Cont'd)

#### 1. Board's Leadership on Objective and Goals (Cont'd)

##### 1.1 Strategic Aims, Values and Standards (Cont'd)

The Board has also delegated certain responsibilities to the following Board Committees, all of which are 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](http://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 responsibilities of the Company Secretary are as set out in the Board Charter.

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

# Corporate Governance Overview Statement *(Cont'd)*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I – BOARD RESPONSIBILITIES (Cont'd)

#### 1. Board's Leadership on Objective and Goals (Cont'd)

##### 1.3 Qualified and Competent Company Secretary (Cont'd)

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](http://www.carimin.com).

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I – BOARD RESPONSIBILITIES (Cont'd)

#### 3. Good Business Conduct and Corporate Culture

##### 3.1 Code of Ethics and Conduct

The Board has adopted a Code of Conduct and Business Ethics 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 Conduct and Business Ethics is formalised in the Company handbook and is available on the Company's corporate website at [www.carimin.com](http://www.carimin.com).

The Board will review the Code of Conduct and Business Ethics 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](http://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 Conduct and Business Ethics, 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     |



# Corporate Governance Overview Statement *(Cont'd)*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II – BOARD COMPOSITION (Cont'd)

#### 4. Board's Objectivity (Cont'd)

##### 4.1 Composition of the Board (Cont'd)

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 will 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.

# Corporate Governance Overview Statement *(Cont'd)*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II – BOARD COMPOSITION (Cont'd)

#### 4. Board's Objectivity (Cont'd)

##### 4.3 New Appointment to the Board (Cont'd)

All Board members will notify the Chairman of the Board before accepting any new directorship in other companies. The notification will include an indication of time that will be spent on the new appointment. The Chairman will 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, 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.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II – BOARD COMPOSITION (Cont'd)

#### 4. Board's Objectivity (Cont'd)

##### 4.5 Gender Diversity (Cont'd)

###### 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 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 website at [www.carimin.com](http://www.carimin.com).

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II – BOARD COMPOSITION (Cont'd)

#### 4. Board's Objectivity (Cont'd)

##### 4.6 NRC (Cont'd)

The NRC meets as and when required. The activities undertaken by the NRC during the FYE 2020 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 2019 ("FYE 2019");
- 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 2019;
- 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 Seventh 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 2020, the Board met six (6) 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 2020 are as follows:-

| Type of Meetings                       | Board                    | AC | NRC | RMC |
|--|--------------------------|----|-----|-----|
| No. of Meetings Held                   | 6                        | 5  | 1   | 1   |
| Name of Directors                      | No. of Meetings Attended |    |     |     |
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 6                        | -  | 1   | -   |
| Mokhtar Bin Hashim                     | 6                        | -  | -   | 1   |
| Shatar Bin Abdul Hamid                 | 6                        | -  | -   | -   |
| Lim Yew Hoe                            | 6                        | -  | -   | -   |
| Yip Jian Lee                           | 6                        | 5  | 1   | -   |
| Mohd Rizal Bahari Bin Md Noor          | 5                        | 4  | 1   | 1   |
| Wan Muhamad Hatta Bin Wan Mos          | 6                        | 5  | 1   | 1   |

# Corporate Governance Overview Statement *(Cont'd)*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II – BOARD COMPOSITION (Cont'd)

#### 5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

##### 5.1 Attendance of Board and Board Committees' Meetings (Cont'd)

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.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II – BOARD COMPOSITION (Cont'd)

#### 5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

##### 5.2 Directors' Trainings (Cont'd)

During the FYE 2020, 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 | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Act 2009 (Amended 2018) ("MACC Act")</li> <li>Corporate Liability on Corruption under MACC Act</li> </ul>  |
| Mokhtar Bin Hashim                     | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the MACC Act</li> <li>SPE Offshore Europe Conference &amp; Exhibition</li> <li>Corporate Liability on Corruption under MACC Act</li> </ul>   |
| Shatar Bin Abdul Hamid                 | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the MACC Act</li> <li>Corporate Liability on Corruption under MACC Act</li> </ul>  |
| Lim Yew Hoe                            | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the MACC Act</li> <li>Corporate Liability on Corruption under MACC Act</li> <li>Updates on Common Reporting Standard in the COVID-19 Environment</li> <li>Finding Gems In The Middle of a Global Lockdown, Looking Pass the Turmoil</li> </ul>   |
| Yip Jian Lee                           | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Act 2009 (amended 2018) ("MACC Act")</li> <li>Malaysian Financial Reporting Standard (MFRS) 17 Insurance Contract</li> <li>Corporate Liability on Corruption under MACC Act</li> <li>Audit Oversight Board - Annual Inspection Report Findings &amp; Insights</li> <li>Seize the Opportunity Through H.O.P.E</li> <li>Navigating The Investment Landscape</li> <li>Applying Business Continuity Management (BCM) to Survive &amp; Thrive Beyond COVID-19</li> <li>Investing in a Prolonged Low Interest Rate Era</li> <li>2020 Third Party Risk Survey &amp; Insights</li> </ul>   |
| Mohd Rizal Bahari Bin Md Noor          | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the MACC Act</li> <li>Corporate Liability on Corruption under MACC Act</li> </ul>  |
| Wan Muhamad Hatta Bin Wan Mos          | <ul style="list-style-type: none"> <li>Corporate Liability Provision under Section 17A of the MACC Act</li> <li>Corporate Liability on Corruption under MACC Act</li> <li>The 'Day After Tomorrow' webinar series: "A Balancing Act: Supporting Your People and Your Business"</li> <li>The 'Day After Tomorrow' webinar series: "COVID-19 and Critical Supply Chains: Medical Services and Food"</li> <li>The 'Day After Tomorrow' webinar series: "Digital Platforms and The New World"</li> <li>Integrity and Governance on: <ol style="list-style-type: none"> <li>The National Anti-Corruption Plan (NACP) &amp; the Available Tools and Instruments to Fight Corruption in the Private Sector.</li> <li>The Corporate Liability Provision: Introduction to Section 17A of the MACC Act.</li> <li>Guidelines on the "Adequate Procedures".</li> </ol> </li> </ul> |

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### 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 website at [www.carimin.com](http://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](http://www.carimin.com).

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

Each Director will 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:-

#### 1) 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 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. |

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART III – REMUNERATION (Cont'd)

#### 6. Level and Composition of Remuneration (Cont'd)

##### 6.1 Remuneration Policy (Cont'd)

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

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

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

- 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;
- 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;
- 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 the remuneration of the latter; and
- 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.



# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART III – REMUNERATION (Cont'd)

#### 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 2020 are as follows:-

##### The Company

| Name of Directors                      | Fees RM'000    | Salaries RM'000 | Benefits in Kind RM'000 | Meeting Allowance RM'000 | Non Fee Emolument RM'000 | Others RM'000 | Total RM'000   |
|--|----------------|-----------------|-------------------------|--------------------------|--------------------------|---------------|----------------|
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 105,000        | -               | -                       | 6,300                    | -                        | -             | 111,300        |
| Mokhtar Bin Hashim                     | -              | -               | -                       | -                        | -                        | -             | -              |
| Shatar Bin Abdul Hamid                 | -              | -               | -                       | -                        | -                        | -             | -              |
| Lim Yew Hoe                            | -              | -               | -                       | -                        | -                        | -             | -              |
| Yip Jian Lee                           | 70,000         | -               | -                       | 4,800                    | -                        | -             | 74,800         |
| Mohd Rizal Bahari Bin Md Noor          | 60,000         | -               | -                       | 4,300                    | -                        | -             | 64,300         |
| Wan Muhammad Hatta Bin Wan Mos         | 60,000         | -               | -                       | 5,100                    | -                        | -             | 65,100         |
| <b>TOTAL</b>                           | <b>295,000</b> | <b>-</b>        | <b>-</b>                | <b>20,500</b>            | <b>-</b>                 | <b>-</b>      | <b>315,500</b> |

##### The Group

| Name of Directors                      | Fees RM'000    | Salaries RM'000  | Benefits in Kind RM'000 | Meeting Allowance RM'000 | Non Fee Emolument RM'000 | Others RM'000 | Total RM'000     |
|--|----------------|------------------|-------------------------|--------------------------|--------------------------|---------------|------------------|
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 105,000        | -                | -                       | 6,300                    | -                        | -             | 111,300          |
| Mokhtar Bin Hashim                     | -              | 876,000          | -                       | -                        | 146,000                  | -             | 1,022,000        |
| Shatar Bin Abdul Hamid                 | -              | 480,000          | -                       | -                        | 80,000                   | 24,000        | 584,000          |
| Lim Yew Hoe                            | 156,000        | -                | -                       | -                        | -                        | 12,000        | 168,000          |
| Yip Jian Lee                           | 70,000         | -                | -                       | 4,800                    | -                        | -             | 74,800           |
| Mohd Rizal Bahari Bin Md Noor          | 60,000         | -                | -                       | 4,300                    | -                        | -             | 64,300           |
| Wan Muhammad Hatta Bin Wan Mos         | 60,000         | -                | -                       | 5,100                    | -                        | -             | 65,100           |
| <b>TOTAL</b>                           | <b>451,000</b> | <b>1,356,000</b> | <b>-</b>                | <b>20,500</b>            | <b>226,000</b>           | <b>36,000</b> | <b>2,089,500</b> |

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART III – REMUNERATION (Cont'd)

#### 7. Remuneration of Directors and Senior Management (Cont'd)

##### 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 2020 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                        |
| <b>TOTAL</b>           | <b>5</b>                 |

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 RM50,000.00.

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 RM50,000.00 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 |

# Corporate Governance Overview Statement *(Cont'd)*

## PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT (CONT'D)

### PART I – AC (Cont'd)

#### 8. Effective and Independent AC (Cont'd)

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 website at [www.carimin.com](http://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.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT (CONT'D)

### PART II – Risk Management and Internal Control Framework (Cont'd)

#### 9. Risk Management and Internal Control Framework (Cont'd)

##### 9.2 RMC

The Board formed the RMC on 20 August 2015, which comprises 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 will evaluate the performance of the Internal Auditors 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 2020 are set out in the AC Report of this Annual Report.

# Corporate Governance Overview Statement (Cont'd)

## 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](http://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](http://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.

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 2020.

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 2020, 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 at the Risk Profile meeting and are brought to the Risk Management Committee and subsequently to the Audit Committee for deliberation at its scheduled meetings.

## RISK MANAGEMENT PROCESS

The Risk Management Committee that comprises two (2) Independent Non-Executive Directors and one (1) Executive Director was established with the primary objective of assisting the Board in the following:

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

During the financial year ended 30 June 2020, the Group’s has engaged BDO Governance Advisory Sdn. Bhd. (“BDO”) to carried out the Enterprise risk management review and update for year 2020. The updated risk profile and review observations were presented and deliberated at the Audit Committee Meeting held on 25 August 2020.

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

# Statement on Risk Management and Internal Control (Cont'd)

## INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional service firm, assists the Board and Audit Committee in providing an independent assessment of the adequacy and effectiveness of the Group's internal control risk management and governance processes. The Internal Auditors 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 | - Project Asset Management; and<br>- Financial Statement Close Process |
|   | - Project Management; and<br>- Vessel Operation 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 2020 is RM60,000.00

## 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.



# *Statement on Risk Management and Internal Control* (Cont'd)

## **OTHER KEY ELEMENTS OF INTERNAL CONTROLS (CONT'D)**

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

### iv. Periodic Financial Performance Reviews

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

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2020. Their review was carried out in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and 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. Based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

## **ASSURANCE TO THE BOARD**

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

## **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 21 October 2020.

# 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 ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") which required all members of the Audit Committee to be Non-Executive Directors with a majority of them being Independent Directors.

The Terms of Reference of the Audit Committee is available for reference on the Company's Corporate website at [www.carimin.com](http://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 | 4 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 2020:-

- 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 independence as demonstrated by the Auditors during their audit.

# *Audit Committee Report* (Cont'd)

## **SUMMARY OF WORKS DURING THE FINANCIAL YEAR (CONT'D)**

The following is a summary of the main works carried out by the Audit Committee during the financial year ended 30 June 2020:- (Cont'd)

- 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 2019 and submit the evaluation to the Nomination and Remuneration 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 2020 is RM60,000.00.

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 2020 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                        | 1,846                       | 10,154                       | Within 81 months*          |
| Repayment of bank borrowings          | 8,000                         | 8,000                       | —                            |                            |
| Working capital                       | 7,950                         | 7,950                       | —                            |                            |
| Estimated listing expenses            | 3,500                         | 3,500                       | —                            |                            |
| <b>Total</b>                          | <b>66,770</b>                 | <b>56,616</b>               | <b>10,154</b>                |                            |

Note:

\* The Board had on 19 February 2020 approved the extension of time for the utilisation of the proceeds derived from the IPO allocated for the development of minor fabrication yard for an additional eighteen (18) months to 21 August 2021.

### AUDIT AND NON-AUDIT FEES

The fees paid/payable for services rendered by the External Auditors during the financial year ended 30 June 2020 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 2020.

### RECURRENT RELATED PARTY TRANSACTIONS

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 June 2020.

# 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 2020.

## 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<br>RM'000 | The Company<br>RM'000 |
|---|---------------------|-----------------------|
| Profit/(Loss) after taxation for the financial year | 11,549              | (1,839)               |
| Attributable to:-                                   |                     |                       |
| Owners of the Company                               | 12,933              | (1,839)               |
| Non-controlling interests                           | (1,384)             | -                     |
|   | 11,549              | 1,839                 |

## DIVIDENDS

Dividends paid or declared by the Company since 30 June 2019 are as follows:-

|  | RM'000 |
|--|--------|
| <u>In respect of the financial year 30 June 2019</u>                             |        |
| A second interim dividend of 1.6 sen per ordinary share, paid on 17 October 2019 | 3,742  |
| <u>In respect of the financial year 30 June 2020</u>                             |        |
| A first interim dividend of 1.2 sen per ordinary share, paid on 3 April 2020     | 2,807  |

## 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.

## *Directors' Report* (Cont'd)

### **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:-

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

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

### **CHANGE OF CIRCUMSTANCES**

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

## *Directors' Report* (Cont'd)

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

### **DIRECTORS**

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

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

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  
Armand Emir Bin Johany  
IR. Dr. Mohd Asbi Bin Othman  
Mad Daud Bin Sukarmin  
Mazhar Bin Palil  
Muhammad Hatta Bin Noah  
Ng Mai Mai  
Wan Hamdan Bin Wan Embong  
Zhafri Bin Mokhtar

## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS

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

|  | Number Of Ordinary Shares |         |             | At<br>30.6.2020 |
|--|---------------------------|---------|-------------|-----------------|
|  | At<br>1.7.2019            | Bought  | Sold        |                 |
| <b>The Company</b>                     |                           |         |             |                 |
| <i>Direct Interests</i>                |                           |         |             |                 |
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 6,500,000                 | -       | (4,500,000) | 2,000,000       |
| Mokhtar Bin Hashim                     | 58,873,234                | 150,000 | (1,353,000) | 57,670,234      |
| Lim Yew Hoe                            | 5,208,000                 | 385,000 | (2,443,000) | 3,150,000       |
| Mohd Rizal Bahari Bin Md Noor          | 50,000                    | -       | -           | 50,000          |
| Shatar Bin Abdul Hamid                 | 9,118,138                 | -       | (497,000)   | 8,621,138       |
| 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 42(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 40 to the financial statements.

### INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM5,000,000 and RM10,533 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### SUBSIDIARIES

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



## ***Directors' Report*** (Cont'd)

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 47 to the financial statements.

### **AUDITORS**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

Signed in accordance with a resolution of the directors dated 21 October 2020.

**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 078 to 168 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 2020 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 21 October 2020.

**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 078 to 168 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 21 October 2020

**Lim Yew Hoe**

Before me  
Datin Hajah Raihela Wanchik (No. W-275)  
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 2020 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 078 to 168.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

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

| Revenue recognition for construction contract<br>Refer to Note 28 to the financial statements   |   |
|---|---|
| Key Audit Matter  | How our audit addressed the Key Audit Matter  |
| <p>Construction contract revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.</p> <p>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 work done certified by customers and/or independent third parties, past experience and the continuous monitoring mechanism.</p> | <ul style="list-style-type: none"><li>• Our audit procedures include, amongst others:-<ul style="list-style-type: none"><li>- 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;</li><li>- Reviewing major contracts and identifying its distinct performance obligations; and</li><li>- Reviewing the reasonableness and basis of estimation of the contract works awarded and comparing to actual costs incurred to-date reflects each performance obligation.</li></ul></li></ul> |

# Independent Auditors' Report

to the members of Carimin Petroleum Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No: 201201006787 (908388 - K)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

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

| Impairment of vessels<br>Refer to Note 6 to the financial statements   |  |
|--|--|
| Key Audit Matter   | How our audit addressed the Key Audit Matter   |
| <p>As at 30 June 2020, the Group reported an aggregate carrying value of RM97.49 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.</p> <p>An impairment of RM1.99 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.</p> <p>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").</p> | <ul style="list-style-type: none"><li>• Our audit procedures include, amongst others:-<ul style="list-style-type: none"><li>- 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;</li><li>- 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</li><li>- Reviewing the adequacy of disclosures in the financial statements.</li></ul></li></ul> |

### 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.

# ***Independent Auditors' Report***

*to the members of Carimin Petroleum Berhad (Cont'd)*

*(Incorporated in Malaysia)*

*Registration No: 201201006787 (908388 - K)*

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

### **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.
- 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.

# ***Independent Auditors' Report***

*to the members of Carimin Petroleum Berhad (Cont'd)*

*(Incorporated in Malaysia)*

*Registration No: 201201006787 (908388 - K)*

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

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

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, actions taken to eliminate threats or safeguards applied.

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**

201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

21 October 2020

#### **Ung Voon Huay**

03233/09/2022 J  
Chartered Accountant

# Statements of Financial Position

at 30 June 2020

|  | Note | The Group      |                | The Company    |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>ASSETS</b>                                  |      |                |                |                |                |
| NON-CURRENT ASSETS                             |      |                |                |                |                |
| Investments in subsidiaries                    | 5    | -              | -              | 80,176         | 83,325         |
| Property, plant and equipment                  | 6    | 103,941        | 113,508        | -              | -              |
| Right-of-use assets                            | 7    | 3,037          | -              | -              | -              |
| Investment in joint venture                    | 8    | 4,221          | 4,285          | -              | -              |
| Other investments                              | 9    | 50             | 50             | -              | -              |
|  |      | 111,249        | 117,843        | 80,176         | 83,325         |
| CURRENT ASSETS                                 |      |                |                |                |                |
| Trade receivables                              | 10   | 15,196         | 73,445         | -              | -              |
| Other receivables,<br>deposits and prepayments | 11   | 6,711          | 8,129          | 10             | 20             |
| Contract assets                                | 12   | 47,785         | 78,882         | -              | -              |
| Amount owing by subsidiaries                   | 13   | -              | -              | 40,179         | 48,073         |
| Amount owing by joint venture                  | 14   | 2,130          | 2,130          | -              | -              |
| Current tax assets                             |      | 4,228          | 2,887          | 47             | 6              |
| Short-term investments                         | 15   | 85,523         | 37,762         | 25,798         | 35,859         |
| Fixed deposits with<br>licensed banks          | 16   | 28,940         | 26,010         | -              | -              |
| Cash and bank balances                         |      | 15,750         | 15,217         | 969            | 1,154          |
|  |      | 206,263        | 244,462        | 67,003         | 85,112         |
| <b>TOTAL ASSETS</b>                            |      | <b>317,512</b> | <b>362,305</b> | <b>147,179</b> | <b>168,437</b> |

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

# Statements of Financial Position

at 30 June 2020 (Cont'd)

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>EQUITY AND LIABILITIES</b>                           |      |                |                |                |                |
| <b>EQUITY</b>   |      |                |                |                |                |
| Share capital   | 17   | 149,385        | 149,385        | 149,368        | 149,368        |
| Merger deficit  | 18   | (80,802)       | (80,802)       | -              | -              |
| Retained profits/<br>(Accumulated losses)               |      | 94,977         | 88,593         | (2,637)        | 2,251          |
| Fair value reserve                                      | 19   | (164)          | 37             | 22             | 19             |
| <b>EQUITY ATTRIBUTABLE TO<br/>OWNERS OF THE COMPANY</b> |      | <b>163,396</b> | <b>157,213</b> | <b>146,753</b> | <b>151,638</b> |
| <b>NON-CONTROLLING<br/>INTERESTS</b>                    | 5    | <b>(80)</b>    | <b>944</b>     | <b>-</b>       | <b>-</b>       |
| <b>TOTAL EQUITY</b>                                     |      | <b>163,316</b> | <b>158,157</b> | <b>146,753</b> | <b>151,638</b> |
| <b>NON-CURRENT LIABILITIES</b>                          |      |                |                |                |                |
| Long-term borrowings                                    | 20   | 31,053         | 38,170         | -              | -              |
| Leases liabilities                                      | 21   | 830            | -              | -              | -              |
| Deferred tax liabilities                                | 22   | 409            | 756            | -              | -              |
|   |      | <b>32,292</b>  | <b>38,926</b>  | <b>-</b>       | <b>-</b>       |
| <b>CURRENT LIABILITIES</b>                              |      |                |                |                |                |
| Trade payables  | 25   | 34,021         | 90,494         | -              | -              |
| Other payables and accruals                             | 26   | 70,431         | 59,138         | 363            | 299            |
| Amount owing to subsidiaries                            |      | -              | -              | -              | 16,500         |
| Current tax liabilities                                 |      | 7,027          | 242            | 63             | -              |
| Short-term borrowings                                   | 27   | 10,000         | 15,348         | -              | -              |
| Lease liabilities                                       | 21   | 425            | -              | -              | -              |
|   |      | <b>121,904</b> | <b>165,222</b> | <b>426</b>     | <b>16,799</b>  |
| <b>TOTAL LIABILITIES</b>                                |      | <b>154,196</b> | <b>204,148</b> | <b>426</b>     | <b>16,799</b>  |
| <b>TOTAL EQUITY AND<br/>LIABILITIES</b>                 |      | <b>317,512</b> | <b>362,305</b> | <b>147,179</b> | <b>168,437</b> |

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 2020

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| REVENUE   | 28   | 373,856        | 441,138        | 5,000          | 3,500          |
| COST OF SALES   | 29   | (336,176)      | (394,194)      | -              | -              |
| GROSS PROFIT  |      | 37,680         | 46,944         | 5,000          | 3,500          |
| OTHER INCOME  | 30   | 5,144          | 2,112          | 1,268          | 1,449          |
|   |      | 42,824         | 49,056         | 6,268          | 4,949          |
| ADMINISTRATIVE EXPENSES   | 31   | (14,748)       | (13,031)       | (675)          | (609)          |
| OTHER EXPENSES  | 32   | (3,396)        | (1,928)        | (3,689)        | -              |
| FINANCE COSTS   | 33   | (3,684)        | (4,687)        | -              | -              |
| NET (LOSS)/REVERSAL ON<br>IMPAIRMENT LOSS OF<br>FINANCIAL ASSETS                  | 34   | (2,509)        | 679            | (3,586)        | (179)          |
| SHARE OF RESULTS IN<br>JOINT VENTURE,<br>NET OF TAX                               |      | (64)           | (158)          | -              | -              |
| PROFIT/(LOSS)<br>BEFORE TAXATION  |      | 18,423         | 29,931         | (1,682)        | 4,161          |
| INCOME TAX EXPENSE  | 35   | (6,874)        | (2,490)        | (157)          | (13)           |
| PROFIT/(LOSS)<br>AFTER TAXATION   |      | 11,549         | 27,441         | (1,839)        | 4,148          |
| OTHER COMPREHENSIVE<br>INCOME/(EXPENSES)  |      |                |                |                |                |
| <u>Items that Will Not be<br/>Reclassified Subsequently<br/>to Profit or Loss</u> |      |                |                |                |                |
| Fair value changes of<br>equity investments                                       |      | (201)          | 41             | 3              | 15             |
| TOTAL COMPREHENSIVE<br>INCOME/(EXPENSE) FOR<br>THE FINANCIAL YEAR                 |      | 11,348         | 27,482         | (1,836)        | 4,163          |

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 2020 (Cont'd)

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>PROFIT/(LOSS)<br/>AFTER TAXATION<br/>ATTRIBUTABLE TO:-</b>         |      |                |                |                |                |
| Owners of the Company   |      | 12,933         | 27,679         | (1,839)        | 4,148          |
| Non-controlling interests   |      | (1,384)        | (238)          | -              | -              |
|   |      | <u>11,549</u>  | <u>27,441</u>  | <u>(1,839)</u> | <u>4,148</u>   |
| <b>TOTAL COMPREHENSIVE<br/>INCOME/(EXPENSE)<br/>ATTRIBUTABLE TO:-</b> |      |                |                |                |                |
| Owners of the Company   |      | 12,732         | 27,720         | (1,836)        | 4,163          |
| Non-controlling interests   |      | (1,384)        | (238)          | -              | -              |
|   |      | <u>11,348</u>  | <u>27,482</u>  | <u>(1,836)</u> | <u>4,163</u>   |
| <b>EARNINGS PER SHARE (SEN)</b>                                       |      |                |                |                |                |
| - Basic   | 36   | 5.53           | 11.83          |                |                |
| - Diluted   | 36   | <u>5.53</u>    | <u>11.83</u>   |                |                |

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

# Statements of Changes in Equity

for the Financial Year Ended 30 June 2020

| The Group  | Note | Share Capital<br>RM'000 | Merger Deficit<br>RM'000 | Fair Value Reserve<br>RM'000 | Retained Profits<br>RM'000 | Attributable to Owners of the Company<br>RM'000 | Non-controlling Interests<br>RM'000 | Total Equity<br>RM'000 |
|--|------|-------------------------|--------------------------|------------------------------|----------------------------|---|-------------------------------------|------------------------|
| Balance at 1.7.2018  |      | 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                                    | 37   | -                       | -                        | -                            | (3,274)                    | (3,274)   | -                                   | (3,274)                |
| - Acquisition of subsidiaries                                | 39   | -                       | -                        | -                            | -                          | -   | 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 2020 (Cont'd)

| The Group  | Note | Share Capital<br>RM'000 | Merger Deficit<br>RM'000 | Fair Value Reserve<br>RM'000 | Retained Profits<br>RM'000 | Attributable to Owners of the Company<br>RM'000 | Non-controlling Interests<br>RM'000 | Total Equity<br>RM'000 |
|--|------|-------------------------|--------------------------|------------------------------|----------------------------|---|-------------------------------------|------------------------|
| Balance at 30.6.2019/1.7.2019                                |      | 149,385                 | (80,802)                 | 37                           | 88,593                     | 157,213   | 944                                 | 158,157                |
| Profit after taxation for the financial year                 |      | -                       | -                        | -                            | 12,933                     | 12,933  | (1,384)                             | 11,549                 |
| Other comprehensive income for the financial year:           |      |                         |                          |                              |                            |   |                                     |                        |
| - Fair value changes of equity investments                   |      | -                       | -                        | (201)                        | -                          | (201)   | -                                   | (201)                  |
| Total comprehensive income for the financial year            |      | -                       | -                        | (201)                        | 12,933                     | 12,732  | (1,384)                             | 11,348                 |
| Contributions by and distributions to owners of the Company: |      |                         |                          |                              |                            |   |                                     |                        |
| - Dividend by the Company                                    | 37   | -                       | -                        | -                            | (6,549)                    | (6,549)   | -                                   | (6,549)                |
| - Issuance of shares   |      | -                       | -                        | -                            | -                          | -   | 360                                 | 360                    |
| Total transactions with owners                               |      | -                       | -                        | -                            | (6,549)                    | (6,549)   | 360                                 | (6,189)                |
| Balance at 30.6.2020   |      | 149,385                 | (80,802)                 | (164)                        | 94,977                     | 163,396   | (80)                                | 163,316                |

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

## Statements of Changes in Equity

for the Financial Year Ended 30 June 2020 (Cont'd)

| The Company  | Note | Share Capital<br>RM'000 | Fair Value Reserve<br>RM'000 | Retained Profits<br>RM'000 | Total Equity<br>RM'000 |
|--|------|-------------------------|------------------------------|----------------------------|------------------------|
| Balance at 1.7.2018  |      | 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   | 37   | -                       | -                            | (3,274)                    | (3,274)                |
| Total transactions with owners                               |      | -                       | -                            | (3,274)                    | (3,274)                |
| Balance at 30.6.2019/1.7.2019                                |      | 149,368                 | 19                           | 2,251                      | 151,638                |
| Loss after taxation for the financial year                   |      | -                       | -                            | (1,839)                    | (1,839)                |
| Other comprehensive income for the financial year:           |      |                         |                              |                            |                        |
| - Fair value changes of equity investments                   |      | -                       | 3                            | -                          | 3                      |
| Total comprehensive expense for the financial year           |      | -                       | 3                            | (1,839)                    | (1,836)                |
| Contributions by and distributions to owners of the Company: |      |                         |                              |                            |                        |
| - Dividend   | 37   | -                       | -                            | (3,049)                    | (3,049)                |
| Total transactions with owners                               |      | -                       | -                            | (3,049)                    | (3,049)                |
| Balance at 30.6.2020   |      | 149,368                 | 22                           | (2,637)                    | 146,753                |

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

# Statements of Cash Flows

for the Financial Year Ended 30 June 2020

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |                |                |                |                |
| Profit/(Loss) before taxation  | 18,423         | 29,931         | (1,682)        | 4,161          |
| Adjustments for:-  |                |                |                |                |
| Depreciation of property, plant and equipment                          | 6,759          | 6,632          | -              | -              |
| Depreciation of right-of-use assets                                    | 335            | -              | -              | -              |
| Impairment loss on investment in subsidiaries                          | -              | -              | 3,689          | -              |
| Impairment loss on:  |                |                |                |                |
| - property, plant and equipment  | 2,357          | 977            | -              | -              |
| - trade receivables  | 2,565          | 776            | -              | -              |
| - other receivables  | -              | 800            | -              | -              |
| - amount owing by subsidiaries   | -              | -              | 3,586          | 474            |
| Interest income  | (3,541)        | (1,967)        | (1,088)        | (1,089)        |
| Interest expense   | 3,684          | 4,687          | -              | -              |
| Gain on disposal of property, plant and equipment                      | (72)           | -              | -              | -              |
| Reversal of impairment loss on:  |                |                |                |                |
| - cash and cash equivalents  | -              | (120)          | -              | (48)           |
| - trade receivables  | (6)            | (2,135)        | -              | -              |
| - other receivables  | (50)           | -              | -              | -              |
| - amount owing by subsidiaries   | -              | -              | -              | (247)          |
| Share of results in joint venture                                      | 64             | 158            | -              | -              |
| Unrealised gain on foreign exchange                                    | (2)            | (23)           | -              | -              |
| Operating profit before working capital changes                        | 30,516         | 39,716         | 4,505          | 3,251          |
| Decrease/(Increase) in contract assets                                 | 31,097         | (48,686)       | -              | -              |
| Decrease/(Increase) in trade and other receivables                     | 57,158         | (58,185)       | 10             | 10             |
| (Decrease)/Increase in trade and other payables                        | (45,180)       | 108,575        | 64             | 30             |
| <b>CASH FROM OPERATIONS</b>  | <b>73,591</b>  | <b>41,420</b>  | <b>4,579</b>   | <b>3,291</b>   |
| Interest paid  | (3,684)        | (4,687)        | -              | -              |
| Income tax paid  | (1,551)        | (1,237)        | (135)          | (18)           |
| <b>NET CASH FROM OPERATING ACTIVITIES/<br/>BALANCE CARRIED FORWARD</b> | <b>68,356</b>  | <b>35,496</b>  | <b>4,444</b>   | <b>3,273</b>   |

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

# Statements of Cash Flows

for the Financial Year Ended 30 June 2020 (Cont'd)

|  | Note  | The Group      |                | The Company    |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| BALANCE BROUGHT FORWARD  |       | 68,356         | 35,496         | 4,444          | 3,273          |
| CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES                             |       |                |                |                |                |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired |       | -              | (1,636)        | -              | (36)           |
| Additional investment in an existing subsidiary                        |       | -              | -              | (540)          | -              |
| Proceed from disposal of property, plant and equipment                 |       | 72             | -              | -              | -              |
| Dividend received  |       | -              | -              | 3,500          | -              |
| Interest received  |       | 3,541          | 1,967          | 1,088          | 1,089          |
| Purchase of property, plant and equipment                              | 38(a) | (2,215)        | (1,374)        | -              | -              |
| Repayment from subsidiaries  |       | -              | -              | 4,308          | 11,710         |
| NET CASH FROM/(FOR) INVESTING ACTIVITIES                               |       | 1,398          | (1,043)        | 8,356          | 12,763         |
| CASH FLOWS FOR FINANCING ACTIVITIES                                    |       |                |                |                |                |
| Dividend paid  |       | (6,549)        | (3,274)        | (6,549)        | (3,274)        |
| Increase in placement of pledged deposits with licensed banks          |       | (2,930)        | (864)          | -              | -              |
| Proceeds from issuance of ordinary shares                              |       | 360            | -              | -              | -              |
| Repayment to subsidiaries  |       | -              | -              | (16,500)       | -              |
| Repayment of hire purchase obligations                                 | 38(b) | -              | (313)          | -              | -              |
| Repayment of lease liabilities   |       | (306)          | -              | -              | -              |
| Repayment of term loans  | 38(b) | (9,938)        | (13,760)       | -              | -              |
| NET CASH FOR FINANCING ACTIVITIES                                      |       | (19,363)       | (18,211)       | (23,049)       | (3,274)        |
| BALANCE CARRIED FORWARD  |       | 50,391         | 16,242         | (10,249)       | 12,762         |

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

## Statements of Cash Flows

for the Financial Year Ended 30 June 2020 (Cont'd)

|  | Note  | The Group      |                | The Company    |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| BALANCE BROUGHT<br>FORWARD/NET INCREASE/<br>(DECREASE) IN CASH AND<br>CASH EQUIVALENTS |       | 50,391         | 16,242         | (10,249)       | 12,762         |
| EFFECTS OF FOREIGN<br>EXCHANGE TRANSLATION   |       | (199)          | 64             | 3              | 16             |
| CASH AND<br>CASH EQUIVALENTS<br>AT BEGINNING OF THE<br>FINANCIAL YEAR                  |       | <u>51,081</u>  | <u>34,775</u>  | <u>37,013</u>  | <u>24,235</u>  |
| CASH AND<br>CASH EQUIVALENTS<br>AT END OF THE<br>FINANCIAL YEAR                        | 38(c) | <u>101,273</u> | <u>51,081</u>  | <u>26,767</u>  | <u>37,013</u>  |

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



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 October 2020.

## 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 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

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:-

#### MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. 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 lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 48 to the financial statements.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

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

| <b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>   | <b>Effective Date</b> |
|---|-----------------------|
| Amendments to MFRS 3: Definition of a Business  | 1 January 2020        |
| Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform   | 1 January 2020        |
| Amendments to MFRS 101 and MFRS 108: Definition of Material   | 1 January 2020        |
| Amendments to References to the Conceptual Framework in MFRS Standards  | 1 January 2020        |
| Amendments to MFRS 16: COVID-19-Related Rent Concessions  | 1 June 2020           |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2                      | 1 January 2021        |
| Amendments to MFRS 3: Reference to the Conceptual Framework   | 1 January 2022        |
| Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use                                      | 1 January 2022        |
| Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract   | 1 January 2022        |
| Annual Improvements to MFRS Standards 2018 - 2020   | 1 January 2022        |
| Amendments to MFRS 17 Insurance Contracts   | 1 January 2023        |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current   | 1 January 2023        |
| MFRS 17 Insurance Contracts   | 1 January 2023        |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred              |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## 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 and Right-of-use Assets**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets 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 and right-of-use assets 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 amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

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

*Key Sources of Estimation Uncertainty (Cont'd)*

#### (b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets are 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 amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 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 10 and 12 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 11, 13 and 14 to the financial statements.

#### (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 12 to the financial statements.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 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 (Cont'd)

##### (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 12 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 RM4,227,539 and RM7,026,500 (2019 - RM2,886,974 and RM241,974).

*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) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

#### (b) Contingent Liabilities

The recognition and measurement for contingent liabilities are 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 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 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

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

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

### 4.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

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

##### *Debt Instruments (Cont'd)*

##### (i) Amortised Cost (Cont'd)

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.

##### *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.



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial Liabilities

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

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

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (e) Financial Guarantee Contracts

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

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

### 4.6 INVESTMENTS IN SUBSIDIARIES

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

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

### 4.7 JOINT ARRANGEMENTS

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

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

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 30 June 2020. 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 investment 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. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.7 JOINT ARRANGEMENTS (CONT'D)

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. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

### 4.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

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

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

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

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

### 4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.9 LEASES (CONT'D)

#### Accounting Policies Applied Until 30 June 2019

#### (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.

### 4.10 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.11 CONTRACT ASSET AND CONTRACT LIABILITY

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.

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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.13 IMPAIRMENT (CONT'D)

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

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

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

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

### 4.14 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.16 INCOME TAXES

#### (a) Current Tax

Current tax assets and liabilities are the 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 is 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.

### 4.17 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.



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 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. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 4.22 REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of 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. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

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.

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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

### 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.

#### (c) Rental Income

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

## 5. INVESTMENTS IN SUBSIDIARIES

|                                    | The Company     |                |
|------------------------------------|-----------------|----------------|
|                                    | 2020<br>RM'000  | 2019<br>RM'000 |
| Unquoted shares, at cost           | 93,803          | 93,263         |
| Allowance for impairment losses    | (13,627)        | (9,938)        |
|                                    | <u>80,176</u>   | <u>83,325</u>  |
| Allowance for impairment losses:-  |                 |                |
| At 1 July                          | (9,938)         | (9,938)        |
| Addition during the financial year | (3,689)         | -              |
| At 30 June                         | <u>(13,627)</u> | <u>(9,938)</u> |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

The details of the subsidiaries are as follows:-

| Name of Subsidiary   | Principal Place of Business/<br>Country of Incorporation | Percentage of Issued Share Capital Held by Parent |        | Principal Activities   |
|--|--|---|--------|--|
|  |  | 2020 %  | 2019 % |  |
| Carimin Sdn. Bhd.  | Malaysia   | 100   | 100    | Providing manpower supply services.  |
| Carimin Engineering Services Sdn. Bhd.                               | Malaysia   | 100   | 100    | Construction, offshore hook up and commissioning and topside major maintenance services. |
| Carimin Equipment Management Sdn. Bhd.                               | Malaysia   | 100   | 100    | Management of fabrication yards and equipment rental services.                           |
| Carimin Corporate Services Sdn. Bhd.                                 | Malaysia   | 100   | 100    | Providing corporate and management services.   |
| Carimin Marine Services Sdn. Bhd.                                    | Malaysia   | 100   | 100    | Providing chartering of offshore support vessel.   |
| Carimin Resources Services Sdn. Bhd.                                 | Malaysia   | 60  | 60     | Dormant.   |
| Carimin Airis Offshore Sdn. Bhd.*                                    | Malaysia   | 100   | 100    | Providing chartering of offshore support vessel.   |
| Carimin Acacia Offshore Sdn. Bhd.*                                   | Malaysia   | 100   | 100    | Providing chartering of offshore support vessel.   |
| Carimin Bina Sdn. Bhd.   | Malaysia   | 60  | 60     | General contracting work and geotechnical engineering.                                   |
| Carimin Subsea Sdn. Bhd.<br>(formerly known as Subnautica Sdn. Bhd.) | Malaysia   | 60  | 60     | Provision for subsea services.   |
| Fazu Resources (M) Sdn. Bhd.**                                       | Malaysia   | 100   | 100    | Dormant.   |

\* These subsidiaries' interests are held by Carimin Marine Services Sdn. Bhd.

\*\* The subsidiary's interest is held by Carimin Engineering Services Sdn. Bhd.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

- (a) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment of RM3,688,918 (2019 - Nil), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. The recoverable amounts were determined based on their value in use 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 financial year, Carimin Subsea Sdn. Bhd., a 60% owned subsidiary of the Company increased its issued and paid-up share capital from RM100,000 to RM1,000,000 by the issuance of 900,00 ordinary shares for a total cash consideration of RM900,000. The Company's investment increased by RM540,000 with the remaining 360,000 ordinary shares subscribed by the non-controlling interests for a total cash consideration of RM360,000.
- (c) The non-controlling interests at the end of the reporting period comprise the following:-

|  | Effective Equity Interest |           | The Group      |                |
|--|---------------------------|-----------|----------------|----------------|
|  | 2020<br>%                 | 2019<br>% | 2020<br>RM'000 | 2019<br>RM'000 |
| Carimin Bina Sdn. Bhd.   | 40                        | 40        | 387            | 510            |
| Carimin Resources Services Sdn. Bhd.                                 | 40                        | 40        | 129            | 133            |
| Carimin Subsea Sdn. Bhd.<br>(formerly known as Subnautica Sdn. Bhd.) | 40                        | 40        | (596)          | 301            |
|  |                           |           | (80)           | 944            |

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

|  | Carimin Bina Sdn. Bhd. |                |
|--|------------------------|----------------|
|  | 2020<br>RM'000         | 2019<br>RM'000 |
| <u>At 30 June</u>  |                        |                |
| Non-current assets   | -                      | -              |
| Current assets   | 5,732                  | 8,787          |
| Non-current liabilities  | -                      | -              |
| Current liabilities  | (4,764)                | (7,513)        |
| Net assets   | 968                    | 1,274          |
| <u>Financial Year Ended 30 June</u>                                    |                        |                |
| Revenue  | 1,693                  | 11,173         |
| Loss for the financial year  | (306)                  | (1,246)        |
| Total comprehensive expenses   | (306)                  | (1,246)        |
| Total comprehensive expenses attributable to non-controlling interests | (122)                  | (498)          |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

|   | Carimin Subsea Sdn. Bhd. |            |
|---|--------------------------|------------|
|   | 2020                     | 2019       |
|   | RM'000                   | RM'000     |
| <u>At 30 June</u>   |                          |            |
| Non-current assets  | -                        | -          |
| Current assets  | 2,361                    | 6,870      |
| Non-current liabilities   | -                        | -          |
| Current liabilities   | (3,851)                  | (6,117)    |
| Net (liabilities)/assets  | <u>(1,490)</u>           | <u>753</u> |
| <u>Financial Year Ended 30 June</u>   |                          |            |
| Revenue   | 16,805                   | 9,527      |
| (Loss)/Profit for the financial year  | (3,143)                  | 696        |
| Total comprehensive (expenses)/income   | <u>(3,143)</u>           | <u>696</u> |
| Total comprehensive (expenses)/income attributable to non-controlling interests | <u>(1,257)</u>           | <u>277</u> |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT

|                               | ← 1.7.2019 →                           |   | As Restated<br>RM'000 | As<br>RM'000 | Additions<br>(Note 38(a))<br>RM'000 | Depreciation<br>Charges<br>RM'000 | Impairment<br>Loss<br>(Note 32)<br>RM'000 | At<br>30.6.2020<br>RM'000 |
|-------------------------------|--|---|-----------------------|--------------|-------------------------------------|-----------------------------------|---|---------------------------|
|                               | As<br>Previously<br>Reported<br>RM'000 | Initial<br>Application<br>of MFRS16<br>RM'000 |                       |              |                                     |                                   |   |                           |
| <b>The Group</b>              |  |   |                       |              |                                     |                                   |   |                           |
| 2020                          |  |   |                       |              |                                     |                                   |   |                           |
| Carrying Amount               | 225                                    | -   | 225                   | -            | -                                   | -                                 | -   | 225                       |
| Freehold land                 | 2,038                                  | (2,038)                                       | -                     | -            | -                                   | -                                 | -   | -                         |
| Leasehold land                | 5,797                                  | -   | 5,797                 | -            | (431)                               | (366)                             | 5,000                                     |                           |
| Buildings                     | 213                                    | -   | 213                   | 2            | (12)                                | -                                 | 203                                       |                           |
| Furniture and fittings        | 475                                    | (390)   | 85                    | -            | (26)                                | -                                 | 59  |                           |
| Operation tools and equipment | 80                                     | -   | 80                    | 73           | (38)                                | -                                 | 115                                       |                           |
| Office equipment              | 344                                    | (238)   | 106                   | -            | (82)                                | -                                 | 24  |                           |
| Motor vehicles                | 742                                    | -   | 742                   | -            | (347)                               | -                                 | 395                                       |                           |
| Renovation                    | 103,504                                | -   | 103,504               | 1,733        | (5,754)                             | (1,991)                           | 97,492                                    |                           |
| Vessels                       | 90                                     | -   | 90                    | 407          | (69)                                | -                                 | 428                                       |                           |
| Others                        | 113,508                                | (2,666)                                       | 110,842               | 2,215        | (6,759)                             | (2,357)                           | 103,941                                   |                           |

# Others includes computers and telecommunication equipment.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

| The Group                     | At<br>1.7.2018<br>RM'000 | Additions<br>(Note 38(a))<br>RM'000 | Depreciation<br>Charges<br>RM'000 | Impairment<br>Loss<br>(Note 32)<br>RM'000 | Acquisition of<br>A Subsidiary<br>(Note 39(a))<br>RM'000 | At<br>30.6.2019<br>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.



## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

| The Group                     | At Cost<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Accumulated<br>Impairment<br>Losses<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|-------------------------------|-------------------|---------------------------------------|---|------------------------------|
| 2020                          |                   |                                       |   |                              |
| Freehold land                 | 225               | -                                     | -   | 225                          |
| Leasehold land                | -                 | -                                     | -   | -                            |
| Buildings                     | 9,820             | (4,454)                               | (366)   | 5,000                        |
| Furniture and fittings        | 781               | (578)                                 | -   | 203                          |
| Operation tools and equipment | 6,423             | (5,905)                               | (459)   | 59                           |
| Office equipment              | 818               | (578)                                 | (125)   | 115                          |
| Motor vehicles                | 1,032             | (1,008)                               | -   | 24                           |
| Plant and equipment           | 923               | (507)                                 | (416)   | -                            |
| Renovation                    | 2,213             | (1,788)                               | (30)  | 395                          |
| Vessels                       | 145,114           | (28,711)                              | (18,911)                                      | 97,492                       |
| Others                        | 1,623             | (1,040)                               | (155)   | 428                          |
|                               | 168,972           | (44,569)                              | (20,462)                                      | 103,941                      |
| 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                      |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 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 24 to the financial statements.

|           | The Group      |                |
|-----------|----------------|----------------|
|           | 2020<br>RM'000 | 2019<br>RM'000 |
| Buildings | 3,902          | 4,277          |
| Vessels   | 96,644         | 102,656        |
|           | <u>100,546</u> | <u>106,933</u> |

- (b) In the previous financial year, included in the property, plant and equipment of the Group were the following assets acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 23 to the financial statements.

|                               | The Group<br>2019<br>RM'000 |
|-------------------------------|-----------------------------|
| Motor vehicles                | 308                         |
| Operation tools and equipment | <u>390</u>                  |
|                               | <u>698</u>                  |

- (c) During the financial year, the Group has carried out a review of the recoverable amount of its building. An impairment loss of RM366,771 (2019 - Nil), representing the write-down of the building to the recoverable amount was recognised in Other Expenses of the statements of profit or loss and other comprehensive income as disclosed in Note 32 to the financial statements. The recoverable amount was based on its value in use.
- (d) During the financial year, the Group has carried out a review of the recoverable amount of its vessels. An impairment loss of RM1,990,800 (2019 - RM976,685), representing the write-down of the vessels to the recoverable amount was recognised in the statements of profit or loss and other comprehensive income as disclosed in Note 32 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 7. RIGHT-OF-USE ASSETS

| The Group                     | ← At 1.7.2019 →                        |  | As Restated<br>RM'000 | Additions<br>(Note 38(b))<br>RM'000 | Depreciation<br>Charges<br>RM'000 | Others -<br>Reversal<br>(Note 22)<br>RM'000 | At<br>30.6.2020<br>RM'000 |
|-------------------------------|--|--|-----------------------|-------------------------------------|-----------------------------------|---|---------------------------|
|                               | As<br>Previously<br>Reported<br>RM'000 | Initial<br>Application<br>of MFRS 16<br>RM'000 |                       |                                     |                                   |   |                           |
| 2020                          |  |  |                       |                                     |                                   |   |                           |
| Leasehold land                | -                                      | 2,038  | 2,038                 | -                                   | (48)                              | (226)                                       | 1,764                     |
| Buildings                     | -                                      | -  | -                     | 932                                 | (103)                             | -   | 829                       |
| Operation tools and equipment | -                                      | 390  | 390                   | -                                   | (98)                              | -   | 292                       |
| Motor vehicles                | -                                      | 238  | 238                   | -                                   | (86)                              | -   | 152                       |
|                               | -                                      | 2,666  | 2,666                 | 932                                 | (335)                             | (226)                                       | 3,037                     |

Analysed by:-

|                          |              |
|--------------------------|--------------|
| Cost                     | 3,877        |
| Accumulated depreciation | (840)        |
|                          | <u>3,037</u> |

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(a) The Group leases certain pieces of leasehold land, building, operation tools and equipment and motor vehicles of which the leasing activities are summarised below:-

- i. Leasehold land
 

The Group has entered into 2 non-cancellable operating lease agreements for the use of land. The leases are for a period of 60 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy, is however, allowed with the consent of the lessor.
- ii. Motor vehicles and operation tools and equipment
 

The Group has leased its motor vehicles and operation tools and equipment under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 8. INVESTMENT IN JOINT VENTURE

|                                   | The Group      |                |
|-----------------------------------|----------------|----------------|
|                                   | 2020<br>RM'000 | 2019<br>RM'000 |
| Unquoted shares, at cost          | 1,500          | 1,500          |
| Share of post-acquisition profits | 2,721          | 2,785          |
|                                   | <u>4,221</u>   | <u>4,285</u>   |

The details of the joint venture are as follows:-

| Name of Joint Venture | Principal Place of Business | Percentage of Ownership held by |      |            |      | Principal Activities |
|-----------------------|-----------------------------|---------------------------------|------|------------|------|----------------------|
|                       |                             | Company                         |      | Subsidiary |      |                      |
|                       |                             | 2020                            | 2019 | 2020       | 2019 |                      |

|   |          |   |   |     |     |  |
|---|----------|---|---|-----|-----|--|
| 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 2019 to 30 June 2020 respectively.
- (b) The summarised unaudited financial information of the joint venture that is material to the Group is as follows:-

|   | 2020<br>RM'000 | 2019<br>RM'000 |
|---|----------------|----------------|
| <u>At 30 June</u>   |                |                |
| Non-current assets  | 48,980         | 53,524         |
| Current assets  | 11,979         | 19,774         |
| Non-current liabilities   | (10,922)       | (14,518)       |
| Current liabilities   | (21,221)       | (29,758)       |
| Net assets  | <u>28,816</u>  | <u>29,022</u>  |
| <u>12-month Period Ended 30 June</u>  |                |                |
| Revenue   | 16,964         | 12,090         |
| Loss for the financial year   | (427)          | (1,055)        |
| Total comprehensive expenses  | <u>(427)</u>   | <u>(1,055)</u> |
| Group's share of loss for the financial year/<br>total comprehensive expenses | <u>(64)</u>    | <u>(158)</u>   |
| Carrying amount of the Group's interest in this joint venture                 | <u>4,221</u>   | <u>4,285</u>   |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 9. OTHER INVESTMENTS

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Investment in club membership, at fair value | 50             | 50             |

The Group has designated its investment in club membership at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

## 10. TRADE RECEIVABLES

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Third parties                                | 20,025         | 75,715         |
| Allowance for impairment losses              | (4,829)        | (2,270)        |
|  | 15,196         | 73,445         |
| Allowance for impairment losses:-            |                |                |
| At 1 July                                    | (2,270)        | (3,629)        |
| Addition during the financial year (Note 34) | (2,565)        | (776)          |
| Reversal during the financial year (Note 34) | 6              | 2,135          |
| At 30 June                                   | (4,829)        | (2,270)        |

The Group's normal trade credit terms range from 30 to 60 (2019 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                                    | The Group      |                | The Company    |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Other receivables:-                |                |                |                |                |
| Third parties                      | 1,021          | 1,099          | -              | -              |
| Goods and services tax recoverable | 3              | 100            | -              | 19             |
|                                    | 1,024          | 1,199          | -              | 19             |
| Allowance for impairment losses    | (750)          | (800)          | -              | -              |
|                                    | 274            | 399            | -              | 19             |
| Advances (a)                       | 5,532          | 5,843          | -              | -              |
| Deposits                           | 273            | 913            | -              | -              |
| Prepayments                        | 632            | 974            | 10             | 1              |
|                                    | 6,711          | 8,129          | 10             | 20             |

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

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Allowance for impairment losses:-            |                |                |
| At 1 July                                    | (800)          | -              |
| Addition during the financial year (Note 34) | -              | (800)          |
| Reversal during the financial year (Note 34) | 50             | -              |
| At 30 June                                   | (750)          | (800)          |

## 12. CONTRACT ASSETS

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Contract assets relating to construction contracts | 47,785         | 78,882         |

(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 (2019 - 6) months.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 12. CONTRACT ASSETS (CONT'D)

- (b) Included in the contract assets are retention sum receivables totalling RM1,324,040 (2019 - 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.
- (c) The changes to contract asset balances during the financial year are summarised below:-

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 July  | 78,882         | 30,196         |
| Revenue recognised in profit or loss during the financial year | 373,856        | 441,138        |
| Billings to customers during the financial year                | (404,953)      | (392,452)      |
| At 30 June   | 47,785         | 78,882         |
| Represented by:-   |                |                |
| Contract assets  | 47,785         | 78,882         |
| Contract liabilities   | -              | -              |
|  | 47,785         | 78,882         |

## 13. AMOUNT OWING BY SUBSIDIARIES

|  | The Company    |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| <u>Current</u>                               |                |                |
| Non-trade balances                           | 45,833         | 50,141         |
| Allowance for impairment losses              | (5,654)        | (2,068)        |
|  | 40,179         | 48,073         |
| Allowance for impairment losses:-            |                |                |
| At 1 July                                    | (2,068)        | (1,841)        |
| Addition during the financial year (Note 34) | (3,586)        | (474)          |
| Reversal during the financial year (Note 34) | -              | 247            |
| At 30 June                                   | (5,654)        | (2,068)        |

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

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 14. 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.

## 15. SHORT-TERM INVESTMENTS

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Money market fund, at fair value<br>(Note 38(c)) | 85,523         | 37,762         | 25,798         | 35,859         |
| At market value                                  | 85,523         | 37,762         | 25,798         | 35,859         |

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 3.11% to 3.62% (2019 - 2.74% to 3.83%) per annum respectively.

## 16. FIXED DEPOSITS WITH LICENSED BANKS

- (a) Included in fixed deposits with licensed banks of the Group at the end of the reporting period is an amount of RM28,886,085 (2019 - RM25,956,739) which are pledged to licensed banks as security for banking facilities granted to the Group. The fixed deposits bore effective interest rates ranging from 1.55% to 3.26% (2019 - 2.55% to 3.35%) per annum respectively. The fixed deposits have maturity periods ranging from 30 to 365 (2019 - 30 to 365) days.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period is an amount of RM54,150 (2019 - RM52,840) which is with tenure more than 3 months.

## 17. SHARE CAPITAL

|                                 | The Group/The Company           |         |                |                |
|---------------------------------|---------------------------------|---------|----------------|----------------|
|                                 | 2020<br>Number of Shares ('000) | 2019    | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Issued and Fully Paid-Up</b> |                                 |         |                |                |
| Ordinary Shares                 |                                 |         |                |                |
| At 1 July/30 June               | 233,878                         | 233,878 | 149,385        | 149,385        |

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. The ordinary shares have no par value.



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 18. MERGER DEFICIT

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

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

## 19. 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.

## 20. LONG-TERM BORROWINGS

|                                  | The Group      |                |
|----------------------------------|----------------|----------------|
|                                  | 2020<br>RM'000 | 2019<br>RM'000 |
| Hire purchase payables (Note 23) | -              | 405            |
| Term loans (Note 24)             | 31,053         | 37,765         |
|                                  | <u>31,053</u>  | <u>38,170</u>  |

## 21. LEASE LIABILITIES

|  | The Group      |
|--|----------------|
|  | 2020<br>RM'000 |
| At 1 July  |                |
| - As previously reported                                   | -              |
| - Initial application of MFRS 16                           | 629            |
| - As restated  | 629            |
| Additions (Note 38(b))                                     | 932            |
| Interest expense recognised in profit or loss (Note 38(b)) | 42             |
| Repayment of principal                                     | (306)          |
| Repayment of interest expense                              | (42)           |
| At 30 June   | <u>1,255</u>   |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 21. LEASE LIABILITIES (CONT'D)

|                         | The Group<br>2020<br>RM'000 |
|-------------------------|-----------------------------|
| Analysed by:-           |                             |
| Current liabilities     | 425                         |
| Non-current liabilities | 830                         |
|                         | 1,255                       |

The comparative information is not presented as the Group has apply MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclose in Note 6(b) to the financial statements, with lease terms ranging from 4 to 5 years and bear effective interest rates ranging from 4.52% to 7.07%.

## 22. DEFERRED TAX LIABILITIES

| The Group   | At<br>1.7.2019<br>RM'000 | Recognised<br>in Profit or<br>Loss<br>(Note 35)<br>RM'000 | Others -<br>Reversal<br>(Note 7)<br>RM'000 | At<br>30.6.2020<br>RM'000 |
|---|--------------------------|---|--|---------------------------|
| 2020  |                          |   |  |                           |
| <i>Deferred Tax Liabilities</i>                         |                          |   |  |                           |
| Property, plant and equipment                           | 783                      | (121)   | (226)                                      | 436                       |
| <i>Deferred Tax Assets</i>                              |                          |   |  |                           |
| Allowance for impairment losses<br>on trade receivables | (27)                     | -   | -  | (27)                      |
|   | 756                      | (121)   | (226)                                      | 409                       |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 22. DEFERRED TAX LIABILITIES (CONT'D)

| The Group   | At<br>1.7.2018<br>RM'000 | Acquisition<br>of A<br>Subsidiary<br>(Note 39)<br>RM'000 | Recognised<br>in Profit or<br>Loss<br>(Note 35)<br>RM'000 | At<br>30.6.2019<br>RM'000 |
|---|--------------------------|--|---|---------------------------|
| 2019  |                          |  |   |                           |
| <i>Deferred Tax Liabilities</i>                         |                          |  |   |                           |
| Property, plant and equipment                           | -                        | 225  | 558   | 783                       |
| <i>Deferred Tax Assets</i>                              |                          |  |   |                           |
| Allowance for impairment losses<br>on trade receivables | -                        | -  | (27)  | (27)                      |
|   | -                        | 225  | 531   | 756                       |

## 23. HIRE PURCHASE PAYABLES (SECURED)

|  | The Group<br>2019<br>RM'000 |
|--|-----------------------------|
| Minimum hire purchase payments:                |                             |
| - not later than 1 year                        | 256                         |
| - later than 1 year and not later than 5 years | 449                         |
|  | 705                         |
| Less: Future finance charges                   | (76)                        |
| Present value of hire purchase payables        | 629                         |
| Analysed by:-                                  |                             |
| Current liabilities                            | 224                         |
| Non-current liabilities                        | 405                         |
|  | 629                         |

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 21 to the financial statements following the application of MFRS 16 by the Group using modified retrospective approach.
- (b) In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.52% to 7.07% per annum and are secured by corporate guarantee of the Company.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 24. TERM LOANS (SECURED)

|                                   | The Group      |                |
|-----------------------------------|----------------|----------------|
|                                   | 2020<br>RM'000 | 2019<br>RM'000 |
| Current liabilities (Note 27)     | 10,000         | 13,226         |
| Non-current liabilities (Note 20) | 31,053         | 37,765         |
|                                   | <u>41,053</u>  | <u>50,991</u>  |

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

|                          | Effective Interest Rate<br>% | The Group      |                |
|--------------------------|------------------------------|----------------|----------------|
|                          |                              | 2020<br>RM'000 | 2019<br>RM'000 |
| Floating rate term loans | 4.80 - 8.60                  | <u>41,053</u>  | <u>50,991</u>  |

The term loans are secured by:-

- (i) a deposit of sinking fund to be built up by a monthly payment of RM104,000 up to a maximum amount of RM8,100,000;
- (ii) legal charges over certain buildings and vessels as disclosed in Note 6 to the financial statements;
- (iii) an assignment over the Collection Accounts over certain contract proceeds;
- (iv) letters of set-off and Memorandum of Deposit against sinking funds account and subordination of debts;
- (v) pledges of fixed deposits as disclosed in Note 16 to the financial statements;
- (vi) letters of Negative Pledge executed by certain subsidiaries of the Group;
- (vii) a first preferred mortgage on the vessels;
- (viii) a first fixed and floating charge by way of Debenture on the present and future assets of two subsidiaries inclusive of their vessels;
- (ix) insurance policy assignments on the vessels;
- (x) corporate guarantees of the Company;
- (xi) irrecoverable and unconditional letter of undertaking by a subsidiary;
- (xii) an assignment of contract proceeds in respect of charter contract;
- (xiii) an assignment of contract proceeds from the Time Charter Party Contract; and
- (xiv) negative pledge over its vessel requiring prior written consent in form and substance acceptable to the financial institution.

## 25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2019 - 30 to 60) days.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 26. OTHER PAYABLES AND ACCRUALS

|                   | The Group      |                | The Company    |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Other payables    | 1,075          | 1,123          | 20             | 6              |
| Accruals          | 69,339         | 57,998         | 343            | 293            |
| Deposits received | 17             | 17             | -              | -              |
|                   | <u>70,431</u>  | <u>59,138</u>  | <u>363</u>     | <u>299</u>     |

## 27. SHORT-TERM BORROWINGS

|                                  | The Group      |                |
|----------------------------------|----------------|----------------|
|                                  | 2020<br>RM'000 | 2019<br>RM'000 |
| Bank overdrafts                  | -              | 1,898          |
| Hire purchase payables (Note 23) | -              | 224            |
| Term loans (Note 24)             | 10,000         | 13,226         |
|                                  | <u>10,000</u>  | <u>15,348</u>  |

- (a) In the previous financial year, the bank overdraft of the Group at the end of reporting period bore fixed interest rates ranging from 7.82% to 8.17% per annum and are secured by fixed deposits with licensed banks as disclosed in Note 16 to the financial statements.

## 28. REVENUE

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Revenue from Contracts with Customers</b> |                |                |                |                |
| <u>Revenue recognised over time</u>          |                |                |                |                |
| Manpower services                            | 46,625         | 87,056         | -              | -              |
| Hook up, construction and commissioning      | 248,714        | 273,839        | -              | -              |
| Civil construction                           | 1,693          | 11,173         | -              | -              |
| Marine services                              | 76,824         | 69,070         | -              | -              |
|  | <u>373,856</u> | <u>441,138</u> | <u>-</u>       | <u>-</u>       |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 28. REVENUE (CONT'D)

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Revenue from Other Source</b>             |                |                |                |                |
| <u>Revenue recognised at a point in time</u> |                |                |                |                |
| Dividend income                              | -              | -              | 5,000          | 3,500          |
|  | <u>373,856</u> | <u>441,138</u> | <u>5,000</u>   | <u>3,500</u>   |

The other information on the disaggregation of revenue is disclosed in Note 43.1 to the financial statements.

### 29. COST OF SALES

|                                     | The Group      |                | The Company    |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Included are the following items:   |                |                |                |                |
| Depreciation:                       |                |                |                |                |
| - property, plant and equipment     | 6,028          | 5,693          | -              | -              |
| - right-of-use assets               | 98             | -              | -              | -              |
| Rental of vehicles, yard and others | 371            | 322            | -              | -              |
| Staff costs:                        |                |                |                |                |
| - salaries and others               | 28,044         | 51,729         | -              | -              |
| - defined contribution plan         | 1,585          | 4,213          | -              | -              |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 30. OTHER INCOME

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Included are the following items:                    |                |                |                |                |
| Gain on disposal of property,<br>plant and equipment | 72             | -              | -              | -              |
| Gain on foreign exchange:                            |                |                |                |                |
| - realised   | 27             | 9              | -              | -              |
| - unrealised   | 17             | 30             | -              | -              |
| Interest income:                                     |                |                |                |                |
| - fixed deposits                                     | 659            | 665            | -              | -              |
| - repo   | 60             | 32             | 22             | 16             |
| - short-term investments                             | 2,534          | 1,051          | 1,007          | 1,010          |
| - others   | 288            | 219            | 59             | 63             |
| Rental income  | 66             | 66             | -              | -              |
| Management fees                                      | -              | -              | 180            | 360            |

### 31. ADMINISTRATIVE EXPENSES

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Included are the following items:               |                |                |                |                |
| Auditors' remuneration:                         |                |                |                |                |
| - audit fees:                                   |                |                |                |                |
| - current financial year                        | 222            | 222            | 45             | 45             |
| - underprovision in previous<br>financial years | -              | 3              | -              | 2              |
| - non-audit fees                                | 13             | 13             | 13             | 13             |
| Contributions to defined<br>contribution plan:  |                |                |                |                |
| - directors of the Company                      | 170            | 137            | -              | -              |
| - directors of the subsidiaries                 | 15             | 15             | -              | -              |
| Directors' fees:                                |                |                |                |                |
| - directors of the Company                      | 451            | 375            | 295            | 219            |
| - directors of the subsidiaries                 | 24             | -              | -              | -              |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 31. ADMINISTRATIVE EXPENSES (CONT'D)

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Included are the following items: (Cont'd) |                |                |                |                |
| Directors' non-fees emoluments:            |                |                |                |                |
| - directors of the Company                 | 1,638          | 1,210          | 20             | 21             |
| - directors of the subsidiaries            | 123            | 136            | -              | -              |
| Staff costs:                               |                |                |                |                |
| - salaries and others                      | 8,555          | 7,998          | -              | -              |
| - defined contribution plan                | 971            | 923            | -              | -              |
|  | 971            | 923            | -              | -              |

## 32. OTHER EXPENSES

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Included are the following items:           |                |                |                |                |
| Depreciation:                               |                |                |                |                |
| - property, plant and equipment             | 731            | 939            | -              | -              |
| - right-of-use assets                       | 237            | -              | -              | -              |
| Impairment losses:                          |                |                |                |                |
| - investments in subsidiaries<br>(Note 5)   | -              | -              | 3,689          | -              |
| - property, plant and equipment<br>(Note 6) | 2,357          | 977            | -              | -              |
| Loss on foreign exchange:                   |                |                |                |                |
| - realised                                  | 56             | 5              | -              | -              |
| - unrealised                                | 15             | 7              | -              | -              |
|   | 3,396          | 1,928          | 3,689          | -              |



## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 33. FINANCE COSTS

|                               | The Group      |                | The Company    |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Interest expense:             |                |                |                |                |
| - bank overdrafts             | 26             | 79             | -              | -              |
| - hire purchase               | -              | 35             | -              | -              |
| - term loans                  | 3,379          | 4,474          | -              | -              |
| - others                      | 237            | 99             | -              | -              |
| - lease liabilities (Note 21) | 42             | -              | -              | -              |
|                               | <u>3,684</u>   | <u>4,687</u>   | <u>-</u>       | <u>-</u>       |

### 34. NET (LOSS)/REVERSAL ON IMPAIRMENT OF FINANCIAL ASSETS

|                                | The Group      |                | The Company    |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Impairment losses:             |                |                |                |                |
| - trade receivables            | (2,565)        | (776)          | -              | -              |
| - other receivables            | -              | (800)          | -              | -              |
| - amount owing by subsidiaries | -              | -              | (3,586)        | (474)          |
| Reversal of impairment losses: |                |                |                |                |
| - cash and bank balances       | -              | 120            | -              | 48             |
| - trade receivables            | 6              | 2,135          | -              | -              |
| - other receivables            | 50             | -              | -              | -              |
| - amount owing by subsidiaries | -              | -              | -              | 247            |
|                                | <u>(2,509)</u> | <u>679</u>     | <u>(3,586)</u> | <u>(179)</u>   |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 35. INCOME TAX EXPENSE

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Current tax:   |                |                |                |                |
| - for the current financial year                       | 7,027          | 1,941          | 62             | 11             |
| - (over)/underprovision in the previous financial year | (32)           | 18             | 95             | 2              |
|  | <u>6,995</u>   | <u>1,959</u>   | <u>157</u>     | <u>13</u>      |
| Deferred tax expense (Note 22):                        |                |                |                |                |
| - originating and recognition of temporary differences | (125)          | 358            | -              | -              |
| - underprovision in the previous financial year        | 4              | 173            | -              | -              |
|  | <u>(121)</u>   | <u>531</u>     | <u>-</u>       | <u>-</u>       |
|  | <u>6,874</u>   | <u>2,490</u>   | <u>157</u>     | <u>13</u>      |

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    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Profit/(Loss) before taxation                                | <u>18,423</u>  | <u>29,931</u>  | <u>(1,682)</u> | <u>4,161</u>   |
| Tax at the statutory tax rate of 24%                         | 4,422          | 7,184          | (404)          | 999            |
| Tax effects of:-   |                |                |                |                |
| Share of results in joint venture                            | 15             | 38             | -              | -              |
| Non-taxable income   | (608)          | (256)          | (1,442)        | (1,082)        |
| Non-deductible expenses                                      | 256            | 774            | 1,908          | 94             |
| Deferred tax assets not recognised during the financial year | 2,904          | 541            | -              | -              |
| Utilisation of deferred tax assets previously not recognised | (87)           | (5,982)        | -              | -              |
| (Over)/underprovision in the previous financial year:        |                |                |                |                |
| - current tax  | (32)           | 18             | 95             | 2              |
| - deferred tax   | 4              | 173            | -              | -              |
|  | <u>6,874</u>   | <u>2,490</u>   | <u>157</u>     | <u>13</u>      |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 35. 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      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Accelerated capital allowances                                   | (67,768)       | (62,572)       |
| Unrealised gain on foreign exchange                              | (9)            | (17)           |
| Allowance for impairment losses on trade receivables             | 5,431          | 3,065          |
| Allowance for impairment losses on property, plant and equipment | 20,606         | 18,104         |
| Unutilised tax losses  | 7,897          | 4,534          |
| Unabsorbed capital allowances                                    | 92,831         | 84,135         |
|  | <u>58,988</u>  | <u>47,249</u>  |

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately RM7,897,000 (2019 - RM4,534,000) and RM92,831,000 (2019 - RM84,135,000) respectively which are available to offset against their future taxable profit.

The unutilised tax losses expire at the end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

### 36. EARNINGS PER SHARE

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

|   | The Group          |                    |
|---|--------------------|--------------------|
|   | 2020               | 2019               |
| Profit attributable to owners of the Company (RM)     | <u>12,933,000</u>  | <u>27,679,000</u>  |
| Weighted average number of ordinary shares at 30 June | <u>233,878,000</u> | <u>233,878,000</u> |
| Basic earnings per share (Sen)                        | <u>5.53</u>        | <u>11.83</u>       |

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

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 37. DIVIDEND

|   | The Group      |                |
|---|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 |
| First interim dividend of 1.2 sen per ordinary share in respect of the current financial year   | 2,807          | -              |
| First interim dividend of 1.4 sen per ordinary share in respect of the previous financial year  | -              | 3,274          |
| Second interim dividend of 1.6 sen per ordinary share in respect of the previous financial year | 3,742          | -              |
|   | <u>6,549</u>   | <u>3,274</u>   |

### 38. CASH FLOW INFORMATION

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

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Cost of property, plant and equipment purchased (Note 6)     | 2,215          | 1,979          |
| Less: Amount financed through borrowings                     | -              | (605)          |
| Cash disbursed for purchase of property, plant and equipment | <u>2,215</u>   | <u>1,374</u>   |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 38. CASH FLOW INFORMATION (CONT'D)

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

| The Group  | Term Loans<br>RM'000 | Hire Purchase<br>RM'000 | Lease Liabilities<br>RM'000 | Total<br>RM'000 |
|--|----------------------|-------------------------|-----------------------------|-----------------|
| <b>2020</b>  |                      |                         |                             |                 |
| At 1 July, as previously reported                      | 50,991               | 629                     | -                           | 51,620          |
| Effects on adoption of MFRS 16                         | -                    | (629)                   | 629                         | -               |
| At 1 July, as restated                                 | 50,991               | -                       | 629                         | 51,620          |
| <u>Changes in Financing Cash Flows</u>                 |                      |                         |                             |                 |
| Repayment of borrowing principal                       | (9,938)              | -                       | (306)                       | (10,244)        |
| Repayment of borrowing interests                       | (3,379)              | -                       | (42)                        | (3,421)         |
|  | (13,317)             | -                       | (348)                       | (13,665)        |
| <u>Non-cash Changes</u>                                |                      |                         |                             |                 |
| Finance charges recognised in profit or loss (Note 33) | 3,379                | -                       | 42                          | 3,421           |
| Acquisition of new leases (Note 21)                    | -                    | -                       | 932                         | 932             |
|  | 3,379                | -                       | 974                         | 4,353           |
| At 30 June   | 41,053               | -                       | 1,255                       | 42,308          |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 38. CASH FLOW INFORMATION (CONT'D)

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

|  | Term<br>Loans<br>RM'000 | Hire<br>Purchase<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|----------------------------|-----------------|
| <b>2019</b>  |                         |                            |                 |
| At 1 July  | 64,751                  | 337                        | 65,088          |
| <u>Changes in Financing Cash Flows</u>                 |                         |                            |                 |
| Repayment of borrowing principal                       | (13,760)                | (313)                      | (14,073)        |
| Repayment of borrowing interests                       | (4,474)                 | (35)                       | (4,509)         |
|  | (18,234)                | (348)                      | (18,582)        |
| <u>Non-cash Changes</u>                                |                         |                            |                 |
| Finance charges recognised in profit or loss (Note 33) | 4,474                   | 35                         | 4,509           |
| New hire purchase                                      | -                       | 605                        | 605             |
|  | 4,474                   | 640                        | 5,114           |
| At 30 June   | 50,991                  | 629                        | 51,620          |

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Fixed deposits with licensed banks (Note 16)             | 28,940         | 26,010         | -              | -              |
| Short-term investments (Note 15)                         | 85,523         | 37,762         | 25,798         | 35,859         |
| Cash and bank balances                                   | 15,750         | 15,217         | 969            | 1,154          |
| Bank overdrafts  | -              | (1,898)        | -              | -              |
|  | 130,213        | 77,091         | 26,767         | 37,013         |
| Less: Fixed deposits pledged to licensed banks (Note 16) | (28,886)       | (26,010)       | -              | -              |
| Fixed deposits with tenure more than 3 months (Note 16)  | (54)           | -              | -              | -              |
|  | 101,273        | 51,081         | 26,767         | 37,013         |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 39. ACQUISITION OF SUBSIDIARIES

- (a) In the previous financial year, 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:-

|  | Note | The Group<br>2019<br>RM'000 |
|--|------|-----------------------------|
| Leasehold land   | 6    | 1,830                       |
| Cash and bank balances   |      | #                           |
| Trade payables and other payables  |      | (5)                         |
| Deferred tax liabilities   | 22   | (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) In the previous financial year, the Company acquired 60% equity interests in Carimin Subsea Sdn. Bhd. (formerly known as Subnautica 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<br>2019<br>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                          |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 39. ACQUISITION OF SUBSIDIARIES (CONT'D)

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

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

In the previous financial year, 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 previous financial year, the Group's revenue and profit after taxation from operations would have been RM441,197,424 and RM27,443,408 respectively.

# - less than RM1,000

## 40. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

|                                 | The Group      |                | The Company    |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Directors</b>                |                |                |                |                |
| <u>Directors of the Company</u> |                |                |                |                |
| <i>Executive Directors</i>      |                |                |                |                |
| Short-term employee benefits:   |                |                |                |                |
| - fees                          | 156            | 156            | -              | -              |
| - non-fee emoluments            | 1,618          | 1,189          | -              | -              |
| Defined contribution plan       | 170            | 137            | -              | -              |
|                                 | 1,944          | 1,482          | -              | -              |



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

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

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Directors (Cont'd)</b>                  |                |                |                |                |
| <u>Directors of the Company (Cont'd)</u>   |                |                |                |                |
| <i>Non-executive Directors</i>             |                |                |                |                |
| Short-term employee benefits:              |                |                |                |                |
| - fees                                     | 295            | 219            | 295            | 219            |
| - non-fee emoluments                       | 20             | 21             | 20             | 21             |
|  | <u>315</u>     | <u>240</u>     | <u>315</u>     | <u>240</u>     |
|  | <u>2,259</u>   | <u>1,722</u>   | <u>315</u>     | <u>240</u>     |
| <u>Directors of the Subsidiaries</u>       |                |                |                |                |
| <i>Executive Directors</i>                 |                |                |                |                |
| Short-term employee benefits:              |                |                |                |                |
| - fees                                     | 24             | -              | -              | -              |
| - non-fee emoluments                       | 123            | 136            | -              | -              |
| Defined contribution plan                  | 15             | 15             | -              | -              |
|  | <u>162</u>     | <u>151</u>     | <u>-</u>       | <u>-</u>       |
| Total directors' remuneration<br>(Note 31) | <u>2,421</u>   | <u>1,873</u>   | <u>315</u>     | <u>240</u>     |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 41. 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    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Bank/Performance guarantee extended to third parties by: |                |                |                |                |
| - subsidiaries   | 23,871         | 17,516         | -              | -              |

## 42. RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

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

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

### (b) Significant Related Party Transactions

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

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| (i) Subsidiaries:                           |                |                |                |                |
| - management fees                           | -              | -              | 180            | 360            |
| - interest income                           | -              | -              | 59             | 63             |
| - dividend from a subsidiary                | -              | -              | 5,000          | 3,500          |
| (ii) Key management personnel compensation: |                |                |                |                |
| - short-term employee benefits              | (2,421)        | (1,873)        | (315)          | (240)          |

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

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

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. 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, offshore hook up and commissioning and 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 is measured based on all assets of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.1 BUSINESS SEGMENTS

|                                    | MPS<br>RM'000 | CHUCTMM<br>RM'000 | MS<br>RM'000 | CC<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|------------------------------------|---------------|-------------------|--------------|--------------|------------------|-----------------------|-----------------|
| <b>2020</b>                        |               |                   |              |              |                  |                       |                 |
| <b>Revenue</b>                     |               |                   |              |              |                  |                       |                 |
| External revenue                   | 46,625        | 248,732           | 76,806       | 1,693        | -                | -                     | 373,856         |
| Inter-segment revenue              | 109           | 834               | 37,332       | -            | -                | (38,275)              | -               |
| Total revenue                      | 46,734        | 249,566           | 114,138      | 1,693        | -                | (38,275)              | 373,856         |
| <b>Results</b>                     |               |                   |              |              |                  |                       |                 |
| Segment results                    | (2,683)       | 21,593            | (6,182)      | (303)        | (5,844)          | 12,049                | 18,630          |
| Finance costs                      | (113)         | (224)             | (3,347)      | (59)         | -                | 59                    | (3,684)         |
| Interest income                    | 276           | 1,927             | 229          | 38           | 1,130            | (59)                  | 3,541           |
| Share of result in joint venture   | -             | -                 | -            | -            | -                | -                     | (64)            |
| Profit before taxation             |               |                   |              |              |                  |                       | 18,423          |
| Income tax expense                 |               |                   |              |              |                  |                       | (6,874)         |
| Consolidated profit after taxation |               |                   |              |              |                  |                       | 11,549          |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.1 BUSINESS SEGMENTS (CONT'D)

|                                | MPS<br>RM'000 | CHUCTMM<br>RM'000 | MS<br>RM'000 | CC<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|--------------------------------|---------------|-------------------|--------------|--------------|------------------|-----------------------|-----------------|
| <b>2020</b>                    |               |                   |              |              |                  |                       |                 |
| <b>Assets</b>                  |               |                   |              |              |                  |                       |                 |
| Segment assets                 | 87,041        | 144,661           | 173,935      | 5,668        | 153,514          | (251,535)             | 313,284         |
| Tax recoverable                |               |                   |              |              |                  |                       | 4,228           |
| Consolidated total assets      |               |                   |              |              |                  |                       | 317,512         |
| <b>Liabilities</b>             |               |                   |              |              |                  |                       |                 |
| Segment liabilities            | 21,873        | 96,837            | 200,907      | 4,764        | 7,452            | (186,328)             | 145,505         |
| Deferred tax liabilities       |               |                   |              |              |                  |                       | 409             |
| Provision for taxation         |               |                   |              |              |                  |                       | 7,027           |
| Lease liabilities              |               |                   |              |              |                  |                       | 1,255           |
| Consolidated total liabilities |               |                   |              |              |                  |                       | 154,196         |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.1 BUSINESS SEGMENTS (CONT'D)

|   | MPS<br>RM'000 | CHUCTMM<br>RM'000 | MS<br>RM'000 | CC<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|---|---------------|-------------------|--------------|--------------|------------------|-----------------------|-----------------|
| <b>2020</b>   |               |                   |              |              |                  |                       |                 |
| <b>Capital expenditure</b>  |               |                   |              |              |                  |                       |                 |
| Additions to non-current assets<br>other than financial instruments:    |               |                   |              |              |                  |                       |                 |
| - property, plant and equipment   | 14            | 293               | 1,743        | -            | 165              | -                     | 2,215           |
| - right-of-use assets   | -             | 932               | -            | -            | -                | -                     | 932             |
| <b>2020</b>   |               |                   |              |              |                  |                       |                 |
| Other material items of (income)/<br>expenses consist of the following: |               |                   |              |              |                  |                       |                 |
| Depreciation:   |               |                   |              |              |                  |                       |                 |
| - property, plant and equipment   | 616           | 331               | 5,754        | -            | 58               | -                     | 6,759           |
| - right-of-use assets   | 22            | 287               | -            | -            | 34               | (8)                   | 335             |
| Impairment losses on:   |               |                   |              |              |                  |                       |                 |
| - trade receivables   | 156           | -                 | 2,122        | 287          | -                | -                     | 2,565           |
| - property, plant and equipment   | -             | 366               | 1,991        | -            | -                | -                     | 2,357           |
| Interest expense  | 113           | 224               | 3,347        | 59           | -                | (59)                  | 3,684           |
| Interest income   | (276)         | (1,927)           | (229)        | (38)         | (1,130)          | 59                    | (3,541)         |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.1 BUSINESS SEGMENTS (CONT'D)

|                                    | MPS<br>RM'000 | CHUCTMM<br>RM'000 | MS<br>RM'000   | CC<br>RM'000  | Others<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|------------------------------------|---------------|-------------------|----------------|---------------|------------------|-----------------------|-----------------|
| <b>2019</b>                        |               |                   |                |               |                  |                       |                 |
| <b>Revenue</b>                     |               |                   |                |               |                  |                       |                 |
| External revenue                   | 87,056        | 273,839           | 69,070         | 11,173        | -                | -                     | 441,138         |
| Inter-segment revenue              | 99            | -                 | 32,126         | -             | 5,760            | (37,985)              | -               |
| <b>Total revenue</b>               | <b>87,155</b> | <b>273,839</b>    | <b>101,196</b> | <b>11,173</b> | <b>5,760</b>     | <b>(37,985)</b>       | <b>441,138</b>  |
| <b>Results</b>                     |               |                   |                |               |                  |                       |                 |
| 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          |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.1 BUSINESS SEGMENTS (CONT'D)

|                                | MPS<br>RM'000 | CHUCTMM<br>RM'000 | MS<br>RM'000 | CC<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|--------------------------------|---------------|-------------------|--------------|--------------|------------------|-----------------------|-----------------|
| <b>2019</b>                    |               |                   |              |              |                  |                       |                 |
| <b>Assets</b>                  |               |                   |              |              |                  |                       |                 |
| 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         |
| <b>Liabilities</b>             |               |                   |              |              |                  |                       |                 |
| 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         |



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.1 BUSINESS SEGMENTS (CONT'D)

|   | MPS<br>RM'000 | CHUCTMM<br>RM'000 | MS<br>RM'000 | CC<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|---|---------------|-------------------|--------------|--------------|------------------|-----------------------|-----------------|
| <b>2019</b>   |               |                   |              |              |                  |                       |                 |
| <b>Capital expenditure</b>  |               |                   |              |              |                  |                       |                 |
| Additions to non-current assets<br>other than financial instruments:    |               |                   |              |              |                  |                       |                 |
| - property, plant and equipment   | -             | 702               | 1,090        | -            | 187              | -                     | 1,979           |
| <b>2019</b>   |               |                   |              |              |                  |                       |                 |
| Other material items of (income)/<br>expenses consist of the following: |               |                   |              |              |                  |                       |                 |
| Depreciation of property, plant<br>and equipment                        | 688           | 508               | 5,322        | 53           | 45               | 16                    | 6,632           |
| Impairment losses 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)         |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 43. OPERATING SEGMENTS (CONT'D)

### 43.2 GEOGRAPHICAL SEGMENTS

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

### 43.3 MAJOR CUSTOMER

There is only one major customer with revenue equal to or more than 10% of the Group's total revenue:

|            | Revenue        |                | Segment         |
|------------|----------------|----------------|-----------------|
|            | 2020<br>RM'000 | 2019<br>RM'000 |                 |
| Customer A | <u>247,661</u> | <u>272,089</u> | CHUCTMM Segment |

## 44. CAPITAL COMMITMENTS

|   | The Group      |                |
|---|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 |
| Purchase of property, plant and equipment | <u>358</u>     | <u>-</u>       |

## 45. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following are disclosures required by MFRS 117 'Leases':-

Leases as Lessee

The Group leases a number of leasehold land, buildings, motor vehicles and equipment operations under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

|  | The Group      |
|--|----------------|
|  | 2019<br>RM'000 |
| Not more than 1 year                         | 224            |
| Later than 1 year and not later than 5 years | <u>405</u>     |
| Total  | <u>629</u>     |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. 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.

### 46.1 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<br>RM'000 | Ringgit Malaysia<br>RM'000 | Total<br>RM'000 |
|------------------------------------|--------------------------------|----------------------------|-----------------|
| 2020                               |                                |                            |                 |
| <b>Financial Assets</b>            |                                |                            |                 |
| Other investments                  | -                              | 50                         | 50              |
| Trade receivables                  | 416                            | 14,780                     | 15,196          |
| Other receivables                  | -                              | 271                        | 271             |
| Amount owing by joint venture      | -                              | 2,130                      | 2,130           |
| Short-term investments             | -                              | 85,523                     | 85,523          |
| Fixed deposits with licensed banks | -                              | 28,940                     | 28,940          |
| Cash and bank balances             | 286                            | 15,464                     | 15,750          |
|                                    | 702                            | 147,158                    | 147,860         |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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<br>RM'000 | Ringgit Malaysia<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|----------------------------|-----------------|
| 2020  |                                |                            |                 |
| <b>Financial Liabilities</b>  |                                |                            |                 |
| Trade payables  | 195                            | 33,826                     | 34,021          |
| Other payables and accruals   | -                              | 70,431                     | 70,431          |
| Lease liabilities   | -                              | 1,255                      | 1,255           |
| Term loans  | -                              | 41,053                     | 41,053          |
|   | 195                            | 146,565                    | 146,760         |
| Net financial assets  | 507                            | 593                        | 1,100           |
| Less: Net financial liabilities<br>denominated in the respective<br>entities' functional currencies | -                              | (593)                      | (593)           |
| <b>Currency Exposure</b>  | 507                            | -                          | 507             |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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<br>RM'000 | Ringgit Malaysia<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|----------------------------|-----------------|
| 2019  |                                |                            |                 |
| <b>Financial Assets</b>   |                                |                            |                 |
| 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         |
| <b>Financial Liabilities</b>  |                                |                            |                 |
| 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<br>denominated in the respective<br>entities' functional currencies | -                              | 48,265                     | 48,265          |
| <b>Currency Exposure</b>  | 33                             | -                          | 33              |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

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

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

##### (i) Foreign Currency Risk (Cont'd)

###### Foreign Currency Risk Sensitivity Analysis

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

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Effects on Profit/(Loss) After Taxation</b> |                |                |
| USD/RM   |                |                |
| - strengthened by 10%                          | 38             | 2              |
| - weakened by 10%                              | (38)           | (2)            |

##### (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 16 and 23 to the financial statements.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

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

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

##### (ii) Interest Rate Risk (Cont'd)

##### *Interest Rate Risk Sensitivity Analysis*

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Effects on Profit/(Loss)<br/>After Taxation</b> |                |                |                |                |
| Increase of<br>100 basis points                    | 650            | (101)          | 196            | 273            |
| Decrease of<br>100 basis points                    | (650)          | 101            | (196)          | (273)          |

##### (iii) Equity Price Risk

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

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The 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 five (5) customers which constituted approximately 62% (2019 - 84%) of its trade receivables at the end of the reporting period.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (b) Credit Risk (Cont'd)

##### (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 using 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 and assesses for their risk of loss individually.

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.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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<br>RM'000 | Individual Impairment<br>RM'000 | Collective Impairment<br>RM'000 | Carrying Amount<br>RM'000 |
|----------------------------|------------------------|---------------------------------|---------------------------------|---------------------------|
| 2020                       |                        |                                 |                                 |                           |
| Current (not past due)     | 10,632                 | -                               | (219)                           | 10,413                    |
| 1 to 30 days past due      | 789                    | -                               | (53)                            | 736                       |
| 31 to 60 days past due     | 2,558                  | -                               | (207)                           | 2,351                     |
| 61 to 90 days past due     | 667                    | -                               | (140)                           | 527                       |
| More than 90 days past due | 1,241                  | -                               | (72)                            | 1,169                     |
|                            | 15,887                 | -                               | (691)                           | 15,196                    |
| Credit impaired            | 4,138                  | (4,138)                         | -                               | -                         |
| Trade receivables          | 20,025                 | (4,138)                         | (691)                           | 15,196                    |
| Contract assets            | 47,785                 | -                               | -                               | 47,785                    |
|                            | 67,810                 | (4,138)                         | (691)                           | 62,981                    |
| 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            | 2,076                  | (2,061)                         | -                               | 15                        |
| Trade receivables          | 75,715                 | (2,061)                         | (209)                           | 73,445                    |
| Contract assets            | 78,882                 | -                               | -                               | 78,882                    |
|                            | 154,597                | (2,061)                         | (209)                           | 152,327                   |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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 movements in the loss allowances in respect of trade receivables is disclosed in Note 9 to the financial statements.

##### *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 for the other receivables are summarised below:

| <b>The Group</b> | <b>Gross Amount<br/>RM'000</b> | <b>Lifetime Loss Allowance<br/>RM'000</b> | <b>Carrying Amount<br/>RM'000</b> |
|------------------|--------------------------------|---|-----------------------------------|
| 2020             |                                |   |                                   |
| Low credit risk  | 271                            | -   | 271                               |
| Credit impaired  | 750                            | (750)                                     | -                                 |
|                  | <u>1,021</u>                   | <u>(750)</u>                              | <u>271</u>                        |
| 2019             |                                |   |                                   |
| Low credit risk  | 299                            | -   | 299                               |
| Credit impaired  | 800                            | (800)                                     | -                                 |
|                  | <u>1,099</u>                   | <u>(800)</u>                              | <u>299</u>                        |

The movement in the loss allowances in respect of other receivables is disclosed in Note 11 to the financial statements.

##### *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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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)*

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.

