



CARIMIN PETROLEUM BERHAD

201201006787 (908388-K)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTER DISCUSSED AT THE TWELFTH ANNUAL GENERAL MEETING (“12TH AGM”) OF CARIMIN PETROLEUM BERHAD (“THE COMPANY”) HELD AT GREENS III, SPORTS WING, JALAN KELAB TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON MONDAY, 25 NOVEMBER 2024 AT 3:00 P.M.

QUESTIONS RAISED BY THE SHAREHOLDERS DURING THE PRESENTATION BY THE GROUP CHIEF OPERATING OFFICER OF THE COMPANY

Question 1

Please explain more about the project in Banting.

The Banting project has been successfully completed. The project involved an onshore gas pipeline, which is a lateral pipeline connecting the city gates of Petronas Gas to the customer, Lion Group. It was successfully completed one (1) month ahead of the scheduled timeline.

The Company has since been awarded another pipeline project on its own in Plentong.

Question 2

What is the status and turnover capacity of the Kemaman yard?

The Kemaman yard is 95% completed and target for completion is set for the first quarter of next financial year. The yard, constructed on a five-acre plot, has the capacity to handle and execute up to three (3) major contracts simultaneously.

Question 3

With regards to the recent secured contracts for the provision of PAN-Malaysia Maintenance, Construction, Modification (“MCM”) and Hook-Up and Commissioning (“HUC”) services for Sarawak Shell Berhad (“SSB”)/Sabah Shell Petroleum Company Limited (“SSPC”) (Package B5) and Kebangsaan Petroleum Operating Company Sdn. Bhd. (“KPOC”) (Package B9), how do these projects compare in size and margins to previous projects, and are they more favourable in terms of profitability?

These projects are expected to positively contribute to the Group’s earnings. The current scope of work has been expanded to include riser maintenance and HUC, in addition to topside major maintenance and field improvement activities.

The size and margin of these projects are not yet available as the letters of award were recently received, and the kickoff meetings with SSB/SSPC and KPOC have just concluded. Work plans and volumes are still under discussion with the respective oil majors. However, in terms of platform coverage, the scope under SSB/SSPC includes two (2) large platforms in Sabah and several unmanned platforms in Sarawak, with a focus on unmanned facilities in the latter. For KPOC, the coverage includes one (1) large platform. While margins have yet to be finalised, the rates secured for Sabah and Sarawak are relatively higher to correspond with higher operating costs executing projects there.

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Summary of Key Matters discussed at the 12th AGM of the Company held on Monday, 25 November 2024.....cont'd

Question 4

Please clarify on the details of the Plentong project.

The Plentong project is currently in the engineering stage, with a contract value of approximately RM20 million, which is smaller compared to the value of the previous similar projects. However, the project is of significant importance as it marks the Company's first independent entry into the onshore pipeline segment. Previously, the Company collaborated as a joint venture partner and the contract award represents another milestone in its capabilities and strategic growth.

Question 5

Please clarify on the prospects for onshore pipeline projects. Are there any ongoing active tenders in this segment or in other business segments such as MCM, HUC, or onshore maintenance? Please provide an update on the Company's current active tenders?

The onshore pipeline segment is viewed as a positive area for the Company. The focus includes lateral projects and the Peninsular Gas Utilisation ("PGU") Pipeline, with the PGU 1 nearing the end of their lifecycle. Petronas is conducting studies and planning segmental replacements and modifications to address corroded sections of the pipelines. The Plentong project, for instance, involved the replacement of an existing pipeline. Active tenders in the pipeline segment include a Kerteh Rejuvenation Project ("KREJUV") tender, which divides the project into packages covering 30 kilometers of pipelines up to Kemaman.

For onshore projects, in addition to the KREJUV tender, there are tenders for downstream maintenance in plants and onshore upstream projects, including MENA-related work. These ongoing tenders reflect a diverse range of opportunities across the Company's operational segments.