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

| The Company     | Gross Amount<br>RM'000 | Lifetime Loss Allowance<br>RM'000 | Carrying Amount<br>RM'000 |
|-----------------|------------------------|-----------------------------------|---------------------------|
| 2020            |                        |                                   |                           |
| Low credit risk | 45,833                 | (5,654)                           | 40,179                    |
| 2019            |                        |                                   |                           |
| Low credit risk | 48,073                 | -                                 | 48,073                    |
| Credit impaired | 2,068                  | (2,068)                           | -                         |
|                 | 50,141                 | (2,068)                           | 48,073                    |

The movements in the loss allowances is disclosed in Note 13 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.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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 |
|---|--|------------------------|--|----------------------|--------------------|---------------------|
| 2020  |  |                        |  |                      |                    |                     |
| <u>Non-derivative Financial Liabilities</u> |  |                        |  |                      |                    |                     |
| Trade payables                              |  | 34,021                 | 34,021                                     | 34,021               | -                  | -                   |
| Other payables and accruals                 |  | 70,431                 | 70,431                                     | 70,431               | -                  | -                   |
| Lease liabilities                           | 4.40 - 8.60                                | 1,255                  | 1,338                                      | 470                  | 868                | -                   |
| Term loans                                  | 4.55 - 4.79                                | 41,053                 | 42,364                                     | 10,492               | 31,872             | -                   |
|   |  | 146,760                | 148,154                                    | 115,414              | 32,740             | -                   |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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 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  |  |                        |  |                      |                    |                     |
| <u>Non-derivative Financial Liabilities</u> |  |                        |  |                      |                    |                     |
| Trade payables                              | -  | 90,494                 | 90,494                                     | 90,494               | -                  | -                   |
| Other payables and accruals                 | -  | 59,138                 | 59,138                                     | 59,138               | -                  | -                   |
| 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                | -                  | -                   |
|   |  | 203,150                | 209,879                                    | 168,078              | 41,801             | -                   |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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)

|  | Weighted<br>Average<br>Effective<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 | 1 - 5<br>Years<br>RM'000 | Over<br>5<br>Years<br>RM'000 |
|--|---|------------------------------|---|----------------------------|--------------------------|------------------------------|
| <b>The Company</b>   |   |                              |   |                            |                          |                              |
| 2020   |   |                              |   |                            |                          |                              |
| <u>Non-derivative Financial Liabilities</u>  |   |                              |   |                            |                          |                              |
| Other payables and accruals  | -   | 363                          | 363   | 363                        | -                        | -                            |
| Financial guarantee contracts in relation to corporate guarantee given to subsidiaries | -   | -                            | 68,543  | 68,543                     | -                        | -                            |
|  |   | 363                          | 68,906  | 68,906                     | -                        | -                            |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 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)

|  | Weighted<br>Average<br>Effective<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 | 1 - 5<br>Years<br>RM'000 | Over<br>5<br>Years<br>RM'000 |
|--|---|------------------------------|---|----------------------------|--------------------------|------------------------------|
| <b>The Company</b>   |   |                              |   |                            |                          |                              |
| 2019   |   |                              |   |                            |                          |                              |
| <u>Non-derivative Financial Liabilities</u>  |   |                              |   |                            |                          |                              |
| 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 | -   | -                            | 72,174  | 72,174                     | -                        | -                            |
|  |   | 16,799                       | 88,973  | 88,973                     | -                        | -                            |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.2 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      |                |
|--|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 |
| Lease liabilities (Note 21)                        | 1,255          | -              |
| Hire purchase payables (Note 23)                   | -              | 629            |
| Term loans (Note 24)                               | 41,053         | 50,991         |
| Bank overdrafts                                    | -              | 1,898          |
|  | <hr/>          | <hr/>          |
|  | 42,308         | 53,518         |
| Less: Short-term investments (Note 15)             | (85,523)       | (37,762)       |
| Less: Fixed deposits with licensed banks (Note 16) | (28,940)       | (26,010)       |
| Less: Cash and bank balances                       | (15,750)       | (15,217)       |
|  | <hr/>          | <hr/>          |
| Net debt   | (87,905)       | (25,471)       |
|  | <hr/>          | <hr/>          |
| Total equity                                       | 163,396        | 157,213        |
|  | <hr/>          | <hr/>          |
| Debt-to-equity ratio                               | N/A            | N/A            |

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



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

|   | 2020                |                       |
|---|---------------------|-----------------------|
|   | The Group<br>RM'000 | The Company<br>RM'000 |
| <b>Financial Assets</b>   |                     |                       |
| <u>Mandatorily at Fair Value Through<br/>Other Comprehensive Income</u>                         |                     |                       |
| Short-term investments (Note 15)  | 85,523              | 25,798                |
| <u>Designated at Fair Value Through<br/>Other Comprehensive Income Upon Initial Recognition</u> |                     |                       |
| Other investments (Note 9)  | 50                  | -                     |
| <u>Amortised Cost</u>   |                     |                       |
| Trade receivables (Note 10)   | 15,196              | -                     |
| Other receivables (Note 11)   | 271                 | -                     |
| Amount owing by subsidiaries (Note 13)  | -                   | 40,179                |
| Amount owing by joint venture (Note 14)   | 2,130               | -                     |
| Fixed deposits with licensed banks (Note 16)  | 28,940              | -                     |
| Cash and bank balances  | 15,750              | 969                   |
|   | <u>62,287</u>       | <u>41,148</u>         |
| <b>Financial Liability</b>  |                     |                       |
| <u>Amortised Cost</u>   |                     |                       |
| Trade payables (Note 25)  | 34,021              | -                     |
| Other payables and accruals (Note 26)   | 70,431              | 363                   |
| Lease liabilities (Note 21)   | 1,255               | -                     |
| Term loans (Note 24)  | 41,053              | -                     |
|   | <u>146,760</u>      | <u>363</u>            |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

|   | 2019                |                       |
|---|---------------------|-----------------------|
|   | The Group<br>RM'000 | The Company<br>RM'000 |
| <b>Financial Assets</b>   |                     |                       |
| <u>Mandatorily at Fair Value Through<br/>Other Comprehensive Income</u>                         |                     |                       |
| Short-term investments (Note 15)  | 37,762              | 35,859                |
| <u>Designated at Fair Value Through<br/>Other Comprehensive Income Upon Initial Recognition</u> |                     |                       |
| Other investments (Note 9)  | 50                  | -                     |
| <u>Amortised Cost</u>   |                     |                       |
| Trade receivables (Note 10)   | 73,445              | -                     |
| Other receivables (Note 11)   | 299                 | -                     |
| Amount owing by subsidiaries (Note 13)  | -                   | 48,073                |
| Amount owing by joint venture (Note 14)   | 2,130               | -                     |
| Fixed deposits with licensed banks (Note 16)  | 26,010              | -                     |
| Cash and bank balances  | 15,217              | 1,154                 |
|   | <u>117,101</u>      | <u>49,227</u>         |
| <b>Financial Liability</b>  |                     |                       |
| <u>Amortised Cost</u>   |                     |                       |
| Trade payables (Note 25)  | 90,494              | -                     |
| Other payables and accruals (Note 26)   | 59,133              | 299                   |
| Amount owing to subsidiaries  | -                   | 16,500                |
| Hire purchase payables (Note 23)  | 629                 | -                     |
| Term loans (Note 24)  | 50,991              | -                     |
| Bank overdrafts (Note 27)   | 1,898               | -                     |
|   | <u>203,145</u>      | <u>16,799</u>         |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

|   | 2020                |                       |
|---|---------------------|-----------------------|
|   | The Group<br>RM'000 | The Company<br>RM'000 |
| <b>Financial Assets</b>   |                     |                       |
| <u>Mandatorily at Fair Value Through<br/>Other Comprehensive Income</u> |                     |                       |
| Net (loss)/gain recognised in other comprehensive income                | (201)               | 3                     |
| <u>Amortised Cost</u>   |                     |                       |
| Net loss recognised in profit or loss                                   | (2,509)             | (3,586)               |

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

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.5 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:-

| The Group                  | Fair Value of Financial Instruments Carried at Fair Value |                |                | Fair Value of Financial Instruments not Carried at Fair Value |                |                | Total Fair Value RM'000 | Carrying Amount RM'000 |
|----------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
|                            | Level 1 RM'000  | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000  | Level 2 RM'000 | Level 3 RM'000 |                         |                        |
| 2020                       |   |                |                |   |                |                |                         |                        |
| <u>Financial Assets</u>    |   |                |                |   |                |                |                         |                        |
| Other investments          |   |                |                |   |                |                |                         |                        |
| - club membership          | -   | 50             | -              | -   | -              | -              | 50                      | 50                     |
| Short-term investments     |   |                |                |   |                |                |                         |                        |
| - money market fund        | -   | 85,523         | -              | -   | -              | -              | 85,523                  | 85,523                 |
| <u>Financial Liability</u> |   |                |                |   |                |                |                         |                        |
| Term loans                 | -   | -              | -              | -   | 41,053         | -              | 41,053                  | 41,053                 |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.5 FAIR VALUE INFORMATION (CONT'D)

| The Group                    | Fair Value of Financial Instruments Carried at Fair Value |                |                | Fair Value of Financial Instruments not Carried at Fair Value |                |                | Total Fair Value RM'000 | Carrying Amount RM'000 |
|------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
|                              | Level 1 RM'000  | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000  | Level 2 RM'000 | Level 3 RM'000 |                         |                        |
| 2019                         |   |                |                |   |                |                |                         |                        |
| <u>Financial Assets</u>      |   |                |                |   |                |                |                         |                        |
| Other investments            | -   | 50             | -              | -   | -              | -              | 50                      | 50                     |
| Short-term investments       | -   | 37,762         | -              | -   | -              | -              | 37,762                  | 37,762                 |
| - money market fund          | -   | 37,762         | -              | -   | -              | -              | 37,762                  | 37,762                 |
| <u>Financial Liabilities</u> |   |                |                |   |                |                |                         |                        |
| Hire purchase payables       | -   | -              | -              | -   | 629            | -              | 629                     | 629                    |
| Term loans                   | -   | -              | -              | -   | 50,991         | -              | 50,991                  | 50,991                 |

## Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### 46.5 FAIR VALUE INFORMATION (CONT'D)

| The Company            | Fair Value of Financial Instruments Carried at Fair Value |                |                | Fair Value of Financial Instruments not Carried at Fair Value |                |                | Total Fair Value RM'000 | Carrying Amount RM'000 |
|------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
|                        | Level 1 RM'000  | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000  | Level 2 RM'000 | Level 3 RM'000 |                         |                        |
| 2020                   |   |                |                |   |                |                |                         |                        |
| <u>Financial Asset</u> |   |                |                |   |                |                |                         |                        |
| Short-term investments |   |                |                |   |                |                |                         |                        |
| - money market fund    | -   | 25,798         | -              | -   | -              | -              | 25,798                  | 25,798                 |
| 2019                   |   |                |                |   |                |                |                         |                        |
| <u>Financial Asset</u> |   |                |                |   |                |                |                         |                        |
| Short-term investments |   |                |                |   |                |                |                         |                        |
| - money market fund    | -   | 35,859         | -              | -   | -              | -              | 35,859                  | 35,859                 |

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.5 FAIR VALUE INFORMATION (CONT'D)

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

The fair value above have been determined using the following basis:-

- (i) The fair value for golf club membership is estimated based on references to current available counterparty quotations of the same investments 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.
- (iii) There were no transfer between level 1 and level 2 during the financial year.

#### (b) Fair Value of Financial Instruments not Carried at Fair Value

- (i) The fair value of the Group's 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.
- (ii) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

|                        | The Group      |                |
|------------------------|----------------|----------------|
|                        | 2020<br>RM'000 | 2019<br>RM'000 |
| Hire purchase payables | -              | 629            |

## 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 26 November 2019, Subnautica Sdn. Bhd. ("SUBNAUTICA"), a 60% owned subsidiary of the Company entered into an Agency Agreement ("Agreement") with DOF Subsea Asia Pacific Pte. Ltd. ("DOF") to jointly collaborate and pursue business opportunities in subsea services including survey, underwater inspection, repair and maintenance, decommissioning, transportation and installation in Malaysia ("The Services"). The Contract will be for a duration of two (2) years, effective from 26 November 2019 or such extended period as may be mutually agreed between SUBNAUTICA and DOF, unless terminated earlier in accordance with the terms of the Agreement.
- (b) On 23 December 2019, Carimin Engineering Services Sdn. Bhd. ("CES") had accepted a Letter of Award dated 20 December 2019 for the provision of Integrated Hook-Up and Commissioning (iHUC) Services for PETRONAS Carigali Sdn. Bhd. (Package C: SKG) ("Contract"). The Contract will be for a duration of four (4) years, effective from 1 January 2020 and will expire on 31 December 2023.
- (c) On 21 January 2020, Carimin Marine Services Sdn. Bhd. had received a Work Order Award for the provision of Accommodation Work Boat (AWBOAT) for PETRONAS Carigali Sdn. Bhd. ("Contract"). The Contract will be for a duration of up to seven hundred and sixteen (716) days from the commencement date as per the vessel's on-hire certificate with no extension option.

# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (d) The government and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern and the Group's operation directly or indirectly. In addition, the COVID-19 pandemic may also affect the recoverability of the Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, and carrying amounts of the Group's property, plant and equipment and right-of-use assets in the future. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential impact COVID-19 pandemic on the Group's 2021 financial statements reliably at this juncture.

## 48. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 July 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

### (a) Lessee Accounting

At 1 July 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date of 3.22%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 July 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 July 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

There were no financial impacts to the Company's financial statements upon the transition to MFRS 16 at the date of initial application.

### (b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's and the Company's retained profits as at 1 July 2019.



# Notes to the Financial Statements

for the Financial Year Ended 30 June 2020 (Cont'd)

## 48. INITIAL APPLICATION OF MFRS 16 (CONT'D)

### (c) Financial Impact

The main impacts resulting from the adoption of MFRS 16 at 1 July 2019 are summarised below:-

| The Group                              | ← 1 July 2019 →                        |                                  |                          |
|--|--|----------------------------------|--------------------------|
|  | As<br>Previously<br>Reported<br>RM'000 | MFRS 16<br>Adjustments<br>RM'000 | As<br>Restated<br>RM'000 |
| Statements of Financial Position       |  |                                  |                          |
| Property, plant and equipment (Note 6) | 113,508                                | (2,666)                          | 110,842                  |
| Right-of-use assets (Note 7)           | -                                      | 2,666                            | 2,666                    |
| Lease liabilities (Note 21)            |  |                                  |                          |
| - non-current liabilities              | -                                      | 405                              | 405                      |
| - current liabilities                  | -                                      | 224                              | 224                      |
| Hire purchase payables (Note 23)       |  |                                  |                          |
| - non-current liabilities              | 405                                    | (405)                            | -                        |
| - current liabilities                  | 224                                    | (224)                            | -                        |

## Analysis of Shareholdings

as at 23 September 2020

Total Number of Issued Shares : 233,878,000 Ordinary Shares  
Class of Equity Securities : Ordinary Shares ("shares")  
Voting Rights by Poll : One (1) vote for every share held

### DISTRIBUTION SCHEDULE OF SHAREHOLDERS

| Size of Holdings                        | No. of Holders | %             | No. of Shares      | %             |
|---|----------------|---------------|--------------------|---------------|
| Less than 100 shares                    | 12             | 0.26          | 300                | *             |
| 100 - 1,000 shares                      | 627            | 13.47         | 386,200            | 0.17          |
| 1,001 - 10,000 shares                   | 2,575          | 55.30         | 14,882,900         | 6.36          |
| 10,001 - 100,000 shares                 | 1,296          | 27.84         | 41,280,500         | 17.65         |
| 100,001 - less than 5% of issued shares | 143            | 3.07          | 93,747,738         | 40.08         |
| 5% and above of issued shares           | 3              | 0.06          | 83,580,362         | 35.74         |
| <b>Total</b>                            | <b>4,656</b>   | <b>100.00</b> | <b>233,878,000</b> | <b>100.00</b> |

Note: \* negligible

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

| Name of Substantial Shareholders | Direct Interest |       | Indirect Interest       |       |
|----------------------------------|-----------------|-------|-------------------------|-------|
|                                  | No. of Shares   | %     | No. of Shares           | %     |
| Mokhtar Bin Hashim               | 57,670,234      | 24.66 | -                       | -     |
| Cipta Pantas Sdn. Bhd.           | 39,910,128      | 17.06 | -                       | -     |
| Wong Kong Foo                    | -               | -     | 50,960,128 <sup>1</sup> | 21.79 |

Notes: 1 Deemed interested by virtue of his shareholdings pursuant to Section 8 of the Companies Act 2016 ("the Act") held through Intan Kuala Lumpur Sdn. Bhd., Cipta Pantas Sdn. Bhd. and Platinum Castle Sdn. Bhd.

## Analysis of Shareholdings (Cont'd)

as at 23 September 2020

### DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

| Name of Directors                      | Direct Interest |       | Indirect Interest      |      |
|--|-----------------|-------|------------------------|------|
|  | No. of Shares   | %     | No. of Shares          | %    |
| Tan Sri Dato' Kamaruzzaman Bin Shariff | 2,000,000       | 0.86  | -                      | -    |
| Mokhtar Bin Hashim                     | 57,670,234      | 24.66 | -                      | -    |
| Lim Yew Hoe                            | 3,150,000       | 1.35  | 6,000,000 <sup>1</sup> | 2.57 |
| Shatar Bin Abdul Hamid                 | 8,621,138       | 3.69  | -                      | -    |
| 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 his shareholdings pursuant to Section 8 of the Act held through Emas Kiara Marketing Sdn. Bhd.

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 23 SEPTEMBER 2020

(without aggregating the securities from different securities accounts belonging to the same registered holder)

| No. | Name   | No. of Shares Held | %     |
|-----|--|--------------------|-------|
| 1   | Mokhtar Bin Hashim   | 53,670,234         | 22.95 |
| 2   | AMSEC Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for AmBank (M) Berhad for Cipta Pantas Sdn. Bhd.)     | 16,000,000         | 6.84  |
| 3   | Cipta Pantas Sdn. Bhd.   | 13,910,128         | 5.95  |
| 4   | Cipta Pantas Sdn. Bhd.   | 10,000,000         | 4.28  |
| 5   | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Platinum Castle Sdn. Bhd.)                | 9,000,000          | 3.85  |
| 6   | Shatar Bin Abdul Hamid   | 6,039,638          | 2.58  |
| 7   | Emas Kiara Marketing Sdn. Bhd.   | 4,000,000          | 1.71  |
| 8   | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Maybank Private Wealth Management for Mokhtar Bin Hashim) (PW-M01039) (422768) | 4,000,000          | 1.71  |
| 9   | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Etiqa Life Insurance Berhad (Growth))  | 3,505,300          | 1.50  |
| 10  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Etiqa Life Insurance Berhad (Prem Equity))                                     | 3,000,000          | 1.28  |
| 11  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Shatar Bin Abdul Hamid)                         | 2,581,500          | 1.10  |
| 12  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Etiqa Life Insurance Berhad (Dana Ekt Prima))                                  | 2,209,500          | 0.94  |
| 13  | Intan Kuala Lumpur Sdn. Bhd.   | 2,050,000          | 0.88  |

## Analysis of Shareholdings (Cont'd)

as at 23 September 2020

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 23 SEPTEMBER 2020 (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

| No. | Name   | No. of Shares Held | %    |
|-----|--|--------------------|------|
| 14  | AMSEC Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for AmBank (M) Berhad for Emas Kiara Marketing Sdn. Bhd.) | 2,000,000          | 0.86 |
| 15  | Tan Sri Dato' Kamaruzzaman Bin Shariff   | 2,000,000          | 0.86 |
| 16  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Maybank Private Wealth Management for Lim Yew Hoe (PW- M00613) (419180))           | 2,000,000          | 0.86 |
| 17  | Stockup Holdings Sdn. Bhd.   | 1,853,900          | 0.79 |
| 18  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Etiqa Life Insurance Berhad (Balance))   | 1,364,500          | 0.58 |
| 19  | Tokio Marine Life Insurance Malaysia Bhd<br>(As Beneficial Owner (PF))   | 1,160,300          | 0.50 |
| 20  | Lim Yew Hoe  | 1,000,000          | 0.43 |
| 21  | Loh Chai Kiam  | 959,400            | 0.41 |
| 22  | Tan Lai Huan   | 959,100            | 0.41 |
| 23  | CGS-CIMB Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Ngu Leong Hook (Kuching-CL))                       | 950,000            | 0.41 |
| 24  | Poh Pek Boon   | 900,000            | 0.38 |
| 25  | Public Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Tan Swee Hoe (E-JBU/PKL))                            | 860,000            | 0.37 |
| 26  | Er Chin Joo  | 800,000            | 0.34 |
| 27  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Shaharool Nizam Bin Mohd Kassim)                    | 730,200            | 0.31 |
| 28  | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Kong Kok Choy) (8092812)                      | 700,000            | 0.30 |
| 29  | Ramamoganarajah A/L M Pamchamy Naidu   | 700,000            | 0.30 |
| 30  | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Etiqa General Insurance Berhad (Shareholders))                                     | 678,800            | 0.29 |

## List of Properties

### PROPERTIES OCCUPIED AND OWNED BY THE GROUP

The summary of the information on the material land and buildings owned by our Group as at 30 June 2020 are set out below:-

| Registered Owner                       | Postal address<br>Description of property/existing use   | Tenure/<br>expiry lease/<br>Age Building      | Category<br>of land use/<br>land area/<br>Built-up area<br>(sq m) | Audited NBV<br>as at<br>30 June 2020<br>(RM) |
|--|--|---|---|--|
| Carimin Sdn. Bhd.                      | (i) No. 6048, Bangunan Miel, Kawasan Industri Teluk Kalong, 24000 Chukai, Terengganu<br>• Industrial land  | Leasehold of 60 years expiring on 22 Aug 2057 | Industrial<br>7,288   | 218,740                                      |
|  | (ii) B-1-4, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br>• Office lot   | Freehold 21 years                             | 179   | 688,810                                      |
|  | (iii) B-1-5, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br>• Office Lot  | Freehold 21 years                             | 179   | 510,586                                      |
|  | (iv) B-1-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br>• Office Lot   | Freehold 21 years                             | 179   | 481,685                                      |
|  | (v) B-1-7, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br>• Office lot  | Freehold 21 years                             | 179   | 481,685                                      |
|  | (vi) B-1-8, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br>• Office lot   | Freehold 21 years                             | 391   | 1,125,640                                    |
|  | (vii) B-7-6, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur<br>• Office lot  | Freehold 21 years                             | 215   | 613,909                                      |
|  | (viii) No.7, Jalan SS15/2A, Subang Jaya, 47500 Selangor Darul Ehsan<br>- Double storey intermediate terrace shophouse<br>• Office use  | Freehold 34 years                             | 123<br>246  | 224,911                                      |
| Carimin Engineering Services Sdn. Bhd. | (ix) 2 units of single storey workshop, 1 unit of storage building, 3 units of guardhouse and 1 unit of outdoor toilet erected on No. 4094, 4095, 4100, 4101 and 6048 Bangunan Miel, Kawasan Industri Teluk Kalong, 24000 Chukai, Terengganu | 8 years                                       | 1,499   | 1,097,672                                    |
| Fazu Resources (M) Sdn. Bhd.           | (x) PT10363 Mukim Teluk Kalung, Kemaman Terengganu<br>• Industrial land  | Leasehold of 60 years expiring on 27 Feb 2078 | Industrial<br>21,130  | 854,481                                      |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting (“8<sup>th</sup> AGM” or “the Meeting”) of CARIMIN PETROLEUM BERHAD (“Carimin” or “the Company”) will be held on fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Carimin Airis Board Room, B-1-6, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 November 2020 at 2:30 p.m. or at any adjournment thereof, to transact the following businesses:-

## AGENDA

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. **PLEASE REFER TO NOTE 1**
2. To approve the payment of Directors’ fees and benefits of up to RM450,000.00 for the financial year ending 30 June 2021. **ORDINARY RESOLUTION 1**
3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:-
  - i. En. Mohd Rizal Bahari Bin Md Noor; and
  - ii. En. Wan Muhamad Hatta Bin Wan Mos. **ORDINARY RESOLUTION 2**  
**ORDINARY RESOLUTION 3**
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting (“AGM”) and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 4**

### AS SPECIAL BUSINESS:

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

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

“THAT subject always to the Constitution of the Company, the Companies Act 2016 (“Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM.”
6. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** **SPECIAL RESOLUTION**

“THAT the proposed amendments to the Constitution of the Company as set out in the “Appendix A”, be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”
7. To transact any other business of which due notice shall have been given.

## Notice of Annual General Meeting (Cont'd)

By order of the Board

**TEA SOR HUA (MACS 01324)**

(SSM PC No. 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

28 October 2020

### Notes:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or submitted via email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com), not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
- (g) 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 19 November 2020. Only members whose names appear in the General Meeting Record of Depositors as at 19 November 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (i) The 8<sup>th</sup> AGM will be conducted on fully virtual basis at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the 8<sup>th</sup> AGM.
- (j) **Recording/Photography**  
By participating in this 8<sup>th</sup> AGM, you agree that no part of this 8<sup>th</sup> AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

# Notice of Annual General Meeting *(Cont'd)*

## **EXPLANATORY NOTES TO SPECIAL BUSINESS**

### **1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2020**

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

### **2. Item 2 of the Agenda – Directors' Fees and Benefits**

The estimated Directors' fees and benefits proposed for the financial year ending 30 June 2021 were calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for such shortfall.

### **3. Item 5 of the Agenda – General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act**

The Company had at its Seventh AGM held on 27 November 2019 ("7<sup>th</sup> AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this 8<sup>th</sup> AGM.

As at the date of this Notice, no new ordinary shares were issued and allotted by the Company via private placement pursuant to the 10% General Mandate granted to the Directors at the 7<sup>th</sup> AGM.

The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next AGM.

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities.

#### The Board of Directors' Statement

The Board of Directors of Carimin ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

### **4. Item 6 of the Agenda – Proposed Amendments to the Constitution of the Company**

The Special Resolution proposed under item 6 of the Agenda if approved, will provide more flexibility for the Company and its shareholders on the manner of holding meeting of its members and lodgement of proxy forms as well as to provide clarity on the objects of the Company and the provisions of the Third Schedule of the Act. The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.



## Appendix A

### PROPOSED AMENDMENTS TO THE CONSTITUTION OF CARIMIN PETROLEUM BERHAD ("THE COMPANY")

This is the Appendix A referred to in Agenda 6 of the Notice of Eighth Annual General Meeting ("8<sup>th</sup> AGM") of the Company dated 28 October 2020.

Day, Date and time of 8<sup>th</sup> AGM : Thursday, 26 November 2020 at 2:30 p.m.  
Broadcast Venue of the 8<sup>th</sup> AGM : Carimin Airis Board Room, B-1-6, Megan Avenue 1,  
189, Jalan Tun Razak, 50400 Kuala Lumpur,  
Wilayah Persekutuan

| Clause No. | Existing Clause   | Clause No. | Proposed Clause  |
|------------|---|------------|--|
| 4          | Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.  | 4          | <p><b>Subject to the provisions of the Act, this Constitution and any other written law, the objects for which the Company is established are:-</b></p> <p>(a) <b>To carry on the business of an investment holding company and for that purpose to promote or form or assist in promotion of any company or the subsidiary of the Company or otherwise and to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking; and</b></p> <p>(b) <b>To carry on or undertake any business activity, to do any act or enter into any transaction or to do all such other things as are incidental or conducive to the attainment of the above objects.</b></p> <p>Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.</p> |
| 61         | The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting. | 61         | The meeting of its Members may be held <b>by fully virtual or hybrid</b> at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and <b>subject to Clause 69</b> , the Chairman shall be present at the main venue of the meeting. <b>For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.</b>   |

## Appendix A (Cont'd)

| Clause No. | Existing Clause  | Clause No. | Proposed Clause  |
|------------|--|------------|--|
| 62         | <p>Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:-</p> <p>(i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and</p> <p>(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right.</p> <p>NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.</p> | 62         | <p>Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, <b>publication on the Company's website</b> or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:-</p> <p>(i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and</p> <p>(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right.</p> <p>NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.</p> |

## Appendix A (Cont'd)

| Clause No. | Existing Clause  | Clause No. | Proposed Clause   |
|------------|--|------------|---|
| 80         | The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member. | 80         | The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia <b>or by way of electronic means or in such other manner</b> as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member. |
| 106A       | New provision  | 106A       | The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.   |

# Proxy Form



**CARIMIN PETROLEUM BERHAD**  
Registration No.: 201201006787 (908388-K)  
(Incorporated in Malaysia)

I/We\* \_\_\_\_\_ NRIC/Registration No.\* \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

Email Address \_\_\_\_\_ Mobile Phone No \_\_\_\_\_

being (a) member(s) of **CARIMIN PETROLEUM BERHAD** [201201006787 (908388-K)] ("the Company") hereby appoint

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

and/or\*, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name in capital letters)

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 Eighth Annual General Meeting ("8<sup>th</sup> AGM" or "Meeting") of the Company to be held on fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Carimin Airis Board Room, B-1-6, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 November 2020 at 2:30 p.m. or 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 2021.                        |     |         |
| 2.  | To re-elect En. Mohd Rizal Bahari Bin Md Noor as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution. |     |         |
| 3.  | To re-elect En. Wan Muhamad Hatta Bin Wan Mos as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution. |     |         |
| 4.  | To re-appoint Crowe Malaysia PLT as Auditors of the Company.  |     |         |
| 5.  | To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.                      |     |         |

| No. | Special Resolution   | For | Against |
|-----|--|-----|---------|
| 1.  | To approve the proposed amendments to the Constitution of the Company. |     |         |

\* delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Signature of Member(s)/Common Seal

| CDS ACCOUNT NO.   | NO. OF SHARES HELD |     |
|---|--------------------|-----|
|   |                    |     |
| Percentage of shareholdings to be represented by the proxies: |                    |     |
|   | No. of shares      | %   |
| Proxy 1   |                    |     |
| Proxy 2   |                    |     |
| <b>TOTAL</b>  |                    | 100 |

**Notes:**

- 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.
- 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.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or 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.
- To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar 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 or submitted via email to is.enquiry@my.tricorglobal.com, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
- 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 19 November 2020. Only members whose names appear in the General Meeting Record of Depositors as at 19 November 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- The 8<sup>th</sup> AGM will be conducted on fully virtual basis at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the 8<sup>th</sup> AGM.
- Recording/Photography**  
By participating in this 8<sup>th</sup> AGM, you agree that no part of this 8<sup>th</sup> AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electrical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

Please fold here

**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.

Please fold here

**CARIMIN PETROLEUM BERHAD**

(Incorporated in Malaysia)

Registration No.: 201201006787 (908388-K)

Corporate Office  
B-1-6, Block B, Megan Avenue 1  
189, Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia.

T: +(603) 2168 7000

F: +(603) 2164 2199/2171 1792

[www.carimin.com](http://www.carimin.com)