QUESTIONS RAISED BY THE SHAREHOLDERS PERTAINING TO THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 ("FYE 2024")

Question 1

Why was there a reversal of impairment loss in the Group's property, plant and equipment amounting to RM21 million for the FYE 2024?

The reversal of impairment loss complies with the Malaysian Financial Reporting Standards (MFRS), which require all listed companies to mark their assets to market. During periods of market downturn a few years ago, the value of certain assets, including vessels was impaired significantly, resulting in impairments that were recorded based on the lower market value of those assets at the time.

As the market value of vessels improved, companies are permitted to reverse prior impairments and write back the value of these assets to reflect their current market value. This adjustment ensures that the Company's assets are marked to market and accurately represent their value to shareholders. The RM21 million reversal reflects this adjustment, indicating that the assets are valued at their current market price.

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Question 2

Please explain why the capital expenditure for the past two (2) years has increased significantly.

The primary reason for this increase is the commencement of construction on the Kemaman yard. In earlier years, capital expenditure was limited to land acquisition, but the Company has now begun incurring construction costs, with expenditures totaling approximately RM15 million to date.

Additionally, the Company acquired a piece of land in Labuan and is preparing resources for operations at that location. During this financial year, the Company recorded a capital expenditure of RM5.2 million for the land acquisition in Labuan. These activities collectively explain the significant increase in capital expenditure over the past two (2) years.

Question 3

How much is the capital expenditure expected for the financial year ending 30 June 2025 (“FYE 2025”)?

The Company plans to complete the construction of the Kemaman yard during FYE 2025, which is expected to require additional capital expenditure. Furthermore, the Company is in the process of calling for tenders for the Labuan yard. The costs of this Labuan yard are currently being finalised by consultant engineers. A more precise estimate for the capital expenditure will be available in the coming months as further details are confirmed.

Question 4

Does the Company have a dividend policy or a policy on share buyback? Additionally, with current favorable charter rates, has the Company considered declaring a special dividend during this period?

The Company declared a total dividend of 3.5 sen in FYE 2024, compared to 2.0 sen for the financial year ended 30 June 2023. This marks an improvement despite operating profit remaining relatively consistent, reflecting the Company’s commitment to rewarding shareholders.

The Company does not have a formal written dividend policy. However, the Board consistently considers shareholder interests and aims to reward them appropriately. Regarding share buyback authority, shareholder approval was obtained last year, and the Company is seeking renewal of this authority for the current year. The Company evaluates market conditions and, if a suitable opportunity arises, the investment committee with an approved terms of reference execute the share buyback exercise.

Question 5

Carimin is a well-run, profitable, growing and expanding company, but why is there no brokerage coverage?

The Company regularly conducts briefings with investment funds/analyst and plans to have frequent engagements with them to encourage greater coverage. While the Management actively shares business prospects/insights during these sessions, the extent of coverage ultimately depends on them.

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Question 6

Based on the Audited Financial Statements, how much payment has the Company made for the newly acquired fast crew boat (“FCB”)? How much is still pending as of June 2024, and what is the status of the FCB?

The FCB has been completed and delivered and is currently stationed in Kemaman. The Company is in the process of making the necessary preparations, including obtaining all required certificates. The FCB license has recently been obtained, and the Company would actively participate in upcoming bids with the aim of securing contracts for the following year.

Regarding market demand, there is a noticeable gap in the crew boat market and industry. The Company forecasts the need for approximately 100 crew boats next year and beyond. Currently, there are about 60 crew boats available, 50% of which are over 15 years old. In response to the high demand, the Company has entered the crew boat market. The addition of the FCB complements the Company’s marine fleet and enhances its ability to participate in engineering, procurement, construction, and commissioning (“EPCC”) contracts, which require a handling tug supply vessel (AHTS), an accommodation work boat (AWB), and an FCB. With this complete fleet, the Company is better positioned to remain competitive in EPCC projects.

In terms of payment, 70% of the cost was financed, while 30% was paid using internally generated funds.

This summary is reviewed and approved by: -

Lim Yew Hoe
Executive Director
Date: