uzma berhad

annual report 2018

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COVER THEME RATIONALE

At Uzma Berhad,
we believe in the infinite possibilities of our capabilities. In this demanding era, an organization needs to grow with time to remain relevant and sustainable. The cover of our Annual Report this year represents that vision and the spirit of our people in making it a reality. There are endless possibilities of Uzma's future and we are determined to excel in every way possible.

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OUR LEADERS

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uzmaWAY *THE CORE PILLARS OF OUR CORPORATE IDENTITY*

Uzma delivers its visions by adopting a set of unifying corporate values

IAMUZMA

Uzma aspires to be the employer of choice and to be a catalyst for balanced passion towards work and life

OUR SUSTAINABILITY

Uzma is constantly expanding our portfolio and innovative in our business in order to sustain

OUR FINANCE

Uzma's financial performance at Financial Year End - 30th June 2018

CORPORATE INFORMATION

Board of Directors

Datuk Abdullah bin Karim
Independant Non- Executive Chairman

Dato' Kamarul Redzuan bin Muhamed
Managing Director / Chief Executive Officer

Dato' Che Nazahatuhisamudin bin Che Haron
Executive Director

Ahmad Yunus bin Abd Talib
Executive Director

Dato' Dr (H) Ab Wahab bin Haji Ibrahim
Independant Non-Executive Director

Yahya bin Razali
Independant Non- Executive Director

Dato' Hajjah Zurainah binti Musa
Independant Non- Executive Director

Ikhlas bin Abdul Rahman
Independant Non-Executive Director

Audit Committee

Dato' Dr (H) Ab Wahab bin Haji Ibrahim - *Chairman*
Independant Non- Executive Director

Yahya bin Razali - *Member*
Independant Non-Executive Director

Datuk Abdullah bin Karim - *Member*
Independant Non- Executive Chairman

Nominating Committee

Datuk Abdullah bin Karim - *Chairman*
Independant Non- Executive Chairman

Dato' Dr. (H) Ab Wahab bin Haji Ibrahim - *Member*
Independant Non- Executive Director

Yahya bin Razali - *Member*
Independant Non- Executive Director

Ikhlas bin Abdul Rahman - *Member*
Independant Non-Executive Director

Remuneration Commitee

Datuk Abdullah bin Karim - *Chairman*
Independant Non- Executive Chairman

Dato' Dr. (H) Ab Wahab bin Haji Ibrahim - *Member*
Independant Non- Executive Director

Ikhlas bin Abdul Rahman - *Member*
Independant Non-Executive Director

Secretaries

Kang Shew Meng - *(MAICSA 0778565)*
Seow Fei San - *(MAICSA 7009732)*

Registered Office

802, 8th Floor, Block C, Kelana Square
17 Jalan SS7 / 26 , 47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 - 7803 1126 Fax : 03 - 7806 1387

Auditors

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

Stock Exchange Listing

Main Market - Bursa Malaysia Securities Berhad
Listed Since : 29th July 2008
Stock Name : Uzma Stock Code : 7250

Corporate Office

Uzma Berhad
No. 2, Jalan PJU 8 / 8A,
Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 - 7611 4000 Fax : 03 - 7611 4100
Email : malaysia@uzmagroup.com
Website : www.uzmagroup.com

Share Registrar

Symphony Share Registrars Sdn. Bhd. *(378993-D)*
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A / 46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 - 7841 8000 Fax : 03 - 7841 8151

Principal Banks

Alliance Bank Malaysia Berhad *(88103-W)*
Ground & 1st Floor
No. 2, Jalan Murni 25 / 61
Taman Sri Muda, Seksyen 25
40400 Shah Alam
Selangor Darul Ehsan
Tel : 603 - 5121 9336 Fax : 603 - 5121 9373

AmBank (M) Berhad *(8515 - D)*
Level 1 Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603 - 2026 1014 Fax : 603 - 2026 6980

AmBank Islamic Berhad *(295576 - U)*
Level 1 Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603 - 2026 1014 Fax : 603 - 2026 6980

Citibank Berhad *(297989-M)*
Menara Citibank
No. 165, Jalan Ampang
50400 Kuala Lumpur
Tel : 03 -2383 0000 Fax : 03 - 2383 6666

HSBC Amanah Malaysia Berhad *807705 - X)*
No. 2, Leboh Ampang
50100 Kuala Lumpur
Tel : 603 - 2165 9693 Fax : 603 - 2031 0942

Maybank Islamic Berhad *(787435 - M)*
Menara Maybank
No. 100, Jalan Tun Perak,
50050 Kuala Lumpur
Tel : 603 - 2074 8946 Fax : 603 - 2715 9442

OCBC Al-Amin Bank Berhad *(818444 - T)*
No. 60, Vista Magna, Jalan Prima Metro Prima Kepong
52100 Kuala Lumpur
Tel : 03 - 6252 2228 Fax : 03 - 6258 0888

RHB Islamic Bank Berhad *(680329 - V)*
RHB Centre
No. 426, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03 - 9281 3030 Fax : 03 - 9287 4173

RHB Bank Berhad *(6171 - M)*
RHB Centre
No. 426, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03 - 9281 3030 Fax : 03 - 9287 4173

Standard Chartered Bank Malaysia Berhad *(115793 - P)*
RHB Centre
No. 36, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603 - 2721 5501 Fax : 603 - 2142 9733

NOTICE OF THE ELEVENTH (11TH) ANNUAL GENERAL MEETING

UZMA BERHAD (796866-V) (Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Damansara Performing Arts Centre (DPAC) Hall, Level G, Empire Damansara, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 12 December 2018 at 10.00 a.m. to transact the following businesses:-

AGENDA

1 To receive the Audited Financial Statements for the financial period ended 30 June 2018 and the Reports of Directors and Auditors thereon.

2 To approve the payment of Directors' fees and benefits to the Non-Executive Directors of RM 215,600 for their services from 1 January 2017 until 12 December 2018 in excess of the current approved limit. *Ordinary Resolution 1*

3 To approve the payment of Directors' fees and benefits to the Non-Executive Directors up to an amount of RM 500,000 for their services from 13 December 2018 until the next annual general meeting of the Company. *Ordinary Resolution 2*

4 To re-elect the following Directors who retire in accordance with Article 77 of the Company's Constitution :-

(i) Dato' Hajjah Zurainah binti Musa *Ordinary Resolution 3*
(ii) Dato' Che Nazahatuhisamudin Bin Che Haron *Ordinary Resolution 4*
(iii) Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim *Ordinary Resolution 5*

5 To authorise the Directors to appoint auditors and to fix their remuneration. *Ordinary Resolution 6*

6 To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

(A) **AUTHORITY TO ALLOT SHARES**

"THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting 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 pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being." *Ordinary Resolution 7*

(B) **PROPOSED SHARE BUY-BACK MANDATE**

"THAT subject always to the Companies Act 2016 ("Act"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("Shares") through Bursa Securities, subject to the following:- *Ordinary Resolution 8*

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued Shares of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner as the Directors of the Company may decide:-

(i) cancel the Shares so purchased; or

(ii) retain the Shares so purchased as treasury shares; or

(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder of the Shares/treasury shares; or

(iv) distribute the treasury shares as dividends to shareholders; or

(v) resell the treasury shares or any of the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or

(vi) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme; or

(vii) transfer the treasury shares or any of the treasury shares as purchase consideration; or

(viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

7 To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya
31 October 2018

Notes:

1 Proxy

1.1 Only depositors whose names appear in the Record of Depositors as at 3 December 2018 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

1.2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any persons to be his proxy.

1.3 A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.

1.4 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 but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

1.5 Where a member of the Company is an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an 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.

1.6 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

1.7 The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.

2 Audited Financial Statements for the Financial Period Ended 30 June 2018

The shareholders' approval on the Audited Financial Statements are not required pursuant to the provisions of Section 340(1) of the Companies Act 2016 ("Act"), hence, the matter will not be put for voting.

3 Ordinary Resolution 1 & 2 : Directors' fees and benefits payable to the Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 11th Annual General Meeting ("AGM") on the Directors' fees and benefits.

*The shareholders, at the 10th AGM held on 7 June 2017 has approved the payment of Directors' fees and benefits of up to RM900,000.00 from 1 January 2017 until the Company's next AGM ("**2017 Approved Limit**"). Due to the change of Company's financial year end from 31 December to 30 June, the total amount of Directors' fees and benefits from 1 January 2017 until the date of this AGM was amounted to RM 1,115,600, of which RM 215,600 was in excess of the 2017 Approved Limit ("Excess Amount"). Accordingly, specific shareholder approval will be sought at the 11th AGM for the payment of the Excess Amount (Note: Ordinary Resolution 1).*

The Directors' fees and benefits payable to the Non-Executive Directors from 13 December 2018 until the conclusion of the next AGM is estimated not to exceed RM 500,000, breakdown as follows (Note: Ordinary Resolution 2) :-

- *Directors' Fees : RM 468,000*
- *Directors' Benefits : RM 20,000*

The Directors' benefits payable to the Non-Executive Directors are essentially the meeting allowance for attendance of Board/Board Committee meetings. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' fees and benefits is insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

4 Ordinary Resolution 6: Authority to appoint Auditors

Messrs Crowe Malaysia has expressed their intention not to seek for re-appointment as Auditors of the Company at the 11th AGM and their term of office shall cease at the conclusion of the 11th AGM pursuant to Section 273(b) of the Companies Act 2016.

As at the date of printing of this Annual Report, the Board is still in the midst of finalising the nomination of new auditors. The Company will notify the shareholders the name of the new audit firm as soon as the nomination is finalised and completed. This proposed Ordinary Resolution 6 is to seek the authority from the shareholders for the Directors to appoint auditors and to fix their remuneration.

5 Ordinary Resolution 7: Authority to Allot Shares

The Proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

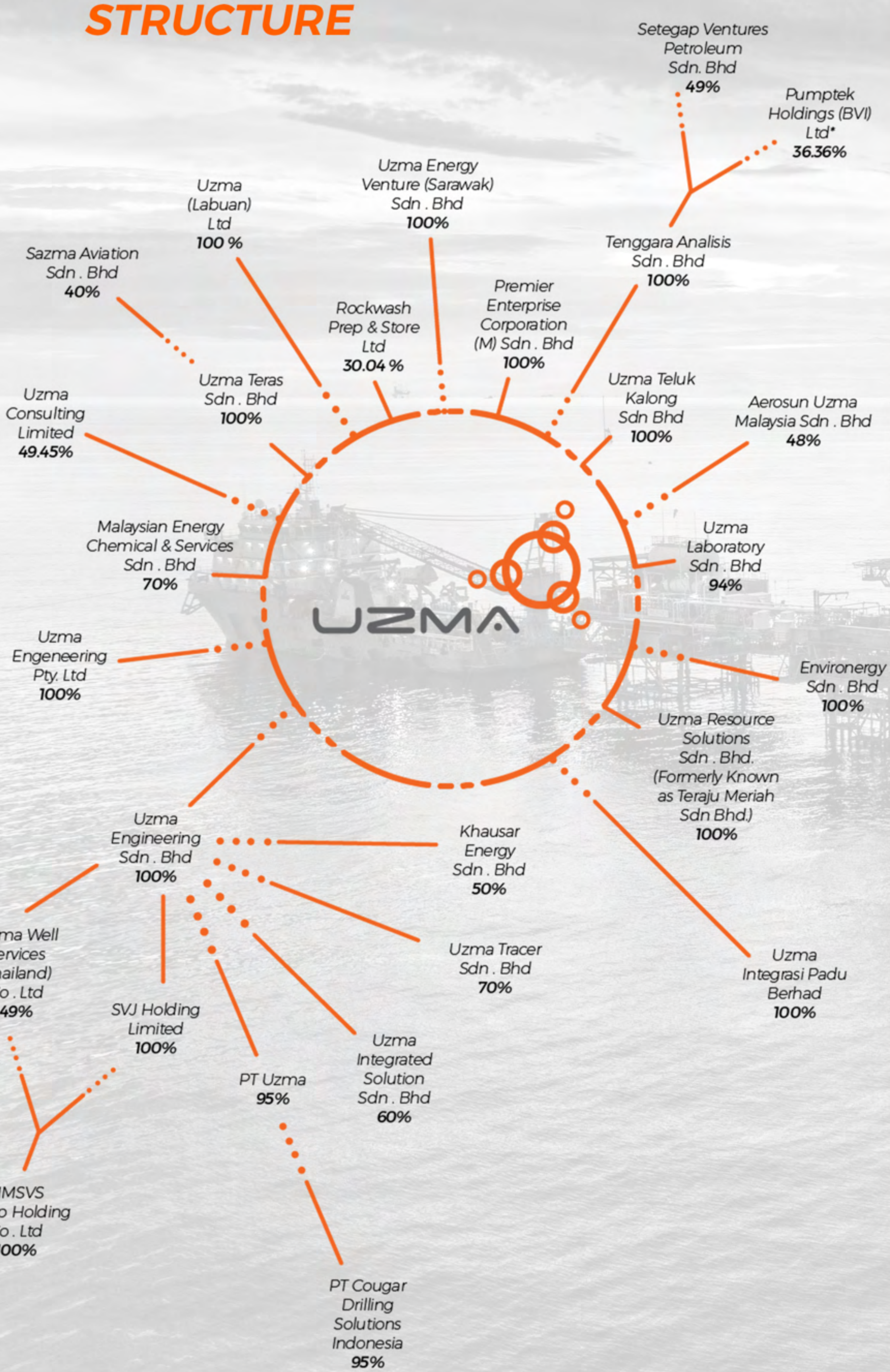
The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowing and/or acquisitions.

As at the date of printing of this Annual Report, 29,093,500 ordinary shares ("Shares") at an issue price of RM1.70 per share were allotted and issued on 14 June 2017 pursuant to the authority granted to the Directors at the 10th Annual General Meeting held on 7 June 2017, which will lapse at the conclusion of the 11th Annual General Meeting. The said Shares were allotted and issued in relation to the Private Placement exercise undertaken by the Company.

6 Ordinary Resolution 8: Proposed Share Buy-Back Mandate

The proposed Ordinary Resolution No. 8, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Share Buy-Back Mandate is set out in the Statement to Shareholders dated 31 October 2018, which is despatched together with the 2018 Annual Report.

CORPORATE STRUCTURE



* This has been classified as other investment in financial reporting.

WHO WE ARE, WHAT WE DO

OUR MISSION

We are a group of synergized companies providing effective and efficient solutions to the regional oil, gas and energy industry. We deliver our promises with unsurpassed safety, quality and sustainability by exploring and pushing the limits of our capabilty without fear of failure.

WHAT WE ASPIRE TO BE

OUR VISION

We aspire to be a global energy and technology leader providing utmost quality of life to citizens of the world

THE uzmaWAY

HEALTH & SAFETY

- Positive Health & Safety Culture
- Peace of Mind

PEOPLE

- Respect
- Competent
- Leadership
- Teamwork
- Innovation
- Humble
- Passion

QUALITY

- Proactive
- Agile
- Efficient
- Cost Effective
- Exceed Requirements
- Continual Improvement

INTEGRITY

- Ethical
- Corporate Governance

ENVIRONMENT

- Co-exist
- Preserve
- Minimal Environmental Footprint

THE uzmaWAY

Uzma is an integrated group of companies that provide cost effective solutions to the oil & gas industry at every step in the exploration, development and production value chain. We are driven by the aspiration to exceed our stakeholders' expectations. We deliver this aspiration by adopting a set of unifying corporate values, known as the **uzmaWAY**, which forms the core pillars of our corporate identity and culture throughout our organization.

HEALTH & SAFETY

Uzma believes in providing a healthy, secure and safe working environment in all of our operations and activities regardless of where we are on the globe. Positive health and safety culture are inculcated into our organization. Our stakeholders and all their loved ones shall have peace of mind knowing that they are in good hands all the time.

PEOPLE

Uzma aspires to be the employer of choice and to be a catalyst for a balanced passion towards work and life. We nurture leadership, teamwork and innovation in achieving our common goals. We develop personal and professional competency of our people. We remain humble and exude positive attributes in communicating with our stakeholders.

QUALITY

Uzma embraces pro-activity and cost effectiveness in planning, executing and continously improving our deliverables to exceed every expectation of our stakeholders. We ensure that our people are efficient and effective in executing their responsibilities. We possess the agility to quickly adapt to stakeholders' expectation and we strive to be the best in everything we do.

INTEGRITY

Uzma adopts the highest standards of personal and professional integrity in executing its business activites within the organization and externally to the organization. We are committed to ethical business practices and good corporate governance in order to be an exemplary corporate citizen.

ENVIRONMENT

Uzma believes in co-exisiting with and preserving the environment. Our stakeholders can rest assured that we constantly do our very best to make sure that we leave minimal environmental footprints in every activity we do on this precious planet.

These core values are embraced, practiced and demonstrated by everybody in the organization. Realizing that we are only as strong as our weakest link, we ensure that our employees, partners, consultants and supply chain fully understand and voluntarily subscribe to the

uzmaWAY

UZMA IN A

SNAPSHOT

ESTABLISHED IN

2000

>1000

CONSULTANTS

OVER

60

INTERNATIONAL CLIENTS

IN OVER

36

COUNTRIES WORLD WIDE

>800

EMPLOYEES

PERFORMANCE AT A **GLANCE**

FROM RM 27.09 MIL

TO RM 43.80 MIL

(1) PROFIT AFTER TAX

61.68% *INCREASE*

FROM RM 471 MIL

TO RM 542 MIL

REVENUE

15.07 % *INCREASE*

FROM 9.31 CENTS

TO 14.11 CENTS

(1) ADJUSTED EARNINGS PER SHARE

51.56 % *INCREASE*

Adjusted earnings per share is calculated based on the Group's profitable attributable to owners of the company (excluding unrealized gain or loss on foreign exchange) divided by the weighted average number of ordinary shares in issue during the financial year.

(1) *Excluded the unrealized foreign exchange gains / losses.*

OUR **STORY**

Uzma is an integrated group of companies providing innovative and cost-effective solutions to the exploration, development and production value chain of the oil and gas industry. Integrating its core strengths throughout the region, Uzma is capable to **Find**, **Connect** and **Produce** it's clients' hydrocarbon asset with the most efficient solution, delivering unsurpassed quality and safety to ensure peace of mind of all its valued stakeholders.

In assisting its clients to "**find**" their potential asset, Uzma provides the full array of Geoscience and Petroleum Engineering solutions, backed up by its capable Analytical & Descriptive Laboratory services and High-Performance Computing capabilities. In helping its clients to "**connect**" their hydrocarbon asset surface, Uzma offers Drilling Project Management, Directional Drilling solutions and Hydraulic Workover capabilities. In supporting its clients to "**produce**" their valuable black gold, Uzma excels in Low Pressure System enhancement, Water Injection, Wireline & Slickline operations and Coiled Tubing & Cementing services. These are only a few examples of Uzma's core competencies.

With a diverse team across the region, Uzma banks on its most valuable asset – its people; to consistently deliver high quality results at the best possible cost while ensuring uncompromised safety. Firmly in the foundation of the company is the **uzmaWAY**, which sets the core pillars of the Uzma's excellent-centric culture and identity.

The **uzmaWAY**'s emphasis on innovation and dare to fail philosophy has helped the organization to grow exponentially from strength to strength despite the challenges of the ever evolving industry. Today Uzma has its presence felt globally and is still growing and innovating new solutions to ensure a sustainable ecosystem for all the industry stakeholders.

Talk to Uzma for your Peace of Mind. We are listed on the KLSE Main Board under the name UZMA BERHAD or visit our website at WWW.UZMAGROUP.COM.

SERVICE
OVERVIEW

TECHNOLOGY SOLUTIONS

- Integrated Study Centre
- Seismic Acquisition
- Seismic Processing 2D/ 3D
- Artificial Lift
- Electrical Submersible Pump
- Turbo Gas Lift
- Reservoir Description and Laboratory
- Software Development
- Tracer Reservoir Characterization

WELL SOLUTIONS

- Drilling Project Management
- Hydraulic Workover Unit
- Plug and Abandonment
- Rigless Marine Services
- Directional Drilling Services
- Fishing Tools and Services
- Drill Bits
- Advanced Management System
- Well Testing
- Wireline Services
- Well Pumping, Coiled Tubing and Cementing

PRODUCTION SOLUTIONS

- Advanced Production Enhancement System
- Water Injection Facilities
- Portable Water Injection Module
- Sand Management System
- Gas Handling System
- Early Production Facilities
- Operations and Maintenance
- Production Chemicals

RESOURCE SOLUTIONS

- Consultant Placement
- Managed Manpower
- Recruitment
- Inspection Services

OTHER SOLUTIONS

- Mechanical and Rotating Equipment Products
- Personal Tracking System
- KALIS ™ Fire Retardent Garments
- Supply of Equipments and Consumables
- Logistics
- Engineering, Procurement, Construction, Installation &
- Maintenance, Construction and Modifications (MCM)
- Aviation Services
- Construction Services

HEALTH & SAFETY PERFORMANCE

As one of the five core values under the **uzmaWAY**, Health & Safety is integral to all activities within the organization. Good health & safety practices have been moulded into every Uzmarians from the first day he or she reports for duty at Uzma. All Uzmarians will have to undergo the **uzmaWAY** induction followed by a more elaborate Health, Safety and Environment (HSE) induction. These two-way induction sessions along with other monthly HSE meetings throughout the year are part of the programs to embed a positive HSE culture within our employees. For the purpose of this Annual Report, the environmental element of HSE shall be addressed in detail in the Sustainability section of this Annual Report, while this section shall only focus on the health and safety aspect.

At the highest level, Uzma has its Health and Safety Policy, followed by its Stop Work Obligation and Substance Abuse Statement. In Uzma, we require all employees and its supply chain to comply to our Corporate Safety Rules, better known as the uzmaSAFE.

- Follow Sites / Hosts Safety Rules Wherever You Are.
- Never Override or Disable Safety Critical Equipment (SCE) Without Authorization.
- Adhere to and Practice PTW and JSA/JHA.
- Beware of all Hazards, Energy, Radiation, Flame, Electrical, Chemical, Suspended Load, Pinch Points, sharp objects, slips, trips & falls.
- Use Proper PPE & Tools.
- Do not bring Ignition Sources and Do Not Smoke in Unauthorized Areas
- Follow Traffic Rules & Speed Limit. Buckle Up. Do Not Use Handphone While Driving.
- Pause or Stop Work if Necessary.

uzmaSAFE

Corporate Safety Rules

Figure 1: The uzmaSAFE, Corporate Safety Rules

In Uzma, we practice zero tolerance and strict consequence management policy should there be a non-compliance issue to the uzmaSAFE program. In fiscal 2018, there were two uzmaSAFE violations by our staff – (1) an employee had answered a call while driving and (2) the employee failed to submit an approved Permit to Work (PTW) while running a non-routine maintenance work. These incidents had been dealt with appropriately and lessons were learnt. More importantly, on the other side of the coins of being reactive, Uzma practices an extensive and proactive HSE programs to ensure awareness, compliance and a culture of ensuring safety not only on oneself, but also on all possibly affected stakeholders around oneself. In fact, Uzma focuses its efforts on proactive programs and indicators far more than on reactive indicators.

The starting point of our proactive program and indicator is the Enterprise Risk and Opportunity Management (uzmaEROM) HSE Committee, consisting of our Executive Committee as well as representatives from both management and employees of the company. This committee is responsible specifically for all HSE-related risk management. Risk Registers are being developed at project levels via Hazard Identification (HAZID) workshops where risks are appropriately identified, analysed and treated to ensure safety of all our stakeholders.

Compliance to all related regulations and clients' requirements and expectations had been ensured by regular legal and contractual requirements review which had been carried out annually at projects and corporate levels by specialized and DOSH-certified Safe and Health Officers (SHOs). On conformance to the Occupational Health and Safety Management System (OHSMS) OHSAS18001 and Environmental Management System (EMS) ISO14001 standards as well as to our own Integrated Management System (IMS), our team of internal auditors have carried out internal audits following our 2017/2018 audit plan. We have complied 100% to all applicable regulations and requirements in the fiscal 2018.

We are aware that the people facing the most risk are our front-liners – our crews who are working hard in offshore and onshore worksites and facilities across the region. One of our key objectives in fiscal 2018 was to ensure that we organize face-to-face engagements with all of our crews at least once per year. These engagements are not similar to our ordinary operational day-to-day engagements as it is championed by our management with a broader corporate agenda of demonstrating to our crews that the company are concerned about their safety and well-being as they are one of the most important stakeholders in our business. All of the engagements were recorded via our HSE Engagement Report (HERO) and they carried consistent agenda such as the promotion of Safety Rules (clients' and Uzma's), health & safety campaigns, heart-to-heart feedbacks and contemporary lessons learnt and safety bulletin within the industry. We managed to exceed our target by engaging face-to-face with our front-liners, on the average, more than twice in fiscal 2018.

As Health and Safety initiatives are the responsibilities of each and every one of our Uzmarians, we held proactive programs where people were expected to voluntarily help the company to identify hazards or threats to safety via a program called "Hazard Identification Report" (HIR) for all office-based staff and "Unsafe Conditions, Unsafe Acts" (UCUA) reports for offshore and worksite-based crews. Since its inception, we had seen increased interests and participation from our people over the years. The HIR program had been put online via our uzmaHSE (UHSE) portal for our staff's convenience, hence, enabling our people to report hazards anywhere and anytime as long as they have access to the internet. On top of the UHSE portal, there are other alternative channels to submit the HIR via hardcopy and email. For fiscal 2018, we had received and acted on 2,238 HIR submissions from our office-based employees and an all-time high of 24,883 UCUA submissions from our offshore crews. With a force of 730 staff in fiscal 2018, this translates to an average of 37 proactive reporting per employees, or about 3 reports per employee per month.

Other important proactive indicators (leading indicators) for fiscal 2018 are:

- Reported Near Misses: 7 cases
- HSE Plan Execution: 93%
- Site HSE Meetings: 172 meetings
- Site Management Visits: 57 visits
- Site HSE Inspections: 194 inspections
- Operational Drills: 87 Drills (Emergency, Fire)

On a more traditional reactive indicators (lagging indicators), we had recorded zero (0) Loss Time Incident (LTI) with a cumulative 576 LTI-Free days or equivalent to 2,336,945 LTI-Free manhours up to 30 June 2018. To put this into context, we had 2,218,477 manhours in fiscal 2018 alone. We had only two (2) First Aid Cases (FAC), down from three (3) cases in 2016, while Medical Treatment Cases (MTC) were reduced to five (5) from seven (7) cases the previous year.

To promote a healthy lifestyle amongst its employees, Uzma's HSE department had launched a company-wide "BIGGEST LOSER" competition in late 2017 which serves to promote a year-long "ideal-body-weight" campaign. The goal of the campaign was to identify the employee who had shed the most body fat who will be crowned the winner by early 2019. The winner shall serve as Uzma's ambassador to campaign for a healthy lifestyle amongst its peers. Overall, fiscal 2018 had been a very good year for Uzma in keeping its people healthy and safe.

In conclusion, Uzma understands that Health and Safety is one of the most important aspect to be proactively managed in ensuring our sustainability and we believe that we have put sufficient focus and resources in managing and continually improving our health, safety and environment programs in fiscal 2018.

CHAIRMAN'S
FOREWORD

DATUK ABDULLAH BIN KARIM
NON-EXECUTIVE CHAIRMAN & INDEPENDENT DIRECTOR

Chairman's **Foreword**

"However, the measure of a good organization is not in its ability to always return better results year in and year out, especially during uncertain times; but instead could be reflected in how well and how quickly the organization could rise from its fated turmoil and take charge in pursuing its course without fear of failure"

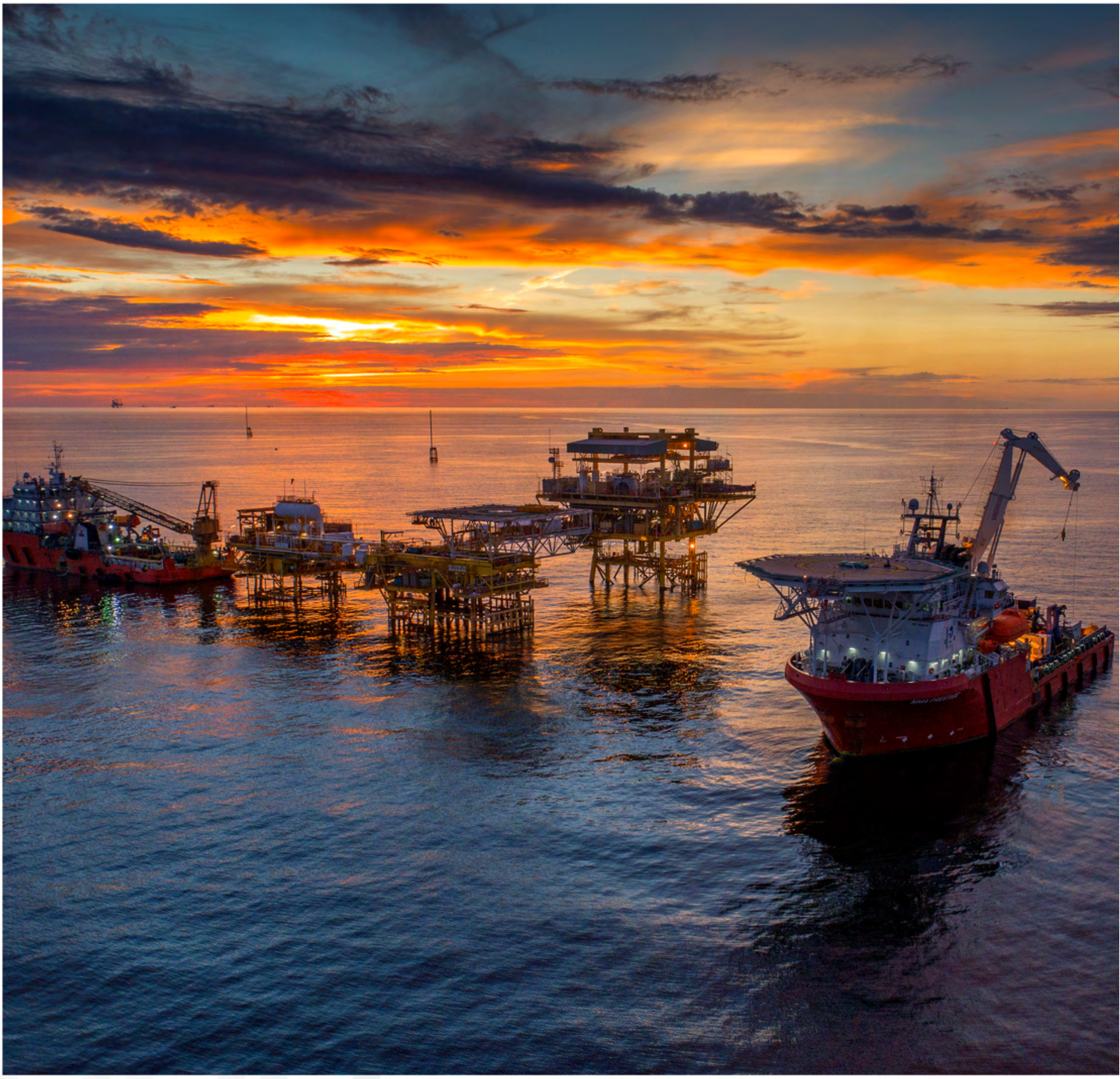
Dear Fellow Stakeholders,

As I reflect as to when Uzma was strategizing and gearing into action for fiscal 2018, I am able to recall the oil price which was slightly above USD50 per barrel (Brent); the first time it hit that band since it went below USD50 back in August 2015. With a considerable strong performance in the previous fiscal 2016 (given that the oil price spiralled down to a recent-record low of USD29.80 in Jan 2016 and hovering mostly below USD50 for the rest of the year), we went into fiscal 2018 with an extra cautious manner. Due to the unstable rates of the oil price, the company's operations had undergone a cost optimization, sustainability assessment and capital discipline regime in fiscal 2018.

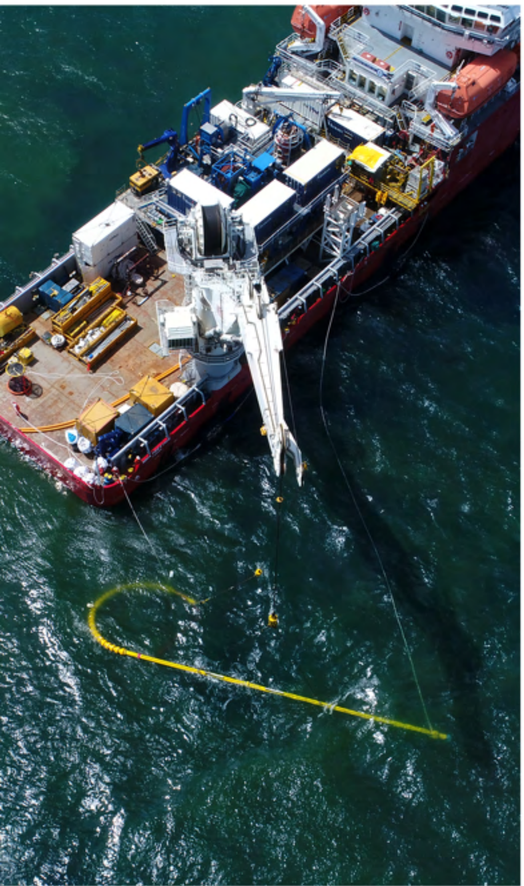
Although, our financials were not as decent as the previous fiscal year, overall, I am nevertheless pleased with Uzma's performance in fiscal 2018. However, the measure of a good organization is not in its ability to always return better results year in and year out, especially during uncertain times; but instead could be reflected in how well and how quickly the organization could rise from its fated turmoil and take charge in pursuing its course without fear of failure. Now, more than ever, Uzma needs to take a step back and review its portfolios and core competencies and define its company vision in order to be sustainable. This is the very reason why I am contented with Uzma's leadership – for they have been quick to realize the challenges ahead and have effectively put its resources and plans in place to ensure the company will rise from this temporary pause in growth.

The prolonged downturn in the global oil and gas industry have seen companies cutting down on their up-stream activities. This has resulted in increasing gap between supply and demand. Hard data from reliable sources have suggested that by the end of 2015, the demand for oil had exceeded supply and this trend has continued well into fiscal 2018. Understandably, this has been the key driver for the steady increase in the oil price. As I am writing today, the current oil price is well above USD72 per barrel, after hitting a recent-high of USD79.50 per barrel on 23rd May 2018. While we need to quickly position ourselves to gain from this recovery, I am contented that Uzma is taking proactive actions and initiatives under the Uzma Five-Year Plan (uzma5YP) to diversify into other capabilities in order to sustain our growth well into the future.

Based on the global market outlook on renewable energy, which includes wind, solar, geothermal, biomass and biofuels, Uzma's leadership team is now developing a plan to position the organization to fit into the new world energy order. Hence, we have to accept the fact that the demand for oil might have reached its plateau that gives way for cleaner energy which shall be led by the new generations.



Chairman's **Foreword**



THE 5 YEAR PLAN

If I were asked what was most memorable about fiscal 2018 despite other urgent executions for Uzma, it was the development of a more structured sustainability program for our operations. Even though it was not on the Board's formal agenda, I am pleased to share with you that our sustainability initiative, under the Uzma Enterprise Risk and Opportunity Management (uzmaEROM) program, has looked into the issues of sustainability in fiscal 2018 which had resulted in the development of the Uzma Five-Year Plan (uzma5YP) initiative. I was truly excited when Dato' Kamarul announced this new company initiative during his Town Hall Meeting in June 2018. I am confident our people are excited too as we are confident that by 2023, Uzma will have transformed into a bigger and better company.

At the time of writing, I am happy to inform that Uzma has formed a new department called the Transformation Division whose roles are to champion all transformation agenda and ensuring the uzma5YP will be success. The uzma5YP, which is launching in fiscal 2019, will specifically address the challenges ahead.

ACKNOWLEDGEMENT

To the people of Uzma, I would like to thank you for your continuous hard work and dedication in building our company. On behalf of the Board, I would like to express our sincerest gratitude to our clients, supply chains and shareholders for your continued support and trust in Uzma's operations.

DATUK ABDULLAH BIN KARIM
Non-Executive Chairman &
Independent Director

CHIEF EXECUTIVE OFFICER

REVIEW OF OPERATIONS

DATO' KAMARUL REDZUAN BIN MUHAMED

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

CEO **Review of Operations**

We also realized while we were executing the improvement actions that we need to embrace better technology and automation in putting our processes real-time onto on-line systems. These two areas are our top priorities for the business improvement activities in the coming year.

INTRODUCTION

We marched into the New Year, 2017, more cautiously than we did the year before, rightfully so. I remember being more optimistic throughout 2016 compared to the entire 2017, as the entire oil and gas industry went into a phase which I had termed as a "*delayed recovery*".

Before I go into detail on our operational performance, note that we are reporting an eighteen (18) months fiscal this year in line with the change of our fiscal year cut-off from Jan-Dec to July-June. In this Annual Report, we are comparing our performance from fiscal year Jan - Dec 2016 versus fiscal year Jan 2017 - June 2018.

FINANCIAL PERFORMANCE

Our revenue grew 15.0% from RM471.05mil in 2016 to RM541.87mil in the new fiscal ending June 2018. If we do a quick normalization, this translates into a continuing decrease in revenue since we are reporting an 18 month fiscal as compared to the previous 12 months fiscal in 2016. Continuing, because we shrunk by about 7.0% the year before marching from 2015 into 2016. Our profit after tax (PAT) decreased 35.2% from RM44.12mil in 2016 down to RM28.60mil – and that, without even normalizing them to a similar 18-month basis. This can be seen in our earning per share, which had contracted some 37.0% from 13.52 cents to only 8.52 cents. It is sufficient to say that our cautious strategy when we celebrated the New Year 2017 were justified. However, the most important question is whether we were right in the execution of our strategy from the dim outlook?

OPERATING UZMA

Our operational **Health, Safety and Environment (HSE)** indicators have improved despite the decline in earnings. We did not have any Lost Time Injury (LTI) in fiscal 2018. We only had 3 First Aid Cases (FAC) and we have learnt from them. Proactive indicators such as the Unsafe Conditions and Unsafe Acts (UCUA) reporting grew to an all-time high at 24,883 submissions from all of our worksites. This has been an excellent indicator that our crews and contractors have been more aware of the hazards around them and were executing their duties to report and intervene. As a result, their work place were made safer for all.

Production Solutions, offering core capabilities in Low Pressure System (LPS) and Water Injection, has remained our key contributor in terms of both revenue and profitability throughout the fiscal 2018. The biggest challenge in this division, however, has been to keep its " *knight in the watery armour* " - our ***Marsya* - Mobile Water Injection Facility (WIF)**, to continue to be profitable in its 3rd year of operation with more than 95% uptime and 0 LTI. In addition, the stiff competition in LPS service has also proven to be a challenge as we found ourselves not continuing our expiring LPS contracts.

Wells Solutions, offering core competencies in Hydraulic Workover, Wireline, Directional Drilling, Drilling Project Management, and Plug & Abandonment has strengthened its footing in the local scene, as well as the immediate-regional scene in Indonesia and Thailand. Our Coiled-Tubing solutions, operated by our associate company, Setegap Ventures Petroleum Sdn. Bhd. (SVP) has also successfully ventured into its maiden project in the Philippines.

Projects, which saw our bold venture into Hook-Up and Commissioning of Non-Metallic Pipeline (NMP) with a partner from China was completed and now awaiting performance results from the client. We executed this well within the scope and timeframe expected of us. If the operational performance of the NMP results well within its expected functionality, we are looking at the possibility of being a key player in replacing the ageing conventional Metallic Pipelines in the region in the near future.

The lesson learned in terms of our operational performance in fiscal ending June 2018 is that our organization needs to practice strict capital discipline and solidify our sustainability program.

DISCIPLINING UZMA

In terms of cost management, staff costs has continued to be one of the main challenges in Uzma, creeping up steadily since 2012. We have dealt with this to some extent in fiscal 2018 by freezing new employment. We are however, mindful that we need to find the right balance since on the other side of the equation, we are working hard to attract and retain good talents in the company.

CEO **Review of Operations**

SUSTAINING UZMA

Bracing ourselves with the continuing uncertainty of 2017, our Risk Management Program which includes sustainability governance and initiatives, identified multiple focus areas to further develop, spanning across financial, core competency, technology and people.

In addition to our Risk Management Program, our leadership team has developed a look-forward program called the "Uzma Five Year Plan" or "uzma5YP". We spent the entire first half of fiscal 2018 identifying key risks and opportunities, then developing our resultant five-year plan. The uzma5YP was developed to address every risks and opportunities which we have collectively identified as top priorities for us to act on in the next 5 years. We communicated this new initiative company-wide during our Townhall 2018 in back in June and I am happy to report that we are ready to roll-out the program starting fiscal 2019 under a newly formed function of Corporate Transformation group.

Closer partnership and cooperation with the supply chain had helped in managing quality, safety and costs of our deliveries to clients. We have managed to overcome the challenges we encountered in 2017 due to our cash flow issues. We thank our partners and supply chain for having faith and patience with us during this difficult time.

Performance enhancement in our project delivery both at the forefront of new projects and existing projects have had a fair share of success and failures. We took actions on anticipating problems before they occur, improving maintenance of our equipment, reacting efficiently to line-down situations, amongst other initiatives. We found out that we have not been innovative or brave enough to challenge the status-quo even though we have a handful of data showing that we could significantly save costs by substituting strategic equipment, spare parts or disposables. We also realized while we were executing the improvement actions that we need to embrace better technology and automation in putting our processes real-time onto on-line systems. These two areas are our top priorities for the business improvement activities in the coming year.

PUSHING UZMA

The uzma5YP, which clearly outlines key measurable indicators to be achieved in stages within the next 5 years (July 2018 to June 2023) are now the living program in Uzma which serves as the basis for our annual objectives moving forward. These key yardsticks, spanning across financial resilience, core portfolios, technology pursuit and people empowerment, are now actively developed and continuously measured to ensure that we are on the right track to be the company that we aspire to be in the year 2023. We will keep you updated on our uzma5YP in our future Annual Reports.

Thank you for your continuing support. We look forward to take the challenges in fiscal 2019 head-on and return you an "expedited recovery" and better performance in our next encounter.

DATO' KAMARUL REDZUAN BIN MUHAMED
Managing Director and Chief Executive Officer

BOARD OF DIRECTORS

- None of the directors has any family relationship with each other and/or major shareholder of the Company
- With the exception of the Companies Commission of Malaysia's compounds imposed on Dato' Kamarul Redzuan Bin Muhamed for late disclosure on changes of his interest as substantial shareholder of the Company, none of the directors has any conviction for offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

- With the exception of Dato' Dr. (H) Ab Wahab bin Haji Ibrahim, Encik Yahya Bin Razali, Datuk Abdullah Karim and Dato' Hajjah Zurainah binti Musa, none of the directors hold any directorship in other public companies.
- The Director's holdings in shares of the Company are disclosed in the Analysis of Shareholding section of the Annual Report.
- None of the directors has any conflict of interest with the company.

DATUK ABDULLAH BIN KARIM

Independent Non-Executive Chairman

Age 66 | **Nationality** Malaysian

Date of Appointment

- 25 August 2016 as a Member of the Board
- 30 August 2018 as the Chairman of the Board

Board Commitee Memberships

- Chairman of Nominating Committee of Uzma Berhad
- Chairman of Remuneration Committee of Uzma Berhad
- Member, Audit Committee of Uzma Berhad

Directorship in Other Public Companies and Listed Issuers

- Independent Non-Executive Director, Yinson Holdings Berhad
- Independent Non-Executive Director, Ranhill Holdings Berhad
- Independent Non-Executive Director, Icon Offshore Berhad

Working Experience and Occupation

Prior to his retirement in June 2016, Datuk Abdullah joined PETRONAS in 1977 and has over 39 years' experiences in the oil and gas industry. Having served as Project Engineer (1981) and General Manager, Engineering Division (1991) in PETRONAS Carigali Sdn. Bhd., he was responsible for petroleum engineering, drilling and facilities development. He became the Executive Assistant to the President of PETRONAS in 1994, after which he was appointed Managing Director/ Chief Executive Officer of OGP Technical Services Sdn. Bhd., a project management consultancy company of PETRONAS from 1995 to 1999.

In 1999, he assumed the position of Managing Director/Chief Executive Officer of Malaysia LNG Group of Companies, and was responsible for construction of the third LNG plant, marketing of LNG and operations the of PETRONAS LNG Complex in Bintulu before his appointment as Vice President, Exploration & Production Business in 2004. In March 2007, he was appointed as Vice President PETRONAS and Managing Director/Chief Executive Officer of PETRONAS Carigali Sdn. Bhd., a wholly owned subsidiary of PETRONAS involved in the exploration, development and production in Malaysia as well as in 23 countries worldwide. In July 2010, Datuk Abdullah was appointed as the President/Chief Executive Officer of PETRONAS Carigali Sdn. Bhd., until 2012, after which he was appointed as the Vice President and Venture Director of Domestic LNG Projects until his retirement on 1 July 2016.

Academic / Professional Qualification

- Bachelor of Sciences in Mechanical Engineering, University of Western Australia, AUS.
- Diploma in Gas Engineering, Illinois Institute of Technology, USA

DATO' KAMARUL REDZUAN BIN MUHAMED

Managing Director / Chief Executive Officer

Age 46 | **Nationality** Malaysian

Date of Appointment

- 21 May 2008 as a Member of the Board

Board Commitee Memberships

- Nil

Directorship in Other Public Companies and Listed Issuers

- Nil

Working Experience and Occupation

Having worked as a reservoir engineer on an integrated reservoir engineering study in the United States of America before returning to Malaysia in 1995, Dato' Kamarul Redzuan is well equipped to face the challenges of the industry. In Malaysia, he started his career as a Facilities Engineer in Esso Production Malaysia Inc. (EPMI) where he worked on a number of offshore projects. To further expand his horizon, he joined Sedco Forex, a leading international Drilling Contractor. He later joined Smedvig Technologies Sdn. Bhd. ("Smedvig") as a Technical Representative where he helped spur exciting growth in the organization which landed him a fast-tracked promotion to become the Business Development Manager for the Asian Division. During his tenure, he established and maintained good relationships with PETRONAS and other PSCs securing multi-million dollar contracts for Smedvig across the region.

Maintaining his momentum, he was instrumental in setting up Roxar Sdn. Bhd.'s ("Roxar") KL operations and later putting in a launch pad to become the regional office and hub when Roxar acquired Smedvig. Armed with experiences from large multinational like ExxonMobil, Smedvig and Roxar, he saw the need for a Malaysian oil and gas company to wrest market share from foreign companies that had dominated the space for too long. He left Roxar to set up Uzma in May 2000 to take the bull by the horns.

Once Uzma has been established, Dato' Kamarul Redzuan envisioned and executed rapid game-changing turnarounds to deliver phenomenal revenue growth rate and year-after-year success achieving business growth objectives which culminated in him being named Malaysia's Most Promising Entrepreneur at the Asia Pacific Entrepreneurship Award 2009. Former Prime Minister of Malaysia, Datuk Seri Najib Tun Razak in his speech while launching the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP) 2015 annual reports under the National Transformation Policy (NTP), introduced Uzma Berhad's Captain, Dato' Kamarul Redzuan as one of the individuals who has been successful in their transformation, without the government's support.

A hands-on CEO, Dato' Kamarul Redzuan still plays an active and vital role in strategizing, governing and ensuring effective execution of his key management team to put Uzma to greater heights even today.

Beyond Uzma, Dato' Kamarul Redzuan is an active member of Society of Petroleum Engineers (SPE), Research Advisory Council for University Technology PETRONAS (UTP), Industry Advisory Panel for Malaysia Petroleum Resources Corporation (MPRC) and Industry Advisory Panel for Asia Pacific University (APU) of Technology & Innovation.

Academic / Professional Qualification

- Bachelor's Degree in Petroleum Engineering, Colorado School of Mines, USA.

- Dato' Kamarul Redzuan is currently pursuing a Master of Letters at Institute of the Malay World and Civilisation (ATMA), Universiti Kebangsaan Malaysia, MY.

DATO' DR. (H) AB. WAHAB BIN HAJI IBRAHIM

Independent Non-Executive Director

Age	67	**Nationality**	Malaysian

Date of Appointment

- 26 May 2011 as a Member of the Board

Board Commitee Memberships

- Chairman of Audit Committee of Uzma Berhad
- Member of Remuneration Committee of Uzma Berhad
- Member of Nominating Committee of Uzma Berhad

Directorship in Other Public Companies and Listed Issuers

- Independent Non-Executive Director, Alam Maritim Resources Berhad.
- Chairman of Audit Committee, Alam Maritim Resources Berhad

Working Experience and Occupation

Dato' Dr. (H). Ab Wahab is a Chartered Accountant and also a member of the Malaysian Institute of Accountants (MIA). His experience spans over 27 years in the area of finance and accounting. He began his career in the Corporate Finance Division at PETRONAS in 1978 and later assumed the role of Finance Manager for PETRONAS Gas Berhad (PGB), a subsidiary of PETRONAS. He was also appointed as Joint Company Secretary and was a member of the Management Committee for PGB.

Following the successful implementation of the listing of PETRONAS Gas Berhad, he was further reassigned as Head of the Finance and IT Division of OGP Technical Services Sdn. Bhd., another subsidiary of PETRONAS in 1996, a position he held until 2004.

Academic / Professional Qualification

- Master of Business Administration (Management Studies), University of Rockhampton, USA.
- Honorary Doctorate in Public Service by Irish International University, IRL.
- Diploma and Advanced Diploma in Accounting from Universiti Teknologi MARA, MY.

DATO' HAJJAH ZURAINAH BINTI MUSA

Independent Non-Executive Director

Age 56 | **Nationality** Malaysian

Date of Appointment

- 13 May 2015 as a Member of the Board

Board Commitee Memberships

- Nil

Directorship in Other Public Companies and Listed Issuers

- Executive Director of Berjaya Corporation Berhad
- Executive Director of Berjaya Time Square Sdn. Bhd.
- Director of Tioman Island Resort Berhad.

Working Experience and Occupation

Dato' Hajjah Zurainah started working in 1983 and was working in senior capacities for several organisations, both locally and internationally. Dato'Hajjah Zurainah has more than 15 years of experience in the field of Human Resource Management and Development as well as Human Relationship Management and Strategic Thinking. Her experience includes inter-alia, the designing, developing, managing, organizing and conducting trainings of programs and courses as well as the provision of consulting services relating to the various aspects of human resource development and management for organisations in Malaysia, Australia, United States of America, Indonesia and the Middle East.

Academic / Professional Qualification

Master of Business Administration, Berjaya University College of Hospitality, MY.

Diploma in Occupational Health and Safety, University of New South Wales, AUS.

Diploma in Secretarial Science from MARA Institute of Technology, MY

YAHYA BIN RAZALI

Independent Non-Executive Director

Age 63 | **Nationality** Malaysian

Date of Appointment

- 19 February 2014 as Member of the Board

Board Commitee Memberships

- Member of Nominating Committee of Uzma Berhad
- Member of Audit Committee of Uzma Berhad

Directorship in Other Public Companies and Listed Issuers

- Board Member of Orion IXL Berhad

Working Experience and Occupation

En. Yahya stated working with the Ministry of Culture, Youth and Sports of Malaysia from 1977 to 1979. In 1984, he joined the United State Leasing Corporation, San Francisco, United States as a Financial Analyst. In 1986, he worked as a Consultant with Alexander Proudfoot Productivity Consultant Pte Ltd in Singapore. He also held the position of Investment Manager and Executive Director for Selangor Foundation and Grand United Holdings Berhad respectively from 1988 to 1993. He was the Fund Manager cum Associate Director for Spectrum Asset Management Sdn. Bhd., a licensed fund management company. He is also a Certified Financial Planner.

Academic / Professional Qualification

- Bachelor of Science (Finance), Southern Illinois University, USA.
- Master of Business Administration, Berkeley, USA.

IKHLAS BIN ABDUL RAHMAN

Independent Non-Executive Director

Age 61 | **Nationality** Malaysian

Date of Appointment

1 February 2017 as a Member of the Board

Board Commitee Memberships

- Member of Nominating Committee of Uzma Berhad
- Member of Remuneration Committee of Uzma Berhad

Directorship in Other Public Companies and Listed Issuers

- Nil

Working Experience and Occupation

En. Ikhlas has over 36 years of experience in design engineering, HSE, operations, project management, planning, business development, management and marketing experience in the oil and gas industry.

He has held many positions within the PETRONAS organisation from the Upstream to Downstream Marketing. He has developed in-depth project management experiences especially in the field of small offshore field development and Floating Storage and Offloading / Floating Production, Storage and Offloading ("FSO/FPSO") projects. His recent experiences primarily focus on managing upstream business unit/portfolios both internationally and domestic and international.

Academic / Professional Qualification

Bachelor of Technology in Production Engineering and Management, Loughborough University of Technology, UK.

DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON

Executive Director

Age 46 | **Nationality** Malaysian

Date of Appointment

- 21 May 2008 as a Member of the Board

Board Commitee Memberships

- Nil

Directorship in Other Public Companies and Listed Issuers

- Nil

Working Experience and Occupation

Dato' Naza started his career as a Development Engineer at Pernec Sdn. Bhd. and later Scopetel (M) Sdn. Bhd. as the Project Engineer, gaining 4 years hands-on offshore engineering and project management experience where he also assisted in business development in this satellite communications company. In 1999, he joined AKK Management as its General Manager where he helped build the company into a successful trading and water treatment company. During his tenure at AKK Management, he had concluded major contracts with various multinational companies and he had been instrumental in forming formal and exclusive relationships with major suppliers in the water treatment business.

In 2000, he joined Uzma Malaysia and was focused on opening up Uzma's Middle East office in year 2003 and expanded the business in the Middle East before extending into North Africa. While in Qatar, he successfully built a relationship with major Oil and Gas and petrochemical companies and subsequently secured various long-term contracts with various companies in the region.

In 2007, he was entrusted to be Uzma's Sales and Operations Director, a role in which he could comfortably apply his excellent people and negotiating skills to its maximum. In addition to directing the Account Managers and managing the preparation of tenders and proposals, he spends a great deal of his time in engaging customers for business development and marketing. As the Executive Director and Deputy Chief Executive Officer of Uzma Group, Dato' Naza's mission is to fast-track Uzma to be one of the biggest service companies in Malaysia.

Having been sitting in top management position for two growing companies since year 2013, Dato' Naza had recently completed his 3-year tenure as Chief Executive Officer of Setegap Ventures Petroleum Sdn. Bhd. ("SVP") after leading the company into a profitable one. Effective July 2018, he is now taking up another portfolio in Uzma as Chief Executive Officer of Integrated Well Services. Under his management, he plans to revamp Uzma as one-stop center offering turnkey solutions for integrated well solutions.

Dato' Naza currently sits on the board of directors at Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS") and TransOcean Drilling Sdn. Bhd, as well as still maintaining his Chair on the Board of Directors of SVP.

Academic / Professional Qualification

- Bachelor of Science in Electrical Engineering, Valparaiso University, Indiana, USA.

AHMAD YUNUS BIN ABD TALIB

Executive Director

Age 49 | **Nationality** Malaysian

Date of Appointment

- 1 February 2017 as a Member of the Board

Board Commitee Memberships

- Nil

Directorship in Other Public Companies and Listed Issuers

- Nil

Working Experience and Occupation

En. Yunus has over 20 years of experience in the oil and gas industry and spent the first 13 years with ExxonMobil in various positions of increasing responsibilities in the Operations Technical and Project Departments.

He joined Uzma in 2008 as General Manager for Production Optimisation & Operation Services division and later led the acquisition of Malaysian Energy Chemical & Services Sdn. Bhd. after which he was seconded as a Managing Director. Later, he served as the Project Delivery Manager for the Tanjong Baram Risk Services Contract (RSC) Project and in 2016 he was entrusted as a Project Director to lead the conversion of a drilling jack-up for Uzma's Water Injection Project. He is currently managing Uzma's Production Solutions which includes production optimisation, water solutions, chemicals, Risk Sharing Contract, and our new venture in non-metallic pipeline.

Academic / Professional Qualification

- Bachelor of Sciences in Mechanical Engineering, University of Wisconsin-Madison, USA.

PROFILE OF
KEY MANAGEMENT

Bong Leong Sung
Chief Financial Officer

Shahrin Albakri Mustafa Albakri
Head of Legal

Datin Rozita Binti Mat Shah @ Hassan
Senior Vice President, Corperate Services

Datin Rozita Binti Mat Shah @ Hassan

Senior Vice President, Corporate Services

Age 48 | **Nationality** Malaysian

Year Joined 2003

Directorship in Public Companies and Listed Issuers : NIL

Working Experience

She worked for an American technology company before returning to Malaysia in 1994 where she joined EPMI as a Systems Engineer. She held various technical roles during her six years with EPMI during which she developed sound project management skills and became an accomplished Project Engineer. After a short stint as a Project Engineer with OGP Technical Services Sdn Bhd, a PETRONAS subsidiary, she joined forces with her husband, Dato' Kamarul to set up Uzma.

Her initial role in Uzma Malaysia was to build the core consultancy business where she had successfully grown the business during her tenure. Her abilities were ideal for the consultancy business as she has strong formal technical qualifications and training, coupled with a natural ability to develop and maintain personal relationships. These skills, together with good business acumen, people skills and strong management techniques have won her respect from the staff, customers and consultants. She became the Operations Director, managing the back-office functions for the whole business as well as performance improvement. The back-office functions include logistics, human resources and information technology, as well as corporate social responsibility. Until the appointment of Group Finance Manager, she also managed accounting and finance. Currently as SVP of Corporate Services, Datin Rozita has an additional and demanding role to play as she is also in charge of three (3) separate departments: Human Resources, Corporate Relations & Administration and Information Technology.

Academic / Professional Qualifications

Bachelor of Science in Chemical Engineering, Rensselaer Polytechnic Institute, New York, USA

BONG LEONG SUNG

Chief Financial Officer

Age 44 | **Nationality** Malaysian

Year Joined 2007

Directorship in Public Companies and Listed Issuers : NIL

Working Experience

He has vast experience in financial and corporate management having worked for Arthur Anderson, Ernst & Young, Kuala Lumpur City Securities Berhad, Alliance Investment Bank Berhad and the European Credit Investment Bank Ltd. He is currently a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He played a very important role during Uzma's pre-IPO days as the Corporate Finance Manager and was subsequently promoted to be the Chief Financial Officer of the Company. He plays a vital role in ensuring Uzma's financial management complies with the highest of global standards. In 2015, he was posted to Thailand managing the HWU business in MMSVS as the CEO.

Academic / Professional Qualifications

Bachelor of Accounting, University of Malaya, MALAYSIA

SHAHRIN ALBAKRI MUSTAFA ALBAKRI

Head of Legal

Age 44 | **Nationality** Malaysian

Year Joined 2017

Directorship in Public Companies and Listed Issuers : NIL

Working Experience

In his role as Head of Legal, he is tasked to protect the Company and its subsidiaries' interest in the various ventures they undertake. In the performance of this role, Shahrin drives various negotiations with counter parties to ensure the preservation of the Company's rights and interests. Shahrin also ensures that the Company is in strict adherence to statutes as well as rules and licences regulating its business.

Shahrin has a wide range of experience having advised on a number of substantial corporate exercises from mergers and takeovers to corporate funding exercises ranging from rights issuance, refinancing and various Sukuk issuances. In his present role as well as previously with Velesto Energy Berhad, Gas Malaysia Berhad, Pelabuhan Tanjung Pelepas Sdn Bhd and Sime Darby Property Berhad, Shahrin has led the negotiations on many transactions with counterparties comprising shipping lines, logistics services providers, LNG traders, and various multinationals. Through his vast working experience in the corporate legal field, Shahrin had developed the expertise in understanding the requirements of different industries while at the same time maintaining the legal perspective essential to the effective performance of his role.

Academic / Professional Qualifications

Bachelor of Laws with Honours, University of Malaya, MALAYSIA

Additional Information on the Key Management

- None of the above personnel has any family relationship with any Director and/ as major shareholders of the Company except as disclosed above for Datin Rozita binti Mat Shah @ Hassan.
- None of the above personnel has any convictions for offenses in the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- None of the above personnel has any conflict of interest with the Company.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MANAGEMENT DECISION & ANALYSIS

Taking into account the uncertainty of the industry, the management of Uzma has been focusing on ensuring programs and plans were in place to ensure long term sustainability of the business and operations.

SUSTAINABILITY

First in the order of its strategic plans is uzmaSUSTAIN, which was developed to champion the overall sustainability programs and governance of the organization. uzmaSUSTAIN was appropriately positioned under the Uzma Enterprise Risk and Opportunity Management program (uzmaEROM) steered by the uzmaEROM Committee. We took the majority part of fiscal 2018 to develop processes and procedures under these two interrelated initiatives (uzmaEROM and uzmaSUSTAIN). At the material time of the fiscal cut-off on June 30th 2018, uzmaSUSTAIN was still at its infancy stage, having completed its stakeholder's management process and halfway into its sustainability core area identification and analysis. More details on uzmaSUSTAIN can be found in the Sustainability section of this Annual Report.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

The management had decided in fiscal 2018 that we also needed to focus on our people who are exposed to the biggest risks, to keep them motivated to embrace our positive HSE culture. As a direct result of this, resources have been provided for immediate increase in face-to-face engagements with our front-liners. In fiscal 2018, we managed to engage, an average of two times with 100% of our offshore and site crews. The permanent agenda on every face-to-face engagement had been the promotion of Safety Rules (clients' and Uzma's), safety and health campaigns, honest feedbacks and contemporary safety bulletin from lessons learns within the industry. Most of the engagement sessions were led by management from both our HSE and operation departments. The direct result from these sessions is that we have recorded better HSE performance in fiscal 2018. More details of this subject can be found in the Health and Safety section of this Annual Report.

On elevating our Occupational Health and Safety Management System (OHSMS,) the management had decided in fiscal 2018 to start working on obtaining the newly released OHSMS ISO45001, which was introduced in April 2018. The management had set a target of completing this by fiscal 2020, with most of the job should take place in fiscal 2019.

QUALITY AND BUSINESS IMPROVEMENT

Quality, being promoted under the **uzmaWAY** as one of the five core pillars of Uzma, means a lot more than meeting clients' requirements and expectations. We believe in the all-rounded concept of Quality; where anyone who rely on us and who has any influence on us, including Uzma employee, automatically become our stakeholders. This opens up a wider concept of delivering quality, to motivate us to work more efficiently and effectively to meet or better yet, exceed, their every expectation of us. Coupled with the process-based approach with inputs and outputs of every processes owned by individuals, understanding and delivering quality to our next process had been a widely promoted concept in our uzmaWAY inductions all throughout fiscal 2018.

More processes had been improved to increase productivity and reduce wastage especially in procurement / supply chain management and manpower consultancy operations. Both processes now includes reviews and approvals of requisitions and payments by documented Limit of Authority (LOA) on real-time system accessible on our smart phones. These processes are also completely paperless and could be executed wherever our team could get connected to a secured internet access.

To step up our commitment to quality, the management had, in fiscal 2018 decided to pursue the certification of API Q2 by fiscal 2021, with most of the works and preparation to be executed in fiscal 2019 and 2020.

FINANCIAL RESILIENCE

A significant focus in the fiscal 2018 had been on cost optimization. Like in all of our cost optimization drives before, the management had learnt more about the historical and current state of the operations. This information, coupled with the industry and global outlook, had been able to identify the business risks and consequentially, we had the opportunity to assess and manage our future risks.

While we have managed to bring down the staff cost from the previous fiscal year, our collective productivity dropped a staggering 30% compared to the previous year. At a micro view of the oil and gas downturn in its path towards a recovery, this did not reflect the true productivity of our people – it was just a direct result of the shrinking business with low output expectation. If we drill down further into the productivity trend (strictly in terms of revenue per staff cost) for the past 10 years, we have been in a steady decline. On one side, it shows that we are a good employer – the fact that our employees' salary kept increasing at a higher rate than our revenue did; but also, it reveals a more alarming realization that this condition will not sustain the company in the long run. This is only a small part of our sustainability challenges.

As we struggled with cash flow issues in most of the fiscal 2018, we came to realize that we need to improve our collection performance. With the activities and processes in place, we had successfully improved our payment ageing from our clients to 81% payments below 60 days, from the previous 70% level. With this, the management had raised the bar to achieve 85% payments below 60 days for fiscal 2019.

Our non-performance in terms of cash flow for the most of fiscal 2018 had also made us realize that we need to be more prudent on not just running, but also prudent on choosing our businesses. We could not afford to dive into projects or businesses which had unhealthy cash flow projection. As a direct result of this, the management has sanctioned a new committee overlooking investment decisions in the Company. Appropriately called the Investment Committee (uzmaINVEST), this group of top and senior management are now placed under the purview of the uzmaEROM as a sub-committee. uzmaINVEST are be responsible to run studies, assess risks and profitability and propose ways of moving forward on every investment intention coming through the Company.

Structured Gated Process under the uzmaINVEST

THE FUTURE OF UZMA – UZMA5YP

It has been quite widely predicted that the low demand for renewable energy could grow fast to become half of the demand for oil by 2040, from its current level, while the demand for gas will steadily increase to about the same as oil in 2040 from its current 50% level. The management has to accept the fact that the demand for oil, on the other hand, might not see too significant increase in the same time frame. As such, the management has taken proactive actions and initiatives under the uzma5YP to diversify our portfolio in order to sustain our growth well into the future. The management has drawn plans under the uzma5YP to position ourselves to fit into the new world energy order, which currently gives a general indicator that renewable energy (wind, solar, geothermal, biomass and biofuels) will be the way of the future.

Along with other initiatives under the uzma5YP, the management has sanctioned the formation of two new divisions in fiscal 2018: Technology and Renewables Division and Corporate Transformation Division, headed by industry-seasoned executives. These two new divisions shall play central roles in ensuring that we are in the right direction to face the different type of challenges ahead.

Overall, the management of Uzma had been able to react positively to known issues and had also been proactively managing predicted near-future risks and opportunity in the fiscal 2018. With new, more structured corporate initiatives such as the uzmaEROM, uzmaSUSTAIN, uzmaINVEST and uzma5YP, the organization is now in a better position to identify, assess and proactively manage all of its risks and opportunities to ensure sustainable business for years to come.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (**"Board"**) is committed to ensure that the highest standards of corporate governance are practiced throughout Uzma Berhad Group of Companies ("**Uzma Group**" or "**Group**") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

Uzma Group's corporate governance structure has been developed and enhanced based on the principles and recommendations of best practices prescribed in the Malaysian Code on Corporate Governance ("**Code**").

The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial period ended 30 June 2018 ("**Financial Period**") with reference to the three (3) main principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the Code.

The explanation on how the Company has applied each practice are disclosed/reported in its Corporate Governance Report ("**CG Report**") announced to Bursa Malaysia Securities Berhad, a copy of which could be obtained by accessing this link www.uzmagroup.com. Shareholders are advised to read this overview statement together with the CG Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

A1 Board responsibilities

The Board assumes full responsibilities of the overall performance of the Group. The Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies & management are in place, sets the business direction and overseeing the conduct of the Group based on the periodic performance of the Group reported by the Management in the quarterly financial results and has full access to all operational information together with the explanation provided by the Management.

The Board is mindful of the importance of the establishment of clear role and responsibilities in discharging its fiduciary and leadership functions. The practices applied and exercised by the Board are set out below.

1.1 Board Independence and Effectiveness

The roles of the Independent Non-Executive Chairman and the Executive Directors are separate to ensure balance of power and authority, so that no individual has unfettered powers of decision.

Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board's decision making process.

The Chairman provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group.

1.2 Company Secretary

The Board is supported by a qualified and competent Company Secretary. The Company Secretary is capable as official liaison party to Uzma Group to communicate, prepare and submit on statutory returns with the Companies Commission of Malaysia within the prescribed timeframe in compliance with requirements under the Companies Act 2016 ("**Act**"). The Company Secretary also play an advisory role to the Board and its Directors, particularly with regard to the Company's Constitution, Board policies and procedures, governance advice, compliances with rules and regulatory requirements and advocate adoption of good corporate governance practices.

The Company Secretary is also participating in the Board Meeting and giving general advice on company secretarial matters. The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded.

1.3 Board Meetings

The Board meets at least once in every quarter with additional meeting convened as and when necessary. All Directors are provided with agenda and the Board papers are circulated prior to Board meetings to ensure that the directors can appreciate the issues. The Senior Management is invited to attend these meetings to explain and clarify matters being tabled. Matters requiring Board's decision during the intervals between the Board meetings are circulated and approved through circular resolutions.

The Board has a formal schedule of matters reserved at Board Meetings which includes, corporate plans, annual budgets, Management and Group's performance review, major investments and financial decisions, changes to the Management and control structure within the Group, including key policies and procedures and delegated authority limits.

The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties with regard to issues to be discussed. All resolutions are recorded and thereafter circulated to the Directors for comments before minutes of proceedings are finalised and confirmed. The Company Secretary organises and attends all Board Meetings to ensure proper records of the proceedings.

Seven (7) Board of Directors' meetings were held for the Financial Period. The record of attendance of the Directors are as follows :-

DIRECTORS	NUMBER OF MEETINGS ATTENDED BY DIRECTORS
Datuk Abdullah Bin Karim	5/7
Dato' Kamarul Redzuan Bin Muhamed	7/7
Dato' Che Nazahatuhisamudin Bin Che Haron	7/7
Ahmad Yunus Bin Abd Talib	7/7
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	7/7
Yahya Bin Razali	7/7
Dato' Hajjah Zurainah binti Musa	7/7
Ikhlas bin Abdul Rahman	7/7
Peter Angus Knowles (resigned on 17.10.2018)	7/7
Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee (resigned on 30.08.2018)	7/7

Save for Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim, Encik Yahya Bin Razali, Datuk Abdullah Karim and Dato' Hajjah Zurainah Binti Musa, none of the Directors hold directorship in other listed companies.

1.4 Directors' Training

The Directors recognise the importance and value of attending programmes, seminars and forums in order to keep themselves abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The training needs of each Director would be assessed and proposed by the individual Director.

Details of trainings attended by the Directors during the Financial Period are as follows :

NAME OF DIRECTORS	TRAININGS PROGRAMMES
Datuk Abdullah Bin Karim	1. Bursa CG Breakfast Series – "Board Excellence : How to Engage and enthuse Beyond Compliance with Sustainability"(17 July 2017) 2. Capital Markets Conference organised by MIA (18 July 2017) 3. Driving Financial Integrity & Performance - Enhancing Financial Literacy (26 October 2017)
Dato' Kamarul Redzuan Bin Muhamed	1. Reservoir Management & Suiveillance Summit – "Collaboration Towards Performance Excellence to Unlock Asset Value" (22 May 2017)
Dato' Che Nazahatuhisamudin Bin Che Haron	1. Strategic Finance For Decision Makers (29-30 Jan 2018)
Ahmad Yunus Bin Abd Talib	1. Mandatory Accreditation Programme (27-28 July 2017) 2. Future Of Workplace Conference 2017 (20 November 2017) 3. Strategic Finance For Decision Makers (29-30 Jan 2018)
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	1. Fraud Risk Management for Board of Directors & Senior Management (3rd and 4th October 2018) 2. Sustainability Engagement Series for Chief Financial Officers / Chief Sustainability Officers 2017 (12 April 2017) 3. Sharing of Key Features of MCCG 2017 4. Highlights on the Companies Act 2016
Yahya Bin Razali	The launch of Institute of Corporate Directors Malaysia
Dato' Hajjah Zurainah binti Musa	1. Leadership & Entrepreneurship Development Summit (12 March 2017) 2. Senior Leaders of Berjaya Corporation Berhad : Leaders in Trust Talk (24 May 2018)
Ikhlas bin Abdul Rahman	1. Mandatory Accreditation Programme (27-28 July 2017) 2. Focus Group for Corporate Governance & Sustainability Microsite of Bursa Malaysia (20 July 2017) 3. Rethinking – Independent Directors: Board Best Practices" (5 September 2018)

1.5 Access to information and Advice

The Board has unrestricted access to timely and accurate information in furtherance of its duties.

Directors are given access to any information within the Company and have full access to the advice and services of the Company Secretary and are free to seek independent professional advice at the Company's expense, if necessary, to ensure effective functioning of the Board in discharging its various duties. Procedurally, when external advises are necessary, a Director who intends to seek such consultation or advice shall notify the Management of such request. Upon obtaining the Board Chairman's or Chief Operation Officer's approval, the Director shall acquire independent professional advice. All advices and opinions from the advisers shall be reported to the Board.

1.6 Board Committees

The Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board Committees would report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Also, the Board is informed of the key issues and recommendation/decision made by each Board Committees through the tabling of minutes of the Board Committees meetings at Board Meetings.

Key matters reserved for the Board's approval include business plan, annual budget, dividend policy, business continuity plan, new issues of securities, business restructuring and disposal and acquisition of assets/investments.

1.7 Board Charter & Code of Conduct and Ethics

The Board has a formally adopted a Board Charter and it was last reviewed on 28 August 2018. The Board Charter sets out, among others, the roles and responsibilities of the Chairman, the Chief Executive Officer, the Board, each Board Committees and the Management. It also sets out the processes and procedures for convening board meeting and guidelines for its Directors on disclosure of interest. Also included in the Board Charter is the Code of Conduct and Ethics of the Board which provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during their appointment.

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board Charter and the Code of Conduct and Ethics are published in the Company website at www.uzmagroup.com.

1.8 Whistleblowing Policy and Procedure

The Board has established its Whistleblowing Policy & Procedure and encourages employees within the Group to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedure adopted by the Company provides and facilitates a mechanism for any individual to report concerns about any suspected and/or known misconduct wrongdoings, corruption, fraud, waste and/or abuse.

A2 Board Composition

The Board has a balanced composition of eight (8) Directors consisting of three (3) Executive Directors and five (5) Independent Non-Executive Directors. The Board composition complied with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") that requires at least two (2) or one-third (1/3) of the Board members to be independent directors. The Company also complied with the practice recommended under the Code of having at least 50% Independent Directors on board. The Board Chairman is an Independent Non-Executive Director.

The present size and composition of the Board is appropriate for the complexity and scale of operations of Uzma Group. As presently constituted, the Board is well balanced and has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

The practices applied by the Board with regard to its composition are set out below.

2.1 Tenure of the Independent Directors

On an annual basis, the Nominating Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the Listing Requirements. Each Independent Directors is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

The Code provides that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the re-designation of the independent director as a non-independent director. The board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

The Board does not have a policy which limits the tenure of its Independent Directors to nine (9) years as it is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their length of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director.

However, the Board embraces the practice for retaining an independent director beyond nine (9) years and shall provide justification for doing so and seek shareholder's approval annually in that respect. If the Board continues to retain the Independent Directors after year 12th, in addition to providing justification as explained above, the Board will seek shareholder's approval through a two tier voting process, unless the said Independent Director wishes to be re-designated as non-independent non-executive Director which shall be decided by the Board.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

Nevertheless, on 30 August 2018, Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee, who served the Board for ten (10) years stepped down as Independent Non-Executive Chairman. The Company to embrace good corporate governance practices. All the other Independent Directors on board served less than nine (9) years as at the date of this statements.

2.2 Appointment of Directors

The Board does not set specific criteria for the assessment and selection of director candidate. However, the consideration would be taken on the need to meet the regulatory requirement such as the Act and Listing Requirements, the achievement in the candidate personal career, integrity, wisdom, independence of the candidate, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board to select the suitable candidate.

The Nominating Committee is responsible to recommend identified candidate to the Board to fill vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board identified by the Nominating Committee. The potential candidate may be proposed by existing director, senior management staff, shareholders or third party referrals and/or independent sources.

Upon receipt of the proposal, the Nominating Committee is responsible to conduct an assessment and evaluation on the proposed candidate.

The assessment/evaluation process may include, at the Nominating Committee's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview at the Nominating Committee's discretion. The Nominating Committee would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidate, the Nominating Committee would make its recommendation to the Board. Based on the recommendation of the Nominating Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

The Chairman of the Board would then make an invitation or offer to the proposed/potential candidate to join the Board as a director. With the acceptance of the offer/invitation, the candidate would be appointed as director of the Company.

2.3 Gender Diversity Policy

The Board has established a gender diversity policy whereby the Company would endeavour to have woman participation on the Board. Presently, the Company has a female Independent Non-Executive Director in the Board (i.e. 10% women directors). At Management level, a few Senior Management positions are held by women employee. The Nominating Committee is responsible in ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes. The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation in the Board. The Board acknowledges the recommendation of the Code on gender diversity. The Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Group has zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

2.4 Board Annual Evaluation on Effectiveness

Annually, the Nomination Committee would undertake an annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees.

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

During the annual assessment exercise, the Directors are given a performance evaluation sheets for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Chairman for tabling to the Nominating Committee for review in due course.

The director who is subject to re-election and/or re-appointment at next Annual General Meeting shall be assessed by the Nominating Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nominating Committee would be based on the yearly assessment conducted.

During the Financial Period, an annual assessment exercised had been carried out by the Nominating Committee. For good corporate governance, the Nomination Committee did not review its own effectiveness and the performances of the Nomination Committee members. Instead, such review was carried out by the Board as a whole with the members of the Nomination Committee abstained from deliberation. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit Committee were also carried out by the Board. All the results of the annual assessment on Board, the Board Committees and individual Directors for the Financial Period were satisfactory.

A3 Remuneration

The function of the Remuneration Committee is to recommend to the Board, the remuneration packages of Managing Director, Executive Directors and/or other persons of the Group as the Remuneration Committee is designated to consider and getting professional advice as and when necessary.

The Remuneration Committee has written Terms of Reference which deals with its authority and duties. The Remuneration Committee consist of non-executive directors whom are all independent directors. A copy of the Terms of Reference is published at the Company website at www.uzmagroup.com.

In assisting the Remuneration Committee on reviewing and recommending matters relating to the remuneration of the Board and Senior Management, the Board has in place a Directors Remuneration Policy & Procedure. The Remuneration Policy & Procedure was reviewed by the Board on 28 August 2018 and is published on the Company website at www.uzmagroup.com.

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors (collectively referred to as "Fees") shall be approved at general meeting. The current Fee's structure of the Director is made up of directors' fee and meeting allowances.

The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. Remuneration of the Executive Directors is assessed based on market norms, individual performance and the Company's performance. All Directors shall abstain from discussions and decisions on their own remuneration.

The Remuneration Committee shall review the remuneration of the Senior Management personnel having a salary of RM 30,000 per month and above.

Details of fees paid / payable to the Directors for the Financial Period from 1 Jan 2017 to 30 June 2018 are as follows:

Received from the Company (Uzma Berhad):

DIRECTORS	DIRECTORS FEE ('000)	SALARY & BONUS ('000)	1 EMOLUMENTS & BENEFITS ('000)	MEETING ALOWANCE ('000)	TOTAL
Dato' Kamarul Redzuan Bin Muhamed	0	504	102	0	606
Dato' Che Nazahatuhisamudin Bin Che Haron	0	459	75	0	534
Peter Angus Knowles (resigned on 17.10.2018)	0	0	0	0	0
Ahmad Yunus Bin Abd Talib	0	290	53	0	343
Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee (resigned on 30.08.2018)	180	0	0	6	186
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	108	0	0	6	114
Yahya Bin Razali	90	0	0	6	96
Dato' Hajjah Zurainah binti Musa	108	0	0	6	114
Datuk Abdullah Bin Karim	270	0	0	5	275
Ikhlas bin Abdul Rahman	102	0	0	6	108

Received from the Group (UESB / PEC/ UCL):

DIRECTORS	DIRECTORS FEE ('000)	SALARY & BONUS ('000)	1 EMOLUMENTS & BENEFITS ('000)	MEETING ALOWANCE ('000)	TOTAL
Dato' Kamarul Redzuan Bin Muhamed	0	1,025	206	0	1,231
Dato' Che Nazahatuhisamudin Bin Che Haron	0	933	151	0	1,084
Peter Angus Knowles (resigned on 17.10.2018)	0	333	0	0	333
Ahmad Yunus Bin Abd Talib	0	488	95	0	583

1 Emoluments & Benefits include Allowances, EPF, SOCSO and EIS contributions

Details of the top Senior Management's remuneration for the Financial Period (in RM '000) are as follows:

SALARY RANGE (RM '000)	NO. OF TOP SENIOR MANAGEMENT
200 - 600	1
601 - 1000	3
1001 - 1250	1

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

B1 Audit Committee

The role of the Audit Committee is to support the Board in overseeing the processes for production of the financial data, review the financial reports and the internal control of the Company. The members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. Chairman of the AC is a fellow member of the Malaysian Institute of Accountants.

When considering the appointment of a former key audit partner of its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the Code before appointing this partner as a member of the Audit Committee.

In assessing the External Auditors, the Company has put in place the policies and procedures to assess the sustainability and independence of external auditors.

The external auditors would be re-appointed annually subject to annual evaluation by the Audit Committee. As part of the evaluation process, the Audit Committee will obtain feedback from the management team on the quality of the audit service of the external auditors. Audit partner in-charge of a public listed company should be rotated (within the audit firm) every five years to ensure independence of audit.

The Board, with recommendations of the Audit Committee, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospect.

The detailed roles, functions, responsibilities and summary of work done by the Audit Committee are as set out in the Audit Committee Report of this Annual Report.

B2 Risk Management and Internal Control

The Board is responsible for the overall risk management in the Group while Executive Directors together with the Senior Management team are primary responsible for managing risks in the Group.

The features of the Group's risk management and internal control covering the risk policy, risk appetite, risk assessment and the review process by the Board and Audit Committee and the key internal controls are presented in the Statement on Risk Management and Internal Control of the Annual Report. The Board also commented in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.

The Group outsourced its internal audit function to an external professional firm, as part of its effort in ensuring that the Group's system of internal control is adequate and effective.

The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are presented and discussed during the Audit Committee meetings. Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. The action plans are reviewed and followed up by the internal audit function on a periodical basis to ensure the recommendations are effectively implemented.

The Board acknowledges that risk management is an integral part of good governance. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost and benefits of managing and treating risks, and the anticipated returns that will be derived therefrom.

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

C1 Communication with Stakeholders

The Board recognises the value of good investor relation and the importance of disseminating information in a fair and equitable manner, the participation of shareholders and investors, both individual and institutional, at Annual General Meeting is encouraged. Such information is disseminated via the Company's annual reports, quarterly financial results and various prescribed announcements made to Bursa Securities from time to time in the Bursa Securities website at www.bursamalaysia.com.

The Group also maintains a website at www.uzmagroup.com which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

Any enquiry regarding the Company and its group of companies may be conveyed to the following personnel :-

Mr. Bong Leong Sung (Chief Financial Officer)

Telephone number	:	03 - 7611 4000
Fax number	:	03 - 7611 4100
Email	:	malaysia@uzmagroup.com

Separately, the Company has also reported its Sustainability Statement on pages 62 to 65 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

C2 Conduct of General Meetings

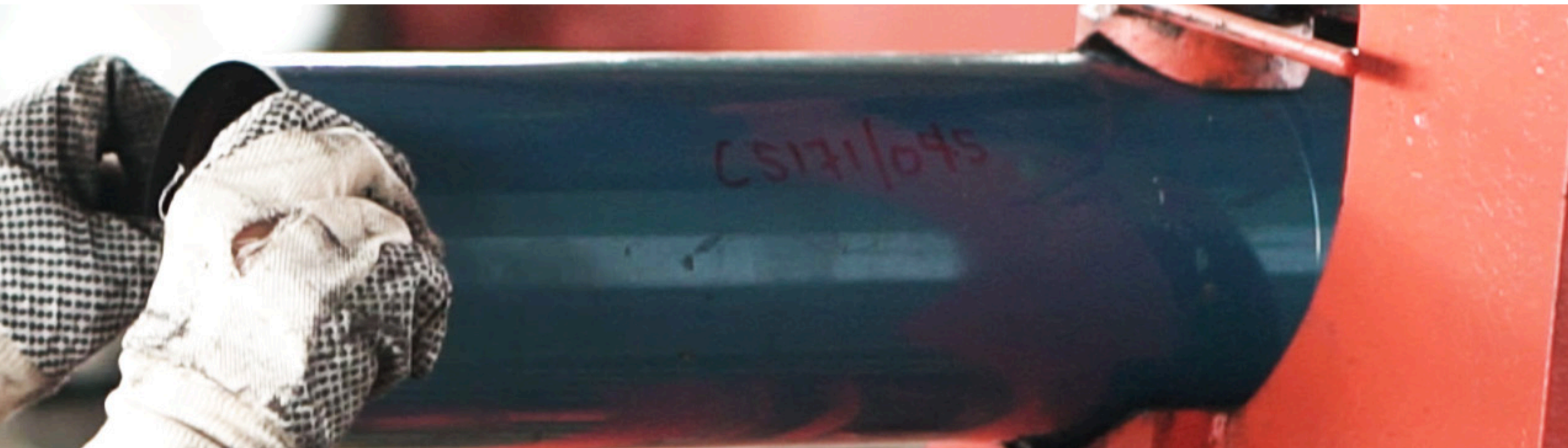
The Annual General Meeting represents the principal forum for dialogue and interaction with all the shareholders of the Company and the Shareholders' right relating to general meeting is also published on the Company website at www.uzmagroup.com.

The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

The Board has adopted the recommendation of the Code for the notice of AGM to be given to shareholders at least 28 days prior to the meeting. All Board members will ensure their attendance in the AGM and the respective chairmen of the Board Committees shall attend to questions raised pertaining to their duties. The external auditors would also present to provide clarifications particularly relating to the financial statements.

Explanation for the proposed resolution set out in the Notice of AGM will be provided during AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will then be announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM, if any, would be posted on the Company website.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.



RESPONSIBILITY STATEMENT BY DIRECTORS

The Directors are responsible for ensuring that the annual financial statements of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Act and the MMLR. They are to ensure that the annual financial statements of the Company give a true and fair view of the state of affairs of the Company and the Group at the end of the financial period and the results and cash flows for the period then ended.

In preparing the financial statements, the Directors have :-

(i) adopted the appropriate accounting policies and applied them consistently ;
(ii) made judgments and estimates that are reasonable and prudent ;
(iii) ensure applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements ; and
(iv) ensure the financial statements have been prepared on a going concern basis.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Uzma Berhad ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard its shareholders' investments and the Group's assets.

This section outlines the Risk Management Framework and Internal Control System of the Group (excluding jointly controlled companies) during the financial period ended 30 June 2018 that was prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

It is worth to note, however, that there exist inherent limitations in any system of risk management and internal controls. As such, such systems put into effect by Uzma can only manage, rather than eliminate all the risks that may impede the achievement of the Group's business objectives or goals. Therefore, the systems can only provide reasonable and not absolute assurance against material misstatement and loss.

RESPONSIBILITY

The Board

The Board acknowledges that it is ultimately responsible for the Group's Risk Management and Internal Control Systems, and also to ensure the adequacy and effectiveness of these systems in the Group. In governing and implementing the risk management program, the Uzma Enterprise Risk and Opportunity Management Committee (uzmaEROM) was formed and tasked as the highest level of authority on risk management programs and internal control. Meanwhile, to ensure independent assessment of the program, the responsibility of reviewing the adequacy and effectiveness of the Internal Control Systems is delegated to the Audit Committee through reports it receives from independent reviews conducted by the Internal Audit Function and Management. The Board shall re-evaluate the effectiveness and adequacy of the existing risk management practices from time to time, and where appropriate, revise such practices accordingly.

Management of Uzma

The Heads of Departments within the Group are delegated with the responsibility to manage identified risks within a defined set of parameters and standards. Periodic management meetings are held during which key risks relating to the Group's operations and business plans are deliberated. Significant risks affecting the Group's strategic and business plans are also escalated to the Board at their scheduled meetings.

The abovementioned practices undertaken by the Management serves as the on-going process adopted by the Group to identify, evaluate and manage significant risks faced by the Group for each financial year.

Internal Audit

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound Internal Control System. In this respect, the Board, through the Audit Committee, regularly receives and review reports on internal control from its Internal Audit Function. The Internal Audit Function does not perform internal audit review of the Group's jointly controlled companies as Uzma Group does not have full management control over these companies.

The Internal Audit Function practiced by Uzma is a hybrid of internal QHSE audit by Uzma internal auditors and external audit consultants. For internal Uzma QHSE auditors, audits have been carried out against the requirements of Quality Management System (QMS) ISO9001, Occupational Health and Safety Management System (OHSMS) OHSAS18001, Environmental Management System (EMS) ISO14001, prevailing legal regulations, Uzma's IMS requirements as well as the clients' contractual and QHSE requirements. Internal audit carried out by external auditors are mostly set against the prevailing legal requirements, the ISO9001 standards and Uzma's IMS requirements. The internal QHSE audits report their findings to the Head of QHSE who is also a permanent member of the uzmaEROM Committee, while the external audit consultants report directly to the Audit Committee under the Board.

During the financial period ended 30 June 2018, audits were carried out in accordance to the internal audit plan that has been reviewed and approved by the Audit Committee. Observations from internal audits were presented to the Audit Committee together with Management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the outsourced Internal Audit Function for the financial period ended 30 June 2018 were RM38,000.

FEATURE OF RISK MANAGEMENT & INTERNAL CONTROL AT UZMA

Risk Management – an Embedded Value

Risk Management culture is cultivated into the organization and its vital focus in the day-to-day operations of the organization is reflected by the high level "Risk Management Statement" under the organization's core culture the uzmaWAY, alongside with the other policies of the corporate core values namely Health & Safety, People, Quality, Integrity and Environment.

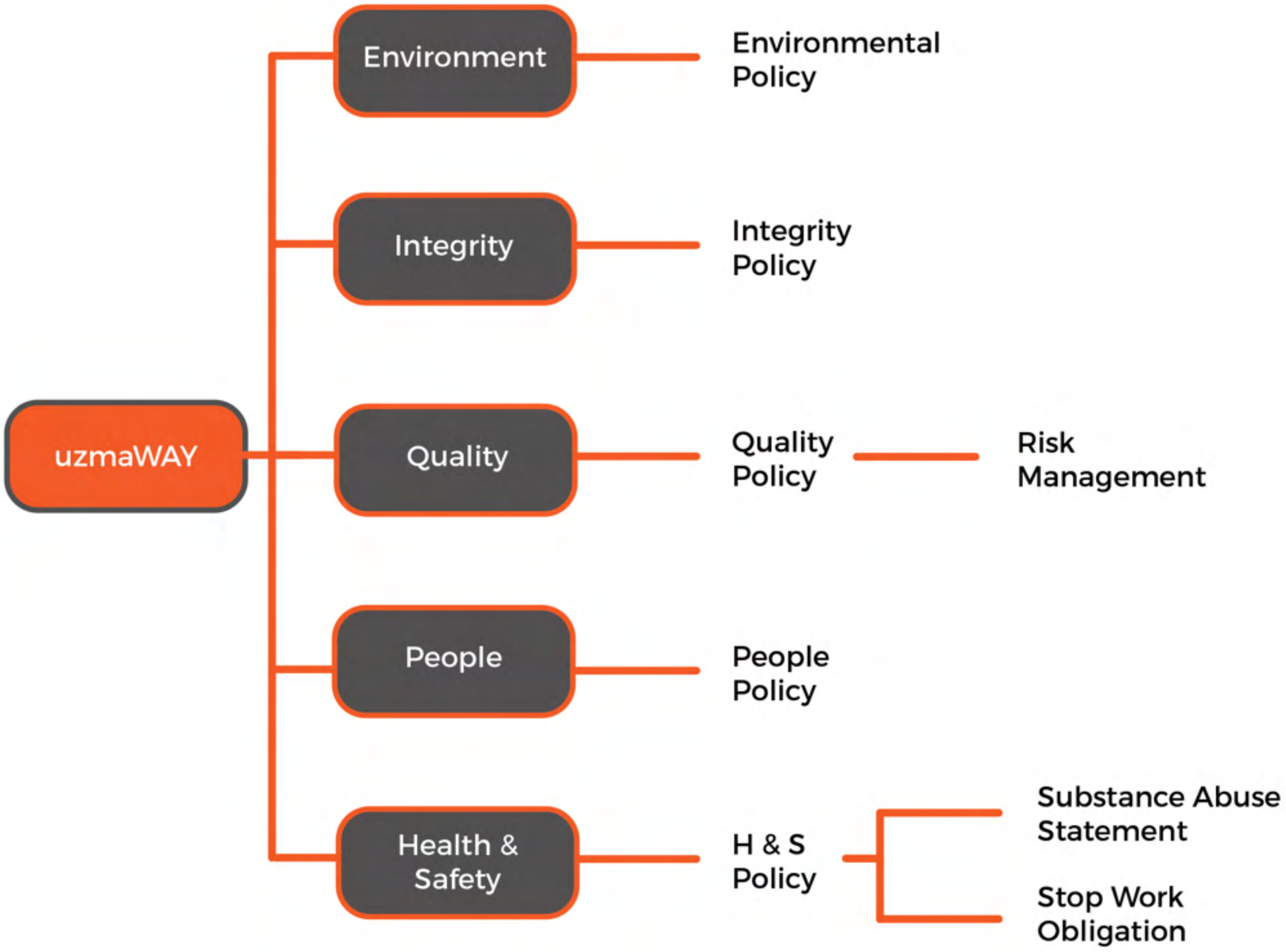


Figure 1 : Risk Management as an embedded value within the five corporate core values under the **uzmaWAY.**

To ensure its continuing effectiveness and efficiency, we are governed by the Uzma Enterprise Risk and Opportunity Management Program ("uzmaEROM") with its steering committee (The uzmaEROM Committee) consisting of Uzma's key senior management. There are three sub-committees under the uzmaEROM committee focusing on their individual areas namely the Investment Committee, Quality Committee and HSE Committee. These areas, along with the general Business Risk which includes strategic, financial, operational and political risks are integral parts of the uzmaEROM program.

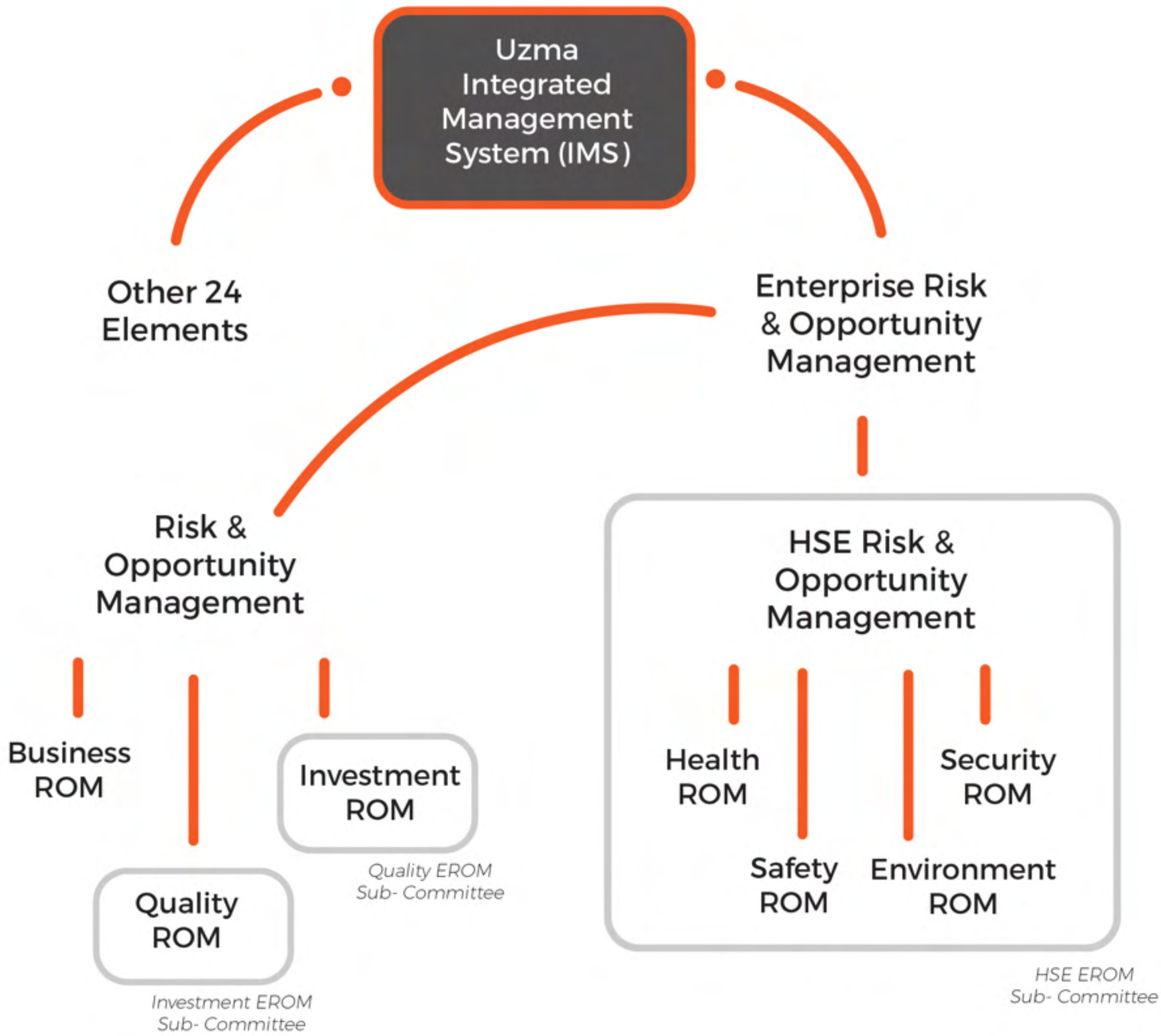


Figure 2: Components of uzmaEROM and sub-committees' area of responsibility.

Risk Management Framework & Processes.

Anchored by the leadership commitment from the Board and top management of Uzma, uzmaEROM's framework consists of five key integrated processes:

1.) **Integration** – uzmaEROM is an integral part of all the activities in the organization. Risks and the management of the risks are also synergized and coordinated within and between the different groups. Sustainability governance has been integrated as an integral part of uzmaEROM appropriate to Uzma's context.

2.) **Design** – uzmaEROM programs, processes and procedures have been designed to carry clear responsibilities, reflecting leadership commitments with appropriate communication and consultation built-in to the process.

3.) **Implementation** – uzmaEROM is a living program, managed in real-time with clear linkages across the different divisions and departments. Decision points and LOA have been clearly defined and practiced.

4.) **Evaluation** – uzmaEROM deliverables are evaluated to find gaps between expectations and actual performance for continuous improvements. Both internal and external audits are qually responsible for this.

5.) **Continual Improvement** – Gaps found in the evaluation are acted upon efficiently and effectively under the sanctions by the uzmaEROM Committee.

Figure 3 : uzmaEROM Framework

To ensure that all risks are effectively identified, analysed, evaluated, treated, monitored and efficiently reported, the overall processes of Uzma Risk Management is depicted in the diagram below:

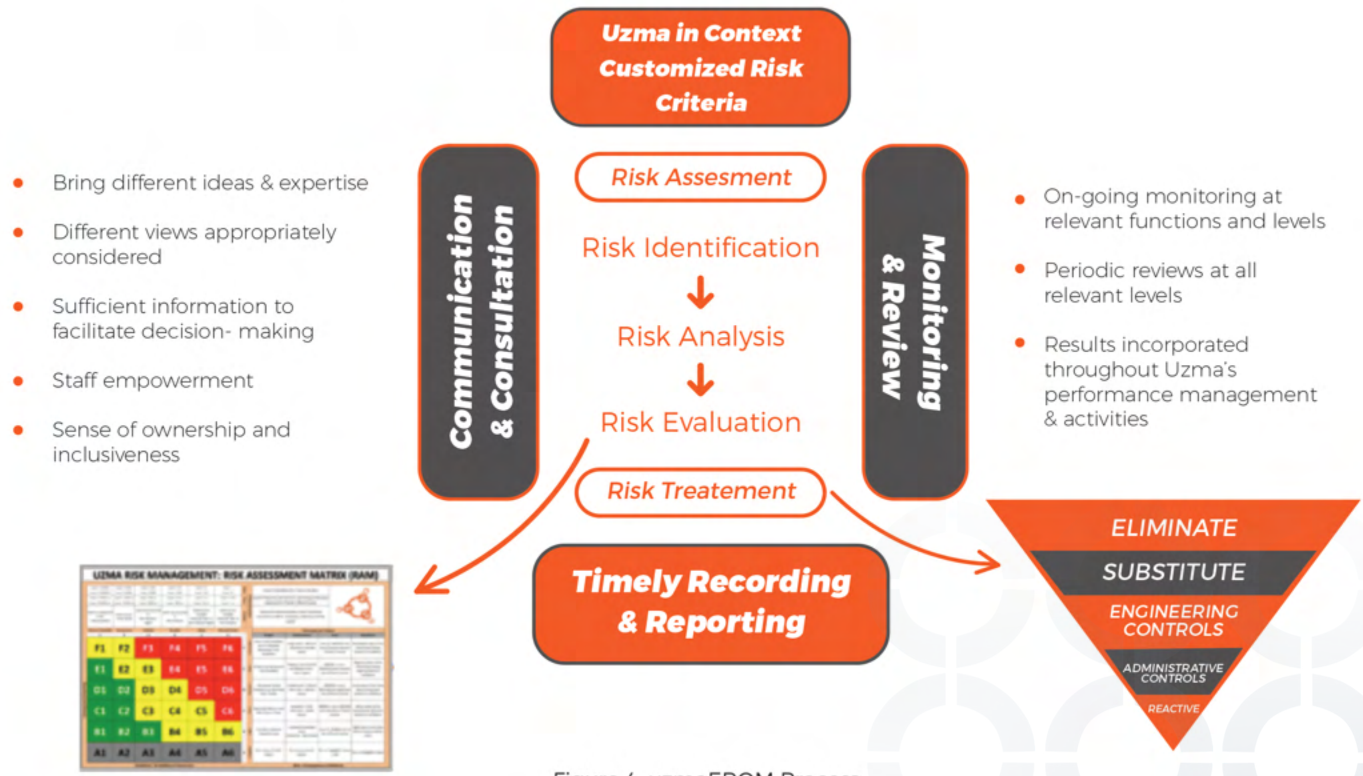


Figure 4: uzmaEROM Process

After the identification and analysis, all risks are evaluated using Uzma Risk Assessment Matrix (RAM). Based on the results, a set of action plans and the relevant resources are map out to tackle risks coded as RED and YELLOW. Each and every one of the coded risks is then acted upon via a risk treatment hierarchy regimen which promotes elimination, substitution or applying engineering controls on hazards/root causes of the risks before going for the less effective treatment like administrative controls and reactive/mitigation controls. The data collected is then stored into a documentation system called the Uzma Risk Register (URR) which consists of up to five levels of registers:

1. Corporate Risk Register
2. Divisional Risk Register
3. Departmental Risk Register
4. Project Risk Register
5. Process Risk Register

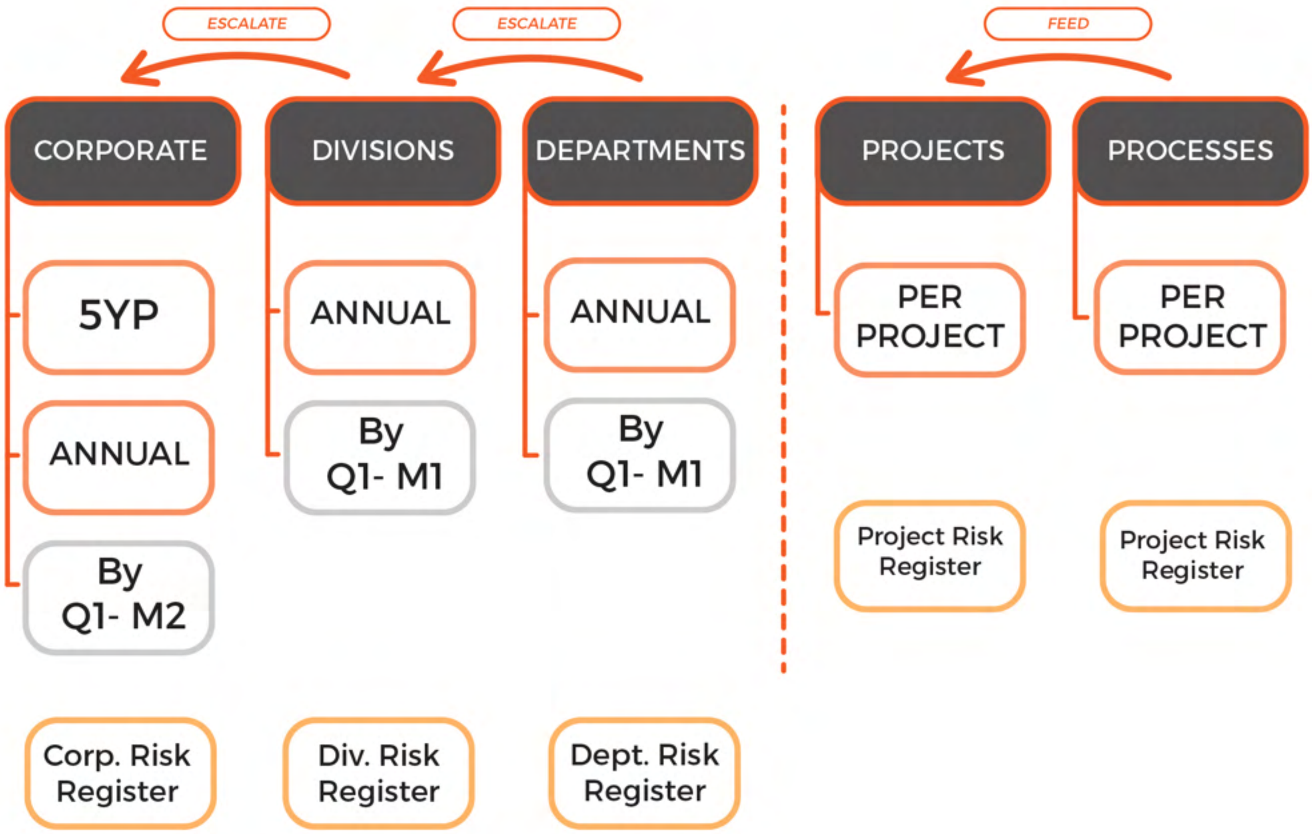


Figure 5: Recording and documentation of Risks in multi-layered Risk Registers

The multi-layered register is regularly monitored of its development, record, action, maintenance, report, escalation/delegation and update. These risk registers serves as very important basis and input to our 5 Year Plan and delegated Annual Objectives.

ACTIVE INTERNAL CONTROLS

The other key elements of the Group's internal controls systems are as follows:

- Promotion of INTEGRITY via the **uzmaWAY**, which is a set of corporate core values shared and embraced by all Uzmarians;

- Clear guidelines by Uzma Code of Conduct (The uzmaCODE), outlining appropriate behaviours and DO's and DON'Ts within the organization to minimize risks pertaining to human factors;

- An organisation structure, which clearly defines the lines of responsibilities, proper segregation of duties, reporting and delegation of authority;

- Clear and well-defined Limit of Authority (LOA) spanning across financial, technical and other appropriate review / approval at strategic gates and phases of the processes;

- Relevant training and development programmes are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively;'

- Rigorous review of key information such as financial performance, management accounts and budgets by the management and then the Board;

- The Executive Directors are actively involved in the running of the business and operation of the Group and they report to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;

- An annual Group budget is prepared by Management and tabled to the Board for approval. Continuous monitoring is carried out quarterly to measure actual performance against budget so as to identify significant variances arising and devise remedial action plans;

- Regular management meetings are held to discuss the Group's performance, business operation and management issues as well as formulate appropriate measures to address them; and

- The Group has established policies and procedures to support the Group's various business activities.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's Risk Management and Internal Control System are operating adequately and effectively in all material aspects. The Board was satisfied that as a direct and clear result from the comprehensive uzmaEROM program, Uzma has rolled out its Five-Year Plan to address significant risks as well as to take opportunity in ensuring that the organization could strategize and be appropriately guided into the right direction in the coming years.

The Board is of the view that the risk management and internal control system is satisfactory and no material internal control failures or any of the reported weaknesses have resulted in material losses or contingencies during this financial period review. The Board believes that Uzma's Risk Management Program has contributed a very valuable insight and the necessary actions needed for the future, as reflected by the urgency of the newly introduced Five-Year Plan.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors has reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial period ended 30 June 2018 in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE3000 (Revised), *Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*, have reported to the Board that nothing has come to their attention that cause them to believe that the Statement in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issues and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is factually inaccurate.

Additionally, in accordance with paragraph 15.23 of the Bursa Malaysia Securities Berhad main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the group for the year ended 30 June 2018 was reported to the Board and nothing had come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of Risk Management and Internal Control of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 17 October 2018

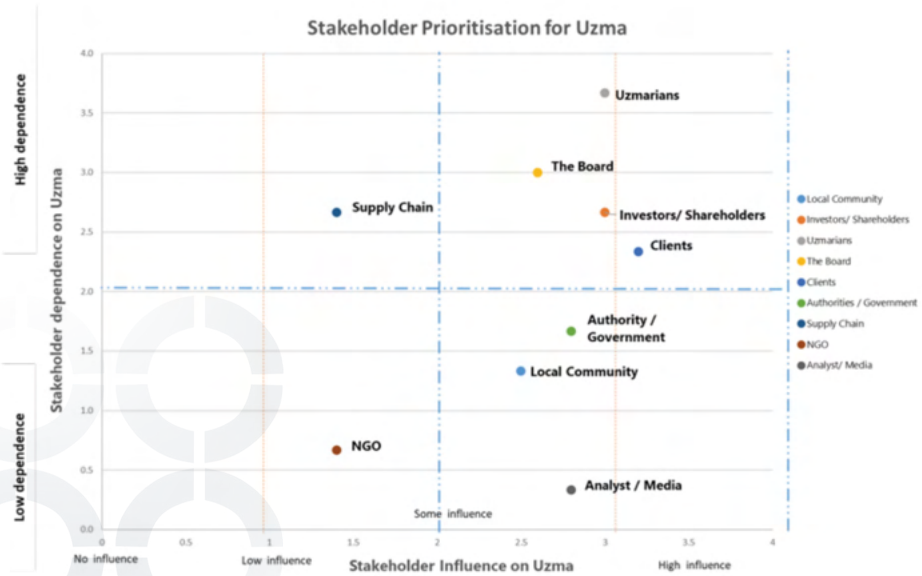
SUSTAINABILITY REPORT

Under the **uzmaWAY**, sustainability is defined as Uzma's current and future ability in satisfying the requirements and needs of its stakeholders in operating its businesses and activities. In other words, the direct or indirect results and products or side products from our operations shall meet the needs of our present context and stakeholders without compromising the needs of our future context and stakeholders who will inherit our business or who will be affected by our activities long after our passing.

Rolled out as a more structured program in fiscal 2018 called the uzmaSUSTAIN, the sustainability governance and management at Uzma is an integral part of its Enterprise Risk and Opportunity Management (uzmaEROM) program, being under the same responsibility of its uzmaEROM committee. However, its approach is fairly different from the traditional programs applied in business, investment, health and safety risk management. The sustainability management is more similar to our traditional approach on environmental risk management - as we look at the aspect and impact of our operations, business and activities on sustainable matters such as economics, environment and societal concerns. Only then will we be able to prioritize and work on how to manage the materiality to ensure our sustainability program will align with our aspiration and context.

STAKEHOLDERS FOCUSED MANAGEMENT

We understand the importance of communicating about our sustainability program to our stakeholders in a fairly and timely manner. Our stakeholder prioritization matrix is depicted in the diagram below:



Based on our stakeholder prioritization, we have decided to organize the following engagement programs in fiscal 2018:

DEPENDENCE LEVEL	INFLUENCE LEVEL	STAKEHOLDER	ENGAGEMENT STRATEGY
High	High	Employees (Uzmarians) The Board, Clients, Investors/Shareholders	• Fully engage to fully understand their concerns • Collaborate to achieve agreeable solutions to every concerns/problems they have
Low	High	Authority, Local Community, Analyst/ Media	• Engage to understand their concerns • Address all concerns
High	Low	Supply Chain	• Engage when needed • Keep them adequately informed on issues related to them • Honour all commitments
Low	Low	NGO	• Allow access to related information • Provide them updates when needed

SUSTAINABILITY MATTERS

We consider sustainability involves economic, environmental and social matters that reflect our impacts and which substantially influence our stakeholders' assessment/opinion of Uzma.

ECONOMIC MATTERS	ENVIRONMENTAL MATTERS	SOCIAL MATTERS
Impacts on the economic conditions, specifically on our stakeholders and generally on the broader localized, national and global economic systems. **Aspect:** Uzma's Procurement & Supply Chain Management Process	Impacts on mother nature - living and non-living environment, including land, air, water and ecosystems. **Aspects:** Energy usage, water usage, paper usage, emissions from our operations, depletion of natural resources, etc.	Impacts on the immediate and localized social systems within our operations in Selangor, Terengganu, Sabah, Sarawak, Bangkok and Jakarta. **Aspects:** Our relationships with Uzmarians, Empire Damansara communities, contractors, clients, etc.

HIGHLIGHTS OF ECONOMIC MATTERS

In fiscal 2018, out of the 618 active vendors in our Approved Vendor List (AVL), 509 or 82% of them are local companies. Out of the total 2191 Purchase Orders (POs) we issued out, 1901 or 87% of them were awarded to local suppliers. This business to local supply chain represented 58% of our procurement business volume in fiscal 2018. This volume could be higher if not for the limitation of technology, capability and availability of the products and services which were required.

Our initiative under the Uzma Innovative Partners Program (uzmaIPP) has matured into its third year in fiscal 2018, with two active local companies under our umbrella. This customized program, implemented in 2015 to support the national agenda of developing local talents and capabilities in the oil and gas industry as part of our giving-back-to-society drive, has progressed from creating to developing two technology-based Bumiputra companies capable of providing similar or better products and services to the local oil and gas industry at a fraction of the cost offered by their foreign competitors. The program has been a win-win effort by Uzma and the participants, as Uzma has directly benefited from the lower procured costs of these newly developed local contents while the participants have benefited from the knowledge and assistance from Uzma's Supply Chain Management group as well as Uzma's Technical and Engineering groups. Uzma managed to assist the participants in financing their business by providing a business guarantee / Purchase Order based on certain criteria – a stopping block in many businesses and new ventures.

The significant difference we have in this program is the technology pursuit and ownership requirement enforced in each of our business with the participants: there needs to be an Intellectual Property (IP) in the forms of patents so that our programs would not just be producing "followers", but "leaders" in the technology front. As of the end of fiscal 2018, one of the two participants in uzmaIPP had been ready to step out from our umbrella and making their ways into the open market on their own. This is another feature of our Innovative Partnership Program, in which we encourage our partners to grow and fly on their own without any tie to Uzma, as long as they adhered to our agreement of first-right-to-refuse.

HIGHLIGHTS OF ENVIRONMENTAL MATTERS

Caring for the environment is one of the five core pillars in our uzmaWAY. Our Environmental Policy clearly states that we believe in co-existing with and preserving the environment. In our line of business, we are directly involved in finding, connecting and producing the world's valuable natural resources, thus, it has become imperative that we do our very best in minimizing our footprints on the environment by the works we do.

Uzma Tower and all of our other offices and facilities use energy-saving LED lights, thus reducing electricity consumption on lightings by as much as 70% (based on the assumption that a 18W LED bulb gives the same illumination as a 60W conventional light). Other more significant bulk of the electricity consumption which is the air conditioning, is being controlled by administrative procedure of setting the temperature at 25 degree Celsius and turning it off if there is no need for it. We could not definitely quantify the savings we achieved in fiscal 2018 due to this control, but the more important results have been the awareness among our staff that we need to be prudent in doing our best to save energy and conserve the environment.

In fiscal 2018, we continued to reduce our paper usage by expanding our on-line processes on transactions which previously involved hardcopy papers. Procurement requisition has been fully running paperless via an internally-developed Procurement Integrated Management System (PrIMS). Our Payment Advice/Billing Advice processes for manpower consulting operation is also now fully on-line automated. Our Hazard Identification Report (HIR), a proactive safety real-time intervention program has been put on-line via Uzma HSE portal (UHSE). These three improvements have managed to cut our paper usage significantly.

Printers throughout the offices are set to print double-sided and black & white printouts by default. Paper issuance to all departments are being regulated and monitored by the Corporate Services group, who has access to real-time data and usage trend of every office floors. Our IT system has the capability to track, report and analyse paper printing amount down to individual employees – this data is used to proactively monitor the paper usage by our employees and return a flag or warning to act when anomaly was found. This capability has helped to increase awareness in our employees to be more responsible in printing out their work.

In order to reduce our carbon footprints, we encourage our staff to take the public transport (MRT and LRT) and we provide shuttle services to and from the office from the nearest MRT station. In fiscal 2018, there were 24 staff using this service. This reflected a direct reduction in energy usage via car fuel of about 2112 Litres per month (assuming our staff live 20km from the office, with average fuel consumption of 10km/L in heavy traffic). In terms of reduction in carbon monoxide pollution, this translated into a reduction of about 434 parts per million per cubic meter (PPM/m^3) per month (assuming 30PPM/m^3 generation of CO in 20minutes by an average-performance car fitted with catalytic converter). Overall, for fiscal 2018, we have avoided depleting some 38 Litres of fuel and avoid adding 7812PPM/m^3 CO pollution into the air just by providing an efficient shuttle service to some of our staff.

To minimize our impact on the global waste, we provide regular utensils (forks, spoons and knives), china (plates, bowls, cups) and glassware (glasses and pots) so that we do not depend on disposable kitchenware. If we had to cater food from external vendors for our indoor functions, one of the key requirements have been for the vendor to use only regular or recyclable utensils and china. Styrofoam has been completely banned from Uzma's premise since early fiscal 2018.

In addition, our archaeology arm, Uzma Archaeological Research Sdn. Bhd. (UAR) was one of the main sponsors and participants in the sea-bed and coral cleaning program in Pulau Bidong in fiscal 2018. This type of activity helps to create awareness within the local and international community on the importance of preserving our sea treasure. More importantly, we did our bit in helping to make part of our sea-bed a cleaner and better place for the marine environment.

HIGHLIGHTS OF SOCIAL MATTERS

In Uzma, we believe our most valuable stakeholders are our people and this is reflected through the People Policy in the **uzmaWAY** – signifying that people is one of the five core values in our corporate pillars. One of the top priorities for our people is assurance of their health and safety wherever they work worldwide. Elaboration on this subject could be found under the separate section focusing on Health & Safety Performance.

Remuneration and career development are the next two top expectations from our people. A study carried out in fiscal 2018 showed that Uzma was within the 50% quartile in the local industry in terms of remuneration package given to our people. To keep up with the status and working to progress into the next quartile (75%) within five years' time, Uzma had a company-wide salary increase exercise at a rate higher than the national average within the industry in fiscal 2018. Steps to a better and more transparent career development process for all our people have commenced in fiscal 2018 with the revamp of our competency management definitions undertaken by our internal human resources development group – the uzmaUNIVERSITY.

Developing our talent pool was one of the agendas in ensuring our people's progression in the company. Unfortunately, our High-Performance Staff (uzmaHPS) program was put into a halt in fiscal 2018 due to reprioritization of fund, but plans for its revival in fiscal 2019 is now underway.

Clients expect high quality, uncompromising safety and competitive costs from us. Even though these three expectations are not supposed to naturally be in the same sentence, Uzma has, time and time again, proven that we are capable of delivering our clients' expectations within acceptable quality, safety and costs. We held Supplier Quality Meetings (SQM) with our clients to regularly obtain their concerns and at the same time to update them about the status of our performance. For fiscal 2018, we have received a considerably satisfactory ratings and feedback from our clients, even though the ratings did not meet our fiscal target of "Excellent rating in 70% of our contracts". Improvement plans on client's delivery and management to achieve the said targets is nowunderway and shall be executed in fiscal 2019.

Uzma treats its supply chain as partners, and we are in the opinion that we need to be in symbiotic relationships with all of our contractors and vendors. As such, we organised a structured engagement program with our key contractors (based on importance, risks and business volume) which includes a quarterly business review and preferred vendor program. Since the program is still in its infancy stage in fiscal 2018, we hope to be able to elaborate more and include more data in our next Annual Report.

Uzma has always been very active in the local community, Empire Damansara, where our head office, Uzma Tower is located. With about 200 employees calling this home for five days a week, we need to ensure that our people feel right at home in the neighbourhood. Uzma had its permanent representative in the Empire Damansara Joint Management Committee (JMC), which oversees the overall management, safety and security of the local community. We contributed our expertise and regularly, our office space, for the committee to hold its meetings and events – which save money for the committee as we did not charge any rent or services. We played a central role in carrying out fire drill in the community, among others. Fiscal 2018 was the second consecutive year we contributed to the Joint Management Body (JMB) of Empire Damansara and we have gained significant trust and respect as a responsible corporate citizen from our community.

In order to regulate ethical and sustainable behaviour among our employees, the uzmaCODE (Uzma Code of Conduct) was rolled out back in fiscal 2016. It was revised in fiscal 2018 to incorporate a few additional governances which are vital to regulate and standardize the way we do business with our external stakeholders. The uzmaCODE also has a far-reaching intention of regulating our external stakeholders who directly interface with our employees such as our supply chain – suppliers and contractors.

As at the fiscal 2018 cut-off on 30 June, all activities pertaining to our structured sustainability governance and management have been running outside the radar of the Board, now being under the purview of the uzmaEROM committee headed by the Head of QHSE. Even though uzmaSUSTAIN was still in its infancy stage and was not part of the Board's regular agenda in fiscal 2018, the program and activities have been steadily taking shape and we have been on schedule in fiscal 2018 for the program to find its strong footing within the Uzma Integrated Management System (IMS). Within fiscal 2019, we expect that the helm of uzmaEROM be transferred to one of the Board of Directors. uzmaSUSTAIN has been developed and rolled out with the target of incorporating sustainability risks and opportunity as part of the Enterprise Risk and Opportunity Management (uzmaEROM). uzmaEROM, including its integrated elements of uzmaSUSTAIN and uzmaINVEST, shall be permanent agendas in the Board's meetings starting fiscal 2019.

AUDIT COMMITTEE REPORT

The Audit Committee of Uzma Berhad is pleased to present the Audit Committee Report for the financial period ended 30 June 2018 **("Financial Period")**.

The primary objective of the Audit Committee is to assist the board of directors in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Company and all its subsidiaries (**"Group")** and to ensure the adequacy and effectiveness of the Group's internal control measures.

1. COMPOSITION AND MEETINGS

The Audit Committee is established by the Board of Directors **("Board")** and comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is appointed by the Board and is an Independent Non-Executive Director. This meets the requirements paragraph 15.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements **("MMLR")**.

The Members of the Audit Committee and their attendance at meetings during the Financial Period are shown in the table below:-

MEMBERS OF THE AUDIT COMMITTEE	ATTENDANCE
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim – Chairman *(Independent Non-Executive Director)*	7/7
Yahya Bin Razali – Member *(Independent Non-Executive Director)*	7/7
Datuk Abdullah Bin Karim - Member *(Independent Non-Executive Chairman)*	5/7
Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee - Member *(Independent Non-Executive Chairman) (resigned on 30.08.2018)*	7/7

The Managing Director / Chief Executive Officer and representatives from the Management attended the meetings by invitation for the purposes of briefing the Audit Committee on reports presented at the meeting and to clarify on issues that the Audit Committee may have with regard to the activities involving theirs areas of responsibilities.

The External Auditors and Internal Auditors were present at three (3) and four (4) Audit Committee meetings, respectively, held during the Financial Period.

Minutes of each Audit Committee meeting were recorded and tabled for confirmation at the next following Audit Committee meeting and subsequently presented to the Board at Board meeting for information. The Company Secretary is the Secretary to the Audit Committee.

2. TERMS OF REFERENCE

The Audit Committee had discharged its function and carried out its duties as set out in the Terms of Reference. On 28 August 2018, the Terms of Reference of the Audit Committee was enhanced to be in line with the changes to the Malaysian Code on Corporate Governance on strengthening the requirements on the membership of the Audit Committee.

Pursuant to Paragraph 9.25 of the MMLR of Bursa Malaysia Securities Berhad, the Terms of Reference of the Audit Committee are published on the Company's Website for shareholders' reference at www.uzmagroup.com

3. WORK DONE BY THE AUDIT COMMITTEE DURING THE FINANCIAL PERIOD

The works were carried out by the Audit Committee during the Financial Period up to the date of issuance of this Annual Report comprising the following:-

(1) Reviewed the Company's quarterly financial report through discussions with Management before recommending to the Board's consideration and approval, focusing particularly on financial reporting issues, significant judgement made by management and unusual events and compliance with accounting standards and other legal requirements.

(2) Reviewed with the External Auditors:

- the audit planning memorandum, audit strategy and scope of work for the Financial Period;
- the results of the annual audit and accounting issues arising from the audit, their audit report and management letter together with management's responses to the findings of the external auditors; and
- the impact of any changes to the accounting standards, the impact and adoption of new accounting standards on the Company's financial statements.

(3) Reviewed the provision of non-audit services by External Auditor, the performance of the External Auditors and evaluated their suitability and independence before making recommendations to the Board on their re-appointment and recommendation.

(4) Reviewed the annual audited financial statements of the Company prior to submission to the Board for consideration and approval. The review focused particularly on changes of accounting policy, significant matters highlighted including key audit matters, financial reporting issues, significant and unusual events/transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia.

(5) Reviewed the related party transactions and any conflict of interest situation that may arise within the Group and to ensure that they are not more favourable to the related parties than those generally available to the public and complies with the MMLR.

(6) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission to the Board for consideration and approval for inclusion in the Annual Report of the Company.

(7) Reported to the Board on matter discussed and addressed at the Audit Committee meetings.

(8) Reviewed with the Internal Auditor:-

- the annual internal audit plan for adequacy of scope and coverage on the activities of the Group. Audit areas were discussed and annual internal audit plan was approved for adoption; and
- the internal audit reports presented by the Internal Auditor on their findings and recommendations with respect to system and control weaknesses and management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

(9) Reviewed the status of compliance of the Company with the Malaysian Code of Corporate Governance, which are within the scope and function of the Audit Committee, for the purposes of disclosure in the Statement of Corporate Governance pursuant to the requirement of paragraph 15.25 of MMLR.

(10) Reviewed the quarterly Debtors' Ageing Report.

(11) Discussed and recommended to the Board the proposed change of financial period end from 31 December to 30 June.

(12) Reviewed and approved the Term of Reference of Audit Committee aligned with the developments of MMLR and Malaysian Code on Corporate Governance.

4. INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The internal audit function, which is outsourced to a professional services firm is an integral part of the assurance mechanism in ensuring the Group's system of internal control are adequate and effective. The Internal Auditors report directly to the Audit Committee and assist the Audit Committee to discharge its duties and responsibilities.

The Internal Auditor prepare and table the Internal Audit Plan for the consideration and approval of the Audit Committee. It conducts independent reviews of the key activities with the Group's operation based on the audit plan approved by the Audit Committee. The Internal Auditor report to the Audit Committee twice yearly and provide the Audit Committee with independent views on the adequacy, integrity and effectiveness of the system of internal control after its reviews.

Prior to the presentation of report to the Audit Committee, comments from the Management are obtained and incorporated into the internal audit findings and reports. The review conducted by the Internal Auditor during the Financial Period are as follows-

Uzma Engineering Sdn. Bhd.

- Business Development
- Maintenance Management

Uzma Berhad

- Human Resource Management

The costs incurred in maintaining the outsourced the internal audit function for the Financial Period is RM 38,000.00.

OTHER INFORMATION

The Nominating Committee had at its meeting held on 17 October 2018 reviewed the term of office of the Audit Committee members and assessed the performance the Audit Committee and its members through an annual Board Committees effectiveness assessment. The Nominating Committee is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference. The assessment result was reported to the Board and the Board is in concurrence with the Nominating Committee on the performance of the Audit Committee and its members.

NOMINATING COMMITTEE REPORT

(A) COMPOSITION OF THE NOMINATING COMMITTEE

The Nominating Committee comprises four (4) Non-Executive Directors, all of whom are Independent Directors.

Chairman

Datuk Abdullah Bin Karim
(Independent Non-Executive Chairman)

Member

Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim
(Independent Non-Executive Director)

Yahya Bin Razali
(Independent Non-Executive Director)

Ikhlas Bin Abdul Rahman
(Independent Non-Executive Director)

(B) ACTIVITIES OF THE NOMINATING COMMITTEE

The annual principal function of the Nominating Committee is to assess and review the performance of the board, board directors and board committees and to consider the appropriate size and composition of the Board. The underlying policy in determining the size and composition of the Board is based on the consideration of the complexity and scale of operations of the Company and the Group, the Board balance and Board's capacity to discharge its responsibilities effectively.

Following are the summary of the review activities and the criteria and processes carried out by the Nominating Committee during the financial period ended up to the date of issuance of this Annual Report: -

(1) Review of the Performance and Effectiveness of the Board, Board Committees and Individual Director

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the area of contribution and interaction with peers, quality of the input of the Director and their understanding of their respective roles.

During the assessment exercise, the Directors will be given a performance evaluation sheet for Individual Director Self/ Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. In view that the Nominating Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Nominating Committee, Remuneration Committee and the Audit Committee are carried out by the Board with the members of the respective committees abstained from deliberation.

(2) Annual Independence Assessment

On an annual basis, the Nominating Committee will review the independence of the Independent Directors. Criteria for assessment of independence are primarily based on the requirements and definition of "independent director' as set out in the Listing Requirements and the integrity and objectivity of the independent director in discharging his duties.

(3) Evaluation of Directors Standing for Re-election at the Forthcoming Annual General Meeting ("AGM")

In recommending the Directors for re-election to the Board, the Nominating Committee would refer to the individual Directors' annual assessment result to ensure that feedback given and scoring achieved by the relevant directors who are retiring by rotation are satisfactory.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

Private Placement in 2017

The Company issued 29,093,500 new ordinary shares at an issue price of RM1.70 per share via a Private Placement ("Private Placement"). The Private Placement was completed with the listing of and quotation of the Placement Shares on the Main Market of Bursa Securities on 16 June 2017. The total proceeds raised from the Private Placement was RM49,458,950.00. The status of the utilisation of the proceeds raised as at 30 June 2018 is set out below:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation up to 30 June 2018 (RM'000)	Intended time frame for Utilisation (Months)	Deviations (RM'000)	Explanation
Capital expenditure	30,000	(10,410)	24	19,590	To be utilised
Working Capital	3748	(3,748)	12	-	
Repayments of Bank Overdrafts	15,000	(15,000)	12	-	
Estimated expenses relating to Private Placement	711	(711)	1	-	
	49,459	**(29,869)**		**19,590**	

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the External Auditors for the financial period ended 30 June 2018 amounted to RM 382,000 of which RM 87,000 was incurred by Uzma Berhad.

The amount of the non-audit fees incurred for services rendered to Uzma Berhad by the External Auditors for the financial period ended 30 June 2018 amounted to RM7,000. The services were for review of Statement of Risk Management and Internal Control. There were no non-audit fees incurred by the subsidiaries

3. MATERIAL CONTRACTS

There is no material contract entered into by the Company or its subsidiaries involving directors' and major shareholders' interest which was entered into since the end of the previous financial year and/or still subsisting at the end of the financial period.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2018

ISSUED SHARED	:	320, 028, 500 ORDINARY SHARES
CLASS OF SHARES	:	ORDINARY SHARES
VOTINGS RIGHTS	:	ONE VOTE PER SHAREHOLDER ON A SHOW OF HANDS OR ONE VOTE PER ORDINARY SHARE ON A POLL

DISTRIBUTION OF SHAREHOLDERS

SIZE OF HOLDING	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF ISSUED SHARES	% OF ISSUED SHARE CAPITAL
Less than 100	29	1.40	484	0.00
100 to 1,000	649	31.38	266,005	0.08
1,001 to 10,000	905	43.76	4,319,400	1.35
10,001 to 100,000	318	15.38	10,212,631	3.19
100,001 to less than 5% of issued shares	144	6.96	99,881,606	31.21
5% and above of issued shares	23	1.11	205,348,374	64.17
TOTAL	**2,068**	**100.00**	**320,028,500**	**100.00**

THIRTY LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGGIRI TUAH SDN. BHD.	73,729,400	23.04
2.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGGIRI TUAH SDN. BHD.	26,800,000	8.37
3.	LEMBAGA TABUNG HAJI	26,263,200	8.21
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	24,119,600	7.54
5.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE LTD FOR ROTATING OFFSHORE SOLUTIONS PTE LTD.	10,000,000	3.12
6.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR TENGGIRI TUAH SDN. BHD.	9,500,000	2.97
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	8,878,100	2.77
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	6,701,500	2.09
9.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND (4579)	6,634,000	2.07
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA SAI MEN	5,254,500	1.64
11.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	4,789,800	1.50

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
12.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AM INV)	3,528,600	1.10
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	3,320,000	1.04
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (VCAM EQUITY FD)	2,995,900	0.94
15.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	2,964,900	0.93
16.	MAYBANK NOMINESS (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR RHB CAPITAL FUND (200189)	2,603,800	0.81
17.	TENGKU AB MALEK BIN TENGKU MOHAMED	2,484,800	0.78
18.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	2,441,700	0.76
19.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)	2,432,000	0.76
20.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	2,321,200	0.73
21.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	2,277,700	0.71
22.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. SSBT AIFM FUND SAFP FOR LEMBAGA TABUNG HAJI	2,219,700	0.69
23.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AMISLAMIC FD)	2,152,800	0.67
24.	MOHD. ZULHAIZAN BIN MOHD. NOOR	2,130,400	0.67
25.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHE NAZAHATUHISAMUDIN	2,119,780	0.66
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. YAYASAN HASANAH (AUR-VCAM)	2,031,300	0.63
27.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF DANA ADIB	1,801,700	0.56
28.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	1,740,700	0.54
29.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	1,700,000	0.53
30.	AMANAHRAYA TRUSTEES BERHAD AFFIN HWANG GROWTH FUND	1,697,700	0.53
	TOTAL	**247,634,780**	**77.38**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2018

NAME	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
TENGGIRI TUAH SDN. BHD.	109,326,674	34.16	-	-
DATO' KAMARUL REDZUAN BIN MUHAMED	-	-	109,326,674[1]	34.16
DATIN ROZITA BINTI MAT SHAH @ HASSAN	-	-	109,326,674[1]	34.16
LEMBAGA TABUNG HAJI	29,230,500	9.13	-	-
EMPLOYEES PROVIDENT FUND BOARD	28,479,300	8.90		
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	24,119,600	7.54	13,414,500[2]	4.19

NOTES

1) *Deemed interested by virtue of their interest in Tenggiri Tuah Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016*
2) *Shares held by Fund Managers.*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

NAME	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
DATO' KAMARUL REDZUAN BIN MUHAMED	-	-	109,326,674 (1)	34.16
DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON	2,269,780	0.71	-	-
DATO' DR. (H) AB WAHAB BIN HAJI IBRAHIM	-	-	-	-
YAHYA BIN RAZALI	-	-	-	-
DATO' HAJJAH ZURAINAH BINTI MUSA	-	-	-	-
DATUK ABDULLAH BIN KARIM	-	-	-	-
AHMAD YUNUS BIN ABD TALIB	103,000	0.03	-	-
IKHLAS BIN ABDUL RAHMAN	-	-	-	-
PETER ANGUS KNOWLES (RESIGNED ON 17.10.2018)	242,000	0.08	-	-

NOTES

1) *Deemed interested by virtue of their interest in Tenggiri Tuah Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016*

LIST OF PROPERTIES

TITLE/LOCATION	DESCRIPTION / EXISTING USE	REGISTERED OWNER	AGE OF BUILDING (YEARS)	LAND/ BUILT-UP AREA	TENURE	NET BOOK VALUE AS AT 30.6.2018 (RM '000	ORIGINAL COST (RM'000)
H.S. (D) 102228 P.T. NO. 16042 DAMANSARA, SELANGOR DARUL EHSAN NO. 29, JALAN KARTUNIS U1/47 TEMASYA INDUSTRIAL PARK SECTION U1 SHAH ALAM SELANGOR DARUL EHSAN	GEOLOGICAL LABORATORY	UZMA ENGINEERING SDN. BHD	19 YEARS	892 SQ MTR OR 9601.49 SQ FT	FREEHOLD	3,269	3,626
H.S. (D) 256295, P.T. NO. 47371 IN THE MUKIM OF SUNGAI BULOH, DISTRICT OF PETALING, STATE OF SELANGOR H-B1-01, H-02-01, H-03-01, H-03A-01, H-05-01, H-06-01, H-07-01, H-08-01, H-09-01,H-10-01, H-11-01, H-12-01, ALL SITUATED AT BLOK EMPIRE PEJABAT, EMPIRE DAMANSARA, NO. 2, JALAN PJU 8/8A, DAMANSARA PERDANA, PJU 8, PETALING JAYA, 47820 SELANGOR DARUL EHSAN	12-STOREY COMMERCIAL BUILDING FOR USE AS OFFICE PREMISES	UZMA ENGINEERING SDN. BHD	5 YEARS	21,495.1 SQ MTR OR 38,901 SQ FT	LEASEHOLD 99 YEARS	23,080	24,000
H-CAPE BIZ SECTOR @ ON-NUT SUKHAPHIBAN 2 RD., PRAWET, PRAWET, BANGKOK, THAILAND.	COMMERCIAL BUILDING 3 AND HALF FLOOR	UZMA CONSULTING LIMITED	3 YEAR		FREEHOLD		
ROOM NO 22/30				115.20SQ.M. OR 250.80SQ.M		2,304,000.00 6,536,370.95	2,304,000.00 6,931,766.50
ROOM NO 22/31				115.20SQ.M. OR 250.80SQ.M		2,304,000.00 6,536,370.95	2,304,000.00 6,931,766.50
ROOM NO 22/32				116.00SQ.M. OR 250.80SQ.M		2,320,000.00 6,521,283.61	2,320,000.00 6,915,766.48
ROOM NO 22/33				158.00SQ.M. OR 250.80SQ.M		3,160,000.00 6,732,406.13	3,160,000.00 7,139,660.16

Financial Report

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 June 2018.

CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company and its subsidiaries have changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the financial period ended 30 June 2018 cover 18-months period as compared to the 12-months period ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

RESULTS	THE GROUP RM '000	THE COMPANY RM '000
Profit after taxation for the financial period	28,596	3,373
Attributable to:-		
Owners of the Company	26,459	3,373
Non-controlling interests	2,137	-
	28,596	3,373

DIVIDENDS

No dividend was recommended by the directors for the financial period.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial period:-

(a) the Company increased its issued and paid-up share capital from RM145,467,500 to RM194,926,450 by an issuance of 29,093,500 new ordinary shares at RM1.70 each through private placement for a total cash consideration of RM49,458,950 for working capital purpose.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, 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 all known bad debts had been written off 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 further 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 period 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 period.

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 period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period 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 period 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 period in which this report is made.

DIRECTORS

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

DATO' KAMARUL REDZUAN BIN MUHAMED
DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON
DATO' DR. (H) AB WAHAB BIN HAJI IBRAHIM
DATO' HAJJAH ZURAINAH BINTI MUSA
DATUK ABDULLAH BIN KARIM
YAHYA BIN RAZALI
AHMAD YUNUS BIN ABD TALIB
IKHLAS BIN ABDUL RAHMAN
DATUK SERI SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE (RESIGNED ON 30.8.2018)
PETER ANGUS KNOWLES (RESIGNED ON 17.10.2018)

The names of directors of the Company's subsidiaries who served during the financial period and up to the date of this report, not including those directors mentioned above, are as follows:-

DATIN ROZITA BINTI MAT SHAH @ HASSAN
FARIDAHANIM BINTI HAMDAN
GOH SOH KOON
MAHARON BIN JADID
MOHD ASRUL BIN ABDUL AZIZ
BONG LEONG SUNG
NI KETUT KUSMIATI
SEBASTIAN LEE
RIZAL BIN MOHD ARIFIN
STEPHEN MARK TAYLOR
TABRATAS THAROM
GRAHAM JAMES JOHN BROWN
SAMRAT KNOWLES
MOHD SHAHRIN BIN SAAD (APPOINTED ON 3.1.2018)
YAP KIAN MUN (APPOINTED ON 17.7.2017)(RESIGNED ON 19.9.2017)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES			
	AT 1.1.2017 DATE OF APPOINTMENT	BOUGHT	SOLD	AT 30.6.2018
THE COMPANY				
DIRECT INTERESTS				
DATUK SERI SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE (Resigned on 30.08.2018)	111,450	-	-	111,450
PETER ANGUS KNOWLES	2,200,000	-	(958,000)	1,242,000
DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON (Resigned on 30.08.2018)	2,419,780	-	(150,000)	2,269,780
AHMAD YUNUS BIN ABD TALIB	103,000	-	-	103,000
DEEMED INTERESTS				
DATO' KAMARUL REDZUAN BIN MUHAMED	119,175,074*	-	(6,000,000)	113,175,074

Notes:-
* - Deemed interested by virtue of his interest held through Tenggiri Tuah Sdn. Bhd..

By virtue of his interest in the Company, Dato' Kamarul Redzuan Bin Muhamed is deemed to have interests in shares in its related corporations during the financial period to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial period had no interest in shares of the Company or its related corporations during the financial period.

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.

Neither during nor at the end of the financial period 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 period are disclosed in Note 43 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial period, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 48 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 49 to the financial statements..

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), are not seeking reappointment at the forthcoming Annual General Meeting.

The auditors' remuneration are disclosed in Note 37 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 25.10.2018

Dato' Kamarul Redzuan Bin Muhamed

Dato' Che Nazahatuhisamudin Bin Che Haron

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Kamarul Redzuan Bin Muhamed and Dato' Che Nazahatuhisamudin Bin Che Haron, being two of the directors of Uzma Berhad, state that, in the opinion of the directors, the financial statements set out on pages 90 to 176 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2018 and of their financial performance and cash flows for the financial period ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 25.10.2018

Dato' Kamarul Redzuan Bin Muhamed

Dato' Che Nazahatuhisamudin Bin Che Haron

STATUTORY DECLARATION

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

I, Bong Leong Sung, MIA Membership Number: CA19682, being the officer primarily responsible for the financial management of Uzma Berhad, do solemnly and sincerely declare that the financial statements set out on pages 90 to 176 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
Bong Leong Sung, NRIC Number: 740506-05-5265
at Kuala Lumpur
in the Federal Territory
on this

Bong Leong Sung

Before me

Lai Din (W-668)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UZMA BERHAD

(Incorporated in Malaysia)
Company No : 769866 - V

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Uzma Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cashflows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 176.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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.

TANJONG BARAM SMALL FIELD RISK SERVICE CONTRACT CAPITAL EXPENDITURE IMPAIRMENT
Refer to Note 16 in the financial statements

Key Audit Matter	How our audit addressed the key audit matter
Petroliam Nasional Berhad ("Petronas") in its letter dated 6 June 2018 has further approved the additional capital expenditure incurred of USD1,277,000. The total capital expenditure apporoved as at 30 June 2018 amounted to USD112,137,000. Uzma Energy Venture (Sararwak) Sdn Bhd and EnQuest Petroleum Developments Malaysia Sdn. Bhd. ("EQ") are in continuous discussion with Petronas with respect to the excess of the capital reimburstment amount of USD5,003,00. The amount receivable from Petronas in relation to the TB SFRSC at the end of the reporting period amounted to RM96,489,000 (31.12.2016 : RM135,594,000), total capital expenditure incurred less reimbursable amount. The assessment of impairment of TB SFRSC is significant to our audit as it involves significant judgement and subsequent approval of Petronas.	Our procedures included, amongst others:- • Reviewed the TB SFRSC agreement; • Reviewed the claims submission to Petronas; • Reviewed correspondences between EQ, Petronas and the Group; • Made inquiries with management regarding the action plans to recover the excess capital expenditure incurred; and • Interviewed with and understand from the General Manager of Malaysia Petroleum Management from PETRONAS, on the status of approval on the excess capital expenditure incurred

Key Audit Matters (Cont'd)

Goodwill impairment
Refer to Note 13 in the financial statements

Key Audit Matter	How our audit addressed the key audit matter
Goodwill balance as at 30 June 2018 amounted to RM61,368,000. Management is required to conduct annual impairment assessment on the goodwill. For this purpose, management has estimated the recoverable amount of the cash-generating unit in which the goodwill is attached to, using the value in use approach. This is derived from the present value of the future cash flows from the cash-generating unit. This assessment of goodwill impairment is significant to our audit as it is highly subjective, involves significant judgement and is based on assumptions that may be affected by future market and economic conditions.	Our procedures included, amongst others:- • Reviewed management's estimate of the recoverable amount and test of the cash flows forecast for their accuracy; • Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount; • Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results; • Performed sensitivity analysis over the key assumptions to understand the impact of changes over the valuation model; and • Reviewed the adequacy of the Group's disclosures.

Allowance for impairment of trade receivables
Refer to Note 15 in the financial statements

Key Audit Matter	How our audit addressed the key audit matter

The Group carried significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting.
 	
The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.
	Our procedures included, amongst others:-
	
	• Obtained an understanding of:-
	   • the Group's control over the trade receivables collection process;
	   • how the Group identifies and assesses the impairment of trade receivables; and
	   • how the Group makes the accounting estimates for impairment.
	
	• Reviewed the ageing analysis of trade receivables and testing the reliability thereof;
	
	• Reviewed subsequent cash collections for major trade receivables and overdue amounts;
	
	• Made inquiries of management regarding the action plans to recover overdue amounts;
	
	• Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection;
	
	• Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and
	
	• Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

Key Audit Matters (Cont'd)

Accounting for business combination
Refer to Note 40 in the financial statements

Key Audit Matter	How our audit addressed the key audit matter
During the financial period, the Group acquired 90% equity interest in PT Cougar Drilling Solutions Indonesia for USD142,500 which is equivalent to RM619,000. The purchase price allocation exercises have been performed by management, assisted by an external expert for one of the exercises. The management has engaged an independent valuer to assist management in the Purchase Price Allocation ("PPA"). During the process, the independent valuer has identified the technical know-how as Intangible Asset. The Intangible Asset has been recognised at the Group level with the cost of RM26,000,000 and has an useful lives of 10 years. As a result of the PPA exercise, it gave rise to a bargain purchase of RM10,636,000 and has been recognised in the profit or loss. We determined this to be a key audit matter as the acquisitions are material and requires the use of significant management judgement regarding the valuation of the assets acquired and liabilities assumed.	Our procedures included, amongst others:- • Assessed the scope of work, qualifications and competence of the independent values; • Reviewed the terms of engagement of the independent valuer to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; • Assessed the methodologies used by the independent valuer; • We have interviewed the independent valuer and had challenged their view in deriving on the valuation and PPA; • Made enquiries with management on the purchase price allocation and assessing the PPA has been performed in accordance with the requirement set out in MFRS 3 Business Combinations; • Assessed the appropriateness of the identifiable assets acquired and the liabilities assumed at the acquisition date and reviewing management's procedure for determining the fair value of the net identifiable assets acquired; and • Tested the calculation of the goodwill arising from the acquisition of the subsidiaries, being the difference between the total purchase considerable and the fair value of the net identifiable assets acquired and liabilities assumed.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Chin Kit Seong
Approval No: 03030/01/2019 J
Chartered Accountant

25 October 2018
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2018

		THE GROUP		THE COMPANY	
ASSETS	NOTE	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	231,329	230,752
Investments in associates	7	9,331	4,754	4,392	4,154
Investments in joint ventures	8	62,386	54,200	-	-
Other investments	9	16,483	10,483	-	-
Property, plant and equipment	10	452,410	497,996	71	-
Other receivables	16	80,109	93,534	-	-
Intangible assets	11	24,396	1,594	-	-
Deferred tax assets	12	3,421	112	-	-
Goodwill on consolidation	13	61,368	61,368	-	-
		709,904	724,041	235,792	234,906
CURRENT ASSETS					
Inventories	14	18,186	18,414	-	-
Trade receivables	15	100,816	204,471	-	-
Other receivables, deposits and prepayments	16	96,375	113,976	3,959	1,974
Amount owing by contract customers	17	858	3,246	-	-
Amount owing by subsidiaries	18	-	-	60,378	9,066
Amount owing by an associate	19	-	5,257	-	-
Amount owing by a joint venture	20	2,229	-	192	-
Short-term investments	21	143	51	128	36
Current tax assets		15,475	7,521	123	8
Fixed deposits with licensed banks	22	25,213	22,014	-	-
Cash and bank balances		34,914	53,602	11	50
		294,209	428,552	64,791	11,134
		1,004,113	1,152,593	300,583	246,040

STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2018 (CONT'D)

		THE GROUP		THE COMPANY	
EQUITY AND LIABILITIES	NOTE	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
EQUITY					
Share capital	23	194,926	145,468	194,926	145,468
Share premium	24	95,143	95,853	95,143	95,853
Merger deficit	25	(29,700)	(29,700)	-	-
Capital reserve	26	426	176	-	-
Foreign exchange translation reserve	27	21,937	39,540	-	-
Retained profits		177,029	150,820	7,973	4,600
Equity attributable to owners of the Company		459,761	402,157	298,042	245,921
Non-controlling interests	6	20,049	18,546	-	-
TOTAL EQUITY		479,810	420,703	298,042	245,921
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	7,689	7,928	-	-
Long-term borrowings	28	240,663	325,019	-	-
		248,352	332,947	-	-
CURRENT LIABILITIES					
Trade payables	29	80,743	120,436	-	-
Other payables and accruals	30	47,100	83,513	1,341	92
Amount owing to subsidiaries	18	-	-	-	27
Amount owing to associates	19	2,228	-	-	-
Current tax liabilities		1,830	1,435	1,200	-
Short-term borrowings	31	118,423	169,243	-	-
Bank overdrafts	34	25,627	24,316	-	-
		275,951	398,943	2,541	119
TOTAL LIABILITIES		524,303	731,890	2,541	119
TOTAL EQUITY AND LIABILITIES		1,004,113	1,152,593	300,583	246,040
NET ASSETS PER ORDINARY SHARE (SEN)	35	148	138		

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

		THE GROUP		THE COMPANY	
	Note	1.1.2017 to 30.6.2018 RM' 000	1.1.2016 to 31.12.2016 RM' 000	1.1.2017 to 30.6.2018 RM' 000	1.1.2016 to 31.12.2016 RM' 000
Revenue	36	541,870	471,050	13,807	3,580
Cost of Sales		(346,284)	348,817	-	-
Gross Profit		195,586	122,233	13,807	3,580
Other Income		39,441	23,147	2,811	2,016
		235,027	145,380	16,618	5,596
Administrative Expenses		(112,408)	(62,653)	(12,041)	(1,144)
Other Expenses		(69,820)	(21,971)	(4)	-
Finance Costs		(38,325)	(14,799)	-	(10)
Share of Results In Associates, Net of Tax		140	275	-	-
Share of Results In A Joint Venture, Net of Tax		10,391	4,304	-	-
Profit Before Taxation	37	25,005	50,536	4,573	4,442
Income Tax Expense	38	3,591	(6,415)	(1,200)	(58)
Profit After Taxation		28,596	44,121	3,373	4,384
Other Comprehensive (Expenses)/ Income					
Items that May be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		(17,599)	6,765	-	-
Total Comprehensive Income For the Financial Period / Year		10,997	50,886	3,373	4,384
Profit After Taxation Attribute To :-					
Owners of the Company		26,459	39,328	3,373	4,384
Non-controlling interests		2,137	4,793	-	-
		28,596	44,121	3,373	4,384
Total Comprehensive Income Attribute To :-					
Owners of the Company		8,856	46,005	3,373	4,384
Non-controlling interests		2,141	4,881	-	-
		10,997	50,886	3,373	4,384
Earnings Per Share					
- basic (sen)	39	8.52	13.52		
- diluted (sen)	39	8.52	13.52		

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STATEMENTS OF CHANGES IN EQUITY 93

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Non- Distributable					Distributable			
	Share Capital RM' 000	Share Premium RM'000	Merger Deficit RM '000	Capital Reserve RM '000	Foreign Exchange Translation Reserve RM '000	Retained Profits Rm '000	Attributable to Owners of The Company RM '000	Non-Controlling Interests RM '000	Total Equity RM '000
THE GROUP									
Balance at 1.1.2016	145,468	95,853	(29,700)	76	32,863	111,592	356,152	15,150	371,302
Profit after taxation for the financial year	-	-	-	-	-	39,328	39,328	4,793	44,121
Other comprehensive income for the financial year :									
- Foreign currency translation differences	-	-	-	-	6,677	-	6,677	88	6,765
Total comprehensive income for the financial year	-	-	-	-	6,677	39,328	46,005	4,881	50,886
Contributions by and distributions to owners of the Company :									
- Dividend :									
- by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(1,485)	(1,485)
- Arising from bonus issue by a subsidiary	-	-	-	100	-	(100)	-	-	-
Total transaction with owners	-	-	-	100	-	(100)	-	(1,485)	(1,485)
Balance at 31.12.2016	145,468	95,853	(29,700)	176	39,540	150,820	402,157	18,546	420,703

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

	Non- Distributable					Distributable			
THE GROUP	Share Capital RM' 000	Share Premium RM'000	Merger Deficit RM '000	Capital Reserve RM '000	Foreign Exchange Translation Reserve RM '000	Retained Profits Rm '000	Attributable to Owners of The Company RM '000	Non-Controlling Interests RM '000	Total Equity RM '000
Balance at 31.12.2016/1.1.2017	145,468	95,853	(29,700)	176	39,540	150,820	402,157	18,546	420,703
Profit after taxation for the financial period	-	-	-	-	-	26,459	26,459	2,137	28,596
Other comprehensive income for the financial period :									
- Foreign currency translation differences	-	-	-	-	(17,603)	-	(17,603)	4	(17,599)
Total comprehensive income for the financial period	-	-	-	-	(17,603)	26,459	8,856	2,141	10,997
Contributions by and distributions to owners of the Company :									
- Issuance of shares :									
- by the Company	49,458	(710)	-	-	-	-	48,748	-	48,748
- by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	396	396
- Acquisition of a subsidiary	-	-	-	-	-	-	-	(1,216)	(1,216)
- Dividend :									
- by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(2,250)	(2,250)
- Arising from bonus issue by a subsidiary	-	-	-	250	-	(250)	-	-	-
Total transaction with owners	49,458	(710)	-	250	-	(250)	48,748	(638)	48,110
Balance at 30.6.2018	194,926	95,143	(29,700)	426	21,937	177,029	459,761	20,049	479,810

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

	NON-DISTRIBUTABLE		DISTRIBUTABLE	
	Share Capital RM '000	Share Premium RM'000	Retained Profits RM '000	Total Equity RM'000
THE COMPANY				
Balance at 1.1.2016	145,468	95,853	216	241,537
Profit after taxation/Total comprehensive income for the financial year	-	-	4,384	4,384
Balance at 31.12.2016/1.1.2017	145,468	95,853	4,600	245,921
Issuance of shares	49,458	(710)	-	48,748
Profit after taxation/Total comprehensive income for the financial period	-	-	3,373	3,373
Balance at 30.6.2018	194,926	95,143	7,973	298,042

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

		THE GROUP		THE COMPANY	
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES	**NOTE**	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Profit before taxation		25,005	50,536	4,573	4,442
Adjustments for:-					
Allowance for impairment losses on receivables		5,292	1,704	-	-
Imputed interest on trade receivables		3,233	-	-	-
Amortisation of intangible asset		3,198	398	-	-
Bad debts written off		1,845	-	-	-
Depreciation of property, plant and equipment		50,123	19,048	4	-
Interest expense		35,092	14,170	-	10
Inventories written off		-	1,146	-	-
Inventories written down		152	-	-	-
Gain on disposal of property, plant and equipment		(3,579)	(2)	-	-
Gain on bargain purchase	40.1	(10,636)	-	-	-
Property, plant and equipment written off		5	-	-	-
Reversal of inventories previously written down		(385)	-	-	-
Share of profit, net of tax in:					
- a joint venture		(10,391)	(4,304)	-	-
- associates		(140)	(275)	-	-
Dividend income		-	-	(3,691)	(3,280)
Interest income		(1,129)	(17,029)	(2,802)	(17)
Waiver of debts		(16,191)	-	-	-
Net loss/(gain) on foreign exchange					
- unrealised		15,205	(3,263)	(6)	(2,000)
Operating profit/(loss) before working capital changes		96,699	60,721	(1,922)	(845)
Decrease in amount owing by contract customers		2,388	1,269	-	-
Decrease/(Increase) in trade and other receivables		107,300	(66,216)	(1,985)	(12)
(Decrease)/Increase in trade and other payables		(49,086)	39,389	1,249	(90)
(Decrease)/Increase in inventories		1,756	(2,793)	-	-
CASH FROM/(FOR) OPERATIONS		159,057	32,370	(2,658)	(947)
Interest paid		(35,092)	(14,160)	-	-
Income tax paid		(12,906)	(2,965)	(115)	(47)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		111,059	15,245	(2,773)	(994)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONT'D)

		THE GROUP		THE COMPANY	
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES	NOTE	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Investment in:					
- an associate		(4,437)	-	(238)	-
-subsidiary		-	-	(577)	-
- other investment		-	(10,483)	-	-
Acquisition of a subsidiary , net of cash and cash equivalent	40.1	(619)	-	-	-
Dividend received		2,113	859	3,691	3,150
Interest received		1,129	1,408	2,710	17
Proceeds from disposal of:					
- property, plant and equipment		9,125	9	-	-
Purchase of property, plant and equipment	41	(56,262)	(197,961)	(75)	-
(Placement)/Withdrawal of deposits pledged with licensed banks		(6,378)	1,074	-	-
Placement of deposits with maturity of more than 3 months with licensed banks		(110)	-	-	-
Repayment from/(Advances to) an associate		5,116	(48)	(192)	-
Advances to a joint venture		(2,229)	-	-	-
Advances to subsidiaries		-	-	(51,306)	(2,436)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(52,552)	(205,142)	(45,987)	731

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONT'D)

		THE GROUP		THE COMPANY	
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES	**NOTE**	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
(Repayment to)/Advances from subsidiaries		-	-	(27)	21
Proceeds from issuance of shares		49,458	-	49,458	-
Proceeds from issuance of shares to minority interest in a subsidiary		396	-	-	-
Dividend paid to minority shareholders by subsidiaries		(2,250)	(1,485)	-	-
Drawdown of term loans		51,915	294,573	-	-
Repayment of share issuance expense		(710)	-	(710)	-
Repayment of term loans		(121,026)	(18,473)	-	-
Repayment of lease and hire purchase obligations		(1,172)	(329)	-	-
Net repayment of bills payable		(56,685)	(84,177)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(80,074)	190,109	48,721	21
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(21,567)	212	(39)	(242)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		33,090	32,301	50	292
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(1,721)	577	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	42	9,802	33,090	11	50

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

1. GENERAL INFORMATION

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

Registered office	:	802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Uzma Tower, No. 2, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 October 2018.

2. CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company and its subsidiaries have changed their financial year end from 31 December to 30 June.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

4. 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.

4.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

Amendments to MFRS 107: Disclosure Initiative

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

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

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between opening and closing balances of these items is provided in Note 42 to the financial statements.

4. BASIS OF PREPARATION (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and 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 period:-

MFRSs AND/OR IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS)	EFFECTIVE DATE
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

4. BASIS OF PREPARATION (CONT'D)

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

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

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss , fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

(b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of authorisation of issue of the financial statements, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.

(c) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

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5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 10 to the financial statements.

(b) Amortisation of Intangible Assets

The estimates for the residual values, useful lives and related amortisation charges for the intangible 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 intangible assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation 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 amortisation charges could be revised. The carrying amount of intangible assets measured at cost as at the reporting date is disclosed in Note 11 to the financial statements.

(c) Impairment of Non-financial assets

The assessment of whether non-financial assets are impaired requires an estimation of the value in use of the cash-generating unit to which the non-financial assets are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of non-financial assets as at the reporting date is disclosed in respective notes to the financial statements.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 14 to the financial statements.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade and other receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade and other receivables as at the reporting date is disclosed in Note 15 and Note 16 to the financial statements.

(f) Construction Contracts

Significant judgement is required in determining the stage of completion of a construction contract, the extent of the construction costs incurred, the estimation of the variation works and total budgeted construction costs, as well as the recoverability of the construction project. In making the judgement, management evaluates based on experience and by relying the works of specialists. The gross amount due from contract customers for contract works as at the reporting date is disclosed in Note 17 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities is RM1,830,000 (31.12.2016 - RM1,435,000) as at the reporting date.

(h) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

(i) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial period are disclosed in Note 40 to the financial statements.

(j) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 13 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

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

(a) Classification of Leasehold Land

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustment arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of interest in associates and a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investments in associates and a joint arrangement that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 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 of Entities Under Common Control

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

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

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

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

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

(b) Business Combinations of Entities Under Non-Common Control

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 BASIS OF CONSOLIDATION (CONT'D)

(c) Non-controlling Interests

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

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

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

(e) Loss of Control

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

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

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

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

5.4 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 associates and 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 associates and joint ventures.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 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.

5.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates 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 investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2018. The Group's share of the post acquisition profits and other comprehensive income of the associate 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 significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate 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 the investment includes transaction costs.

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

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

5.7 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 operations and joint ventures.

(a) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

(b) Joint Ventures

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 JOINT ARRANGEMENTS (CONT'D)

(b) Joint Ventures (Cont'd)

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 30 June 2018. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

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

5.8 FINANCIAL INSTRUMENTS

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

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

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

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

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

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

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

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

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

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

(iv) Available-for-sale Financial Assets

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

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

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

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

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

(c) Equity Instruments

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

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

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

(d) Derecognition

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

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

(e) Foreign 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 Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 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, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less 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:-

Freehold properties	2%
Leasehold properties	Over the lease period
Leasehold improvement	5% - 20%
Operating equipment	5% - 33 1/3%
Returnable shipping containers	10%
Furniture, fittings and renovation	20%
Motor vehicles	20%
Office equipment	20% - 33 1/3%

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

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

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

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

(b) Impairment of Non-financial Assets

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

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 LEASED ASSETS

(a) Finance Assets

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

All lease 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.

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.

5.12 INTANGIBLE ASSETS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. The Group assesses the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The useful life of the intangible assets of the Group are:-

Customer base	7 years
Technical know-how	10 years

5.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.14 AMOUNTS OWING BY/TO CONTRACT CUSTOMERS

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

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

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

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

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

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

5.16 CASH AND CASH EQUIVALENTS

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

5.17 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 BORROWING COSTS

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

5.19 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 and included in the development cost, where appropriate, 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 and included in the development cost, where appropriate, 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.

5.20 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.

5.21 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

(b) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(c) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred for work performed to date bear to the estimated total costs. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 REVENUE AND OTHER INCOME (CONT'D)

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Dividend Income

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

(f) Rental Income

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

5.22 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.

5.23 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 the effects of all dilutive potential ordinary shares.

5.24 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.

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
Unquoted shares in Malaysia, at cost:-	30.6.2018 RM'000	31.12.2016 RM'000
At 1.1.2017/1.1.2016	230,077	64,786
Addition during the financial period/year	200	165,291
At 30.6.2018/31.12.2016	230,277	230,077
Unquoted shares outside Malaysia, at cost		
At 1.1.2017/1.1.2016	675	675
Addition during the financial period/year	377	-
At 30.6.2018/31.12.2016	1,052	675
	231,329	230,752

The details of the subsidiries are as follows:-

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PERCENTAGE OF ISSUED SHARE CAPITAL HELD BY PARENT 30.6.2018 %	PERCENTAGE OF ISSUED SHARE CAPITAL HELD BY PARENT 31.12.2016 %	PRINCIPAL ACTIVITIES
SUBSIDIARIES OF THE COMPANY:-				
Uzma Engineering Sdn. Bhd. ("UESB")	Malaysia	100	100	Provision of geoscience and reservoir engineering, drilling, project and operational services and other specialised services within the oil and gas industry.
Uzma Consulting Limited ("UCL") # *	Thailand	49	49	Provision of subsurface software and consultancy for oil and gas industry.
Uzma Engineering Pty. Ltd. *	Australia	100	100	Dormant.
Uzma Teras Sdn. Bhd.	Malaysia	100	100	Dormant.
Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS")	Malaysia	70	70	Manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.
Tenggara Analisis Sdn. Bhd.	Malaysia	100	100	Investment holding.
Uzma Energy Venture (Sarawak) Sdn. Bhd.	Malaysia	100	100	Exploring and producing in oilfield and related activities.

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PERCENTAGE OF ISSUED SHARE CAPITAL HELD BY PARENT 30.6.2018 %	31.12.2016 %	PRINCIPAL ACTIVITIES
SUBSIDIARIES OF THE COMPANY (CONT'D):-				
Premier Enterprise Corporation (M) Sdn. Bhd.	Malaysia	100	100	Trading of hardware and equipment for oil refinery.
Uzma (Labuan) Ltd. @	Labuan	100	100	Labuan leasing business activities.
Uzma Teluk Kalong Sdn. Bhd.	Malaysia	100	100	Dormant
Uzma Laboratory Sdn. Bhd. ("ULSB")	Malaysia	94	-	Dormant
Uzma Resources Solutions Sdn. Bhd. ("URSSB") (Formerly known as Teraju Meriah Sdn. Bhd.)	Malaysia	100	-	Provision of consultancy and resource solution business services.
Environergy Sdn. Bhd. ("ENV")	Malaysia	100	-	Dormant
Uzma Integrasi Padu Berhad ("UIPB")*	Malaysia	100	-	Dormant
SUBSIDIARIES OF UESB:-				
PT Uzma	Indonesia	95	95	Investment holding.
Uzma Tracer Sdn. Bhd. ("UTSB")	Malaysia	70	70	Provision of chemical tracer services to the oil and gas sector. The subsidiary has ceased operations during the financial period.
Uzma Integrated Solution Sdn.Bhd. ("UISSB")	Malaysia	60	60	Provision of geocomputing and geophysical software development, testing and maintenance services.
SVJ Holding Limited ("SVJ") ^	British Virgin Island	100	100	Investment holding.
Uzma Well Services (Thailand) Co., Ltd. ("UWS") # *	Thailand	49	49	Investment holding.
Uzma Archaeological Research Sdn. Bhd.	Malaysia	100	100	Dormant

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PERCENTAGE OF ISSUED SHARE CAPITAL HELD BY PARENT 30.6.2018 %	31.12.2016 %	PRINCIPAL ACTIVITIES
SUBSIDIARIES OF PT UZMA:-				
PT Cougar Drilling Solutions Indonesia ("PTCDSI")*	Indonesia	95	-	Provision of supporting services in oil and gas mining.
SUBSIDIARIES OF SVJ AND UWS:-				
MMSVS Group Holding Co., Ltd.*~	Thailand	100	100	Investment holding and provides repair and maintenance petroleum exploration and production wells.

\# - UCL and UWS are considered subsidiaries although the Company does not own more than 50% of its equity interest because the Company has the power to appoint and remove the majority of the Board of Directors and therefore control the Board.

* - These subsidiaries were audited by other firms of chartered accountants.

@ - This subsidiary is audited by member firms of Crowe Global of which Crowe Malaysia is a member.

^ - Not required to be audited under the laws of the country of incorporation.

~ - The auditors' report on the financial statements of the subsidiary includes an a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary

(a) On 12 April 2017, PT Uzma acquired 95% equity interests in PTCDSI for a total consideration of USD142,500 equivalent to RM619,000. The details of the acquisition are disclosed in Note 40 to the financial statements.

(b) On 18 April 2017, the Company subscribed for 94 ordinary shares in ULSB representing 94% of ULSB's issued and paid-up share capital for a total consideration of RM94. Following the subscription, ULSB became a 94%-owned subsidiary of the Company.

(c) On 18 April 2017, the Company subscribed for 1 ordinary share of RM1 in ordinary share in ENV representing 100% of ENV's issued and paid-up share capital for a total consideration of RM1. Following the subscription, ENV became a wholly-owned subsidiary of the Company.

(d) On 19 September 2017, the Company acquired 1 ordinary share of RM1 in URSSB representing 100% of URSSB's issued and paid-up share capital for a total consideration of RM1. On 28 May 2018, the Company further subscribed for the additional 199,999 ordinary shares for a total consideration of RM199,999. Following the acquisition and subscription, URSSB became a wholly-owned subsidiary of the Company.

(e) On 21 May 2018, the Company subscribed for 100 ordinary shares in UIPB representing 100% of UIPB's issued and paid-up share capital for a total consideration of RM100. Following the subscription, UIPB became a wholly-owned subsidiary of the Company.

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	EFFECTIVE EQUITY INTEREST		THE GROUP	
NAME OF SUBSIDIARY	30.6.2018 %	31.12.2016 %	30.6.2018 RM'000	31.12.2016 RM'000
MECAS.	30	30	15,054	13,979
UISSB	40	40	1,960	2,398
UCL	51	51	1,508	1,858
PTCDSI	10	-	1,342	-
Other individually immaterial subsidiaries:-				
PT Uzma	5	5	(33)	(34)
UTSB	30	30	229	345
ULSB	6	-	(11)	-
			20,049	18,546

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(g) 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:-

	MECAS	
	30.6.2018 RM'000	31.12.2016 RM'000
At 30 June 2018/31 December 2016		
Non-current assets	4,640	5,047
Current assets	59,693	65,134
Current liabilities	(14,154)	(23,851)
Net assets	50,179	46,330
Financial Period/Year Ended 30 June 2018/ 31 December 2016		
Revenue	92,848	89,014
Profit for the financial period/year	9,661	11,605
Total comprehensive income	9,661	11,605
Total comprehensive income attributable to non-controlling interests	2,425	3,561
Dividends paid to non-controlling interests	1,350	1,350
Net cash flows from operating activities	10,479	9,129
Net cash flows (for)/from investing activities	(7,742)	1,346
Net cash flows for financing activities	(4,673)	(5,487)

	UISSB	
	30.6.2018 RM'000	31.12.2016 RM'000
At 30 June 2018/31 December 2016		
Non-current assets	643	303
Current assets	5,288	7,143
Non-current liability	(493)	(92)
Current liabilities	(538)	(1,360)
Net assets	4,900	5,994
Financial Period/Year Ended 30 June 2018/ 31 December 2016		
Revenue	4,811	8,880
(Loss)/Profit for the financial period/year	(244)	2,164
Total comprehensive (expenses)/income	(244)	2,164
Total comprehensive (expenses)/income attributable to non-controlling interests	(98)	866
Dividends paid to non-controlling interests	340	-
Net cash flows from operating activities	1,635	8,347
Net cash flows for investing activities	(1,021)	(9,016)
Net cash flows for financing activities	(179)	-

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(g) 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):-

	UCL	
	30.6.2018 RM'000	31.12.2016 RM'000
At 30 June 2018/31 December 2016		
Non-current assets	6,265	7,016
Current assets	9,052	6,209
Non-current liability	(1,809)	(2,519)
Current liabilities	(10,517)	(7,025)
Net assets	2,991	3,681
Financial Period/Year Ended 30 June 2018/ 31 December 2016		
Revenue	16,592	19,034
(Loss)/Profit for the financial period/year	(271)	476
Total comprehensive (expenses)/income	(365)	655
Total comprehensive (expenses)/income attributable to non-controlling interests	(186)	334
Dividends paid to non-controlling interests	560	135
Net cash flows (for)/from operating activities	(1,004)	1,253
Net cash flows for investing activities	(287)	(1,069)
Net cash flows for financing activities	(23)	(638)

	PTCDSI
	30.6.2018 RM'000
At 30 June 2018	
Intangible asset	23,400
Non-current assets	11,014
Current assets	9,894
Defered tax liabilities	(5,616)
Net assets	13,773
Financial Period From 1 May 2017 to 30 June 2018	
Revenue	14,643
Profit for the financial period	869
Total comprehensive income	1,301
Total comprehensive income attributable to non-controlling interests	126
Net cash flows from operating activities	2,398
Net cash flows from investing activities	293
Net cash flows for financing activities	(696)

7. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Unquoted shares in Malaysia, at cost:				
in Malaysia At 1.1.2017/1.1.2016	200	200	-	-
Addition during the financial period/year	4,437	-	238	-
At 30.6.2018/31.12.2016	4,637	200	238	-
Unquoted shares outside Malaysia, at cost:	4,154	4,154	4,154	4,154
Share of post acquisition results	540	400	-	-
	9,331	4,754	4,392	4,154

The details of the associates are as follows:-

NAME OF ASSOCIATE	PRINCIPAL PLACE OF BUSINESS	EFFECTIVE EQUITY INTEREST 30.6.2018 %	EFFECTIVE EQUITY INTEREST 31.12.2016 %	PRINCIPAL ACTIVITIES
Sazma Aviation Sdn. Bhd.*	Malaysia	40	40	Provision of professional aviation services and ground handling services, trading, general merchant agency, carrier and air transportation.
Rockwash Prep And Store Limited ^	United Kingdom	30#	30#	Rock sample preparation, storage and support for oil and gas industry.
Aerosun Uzma Malaysia Sdn. Bhd. *	Malaysia	48#	-	Provision of onshore and offshore engineering, procurement, construction, installation and commissioning services for non-metallic reinforced thermoplastic pipes and pipelines and to capture non-metallic pipe and flexible pipeline. The associate had become dormant from December 2017.

* - This associate was audited by other firms of chartered accountants.

^ - Not required to be audited under the laws of the country of incorporation.

- The share of results in the associate is based on the unaudited financial statements.

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7. INVESTMENTS IN ASSOCIATES (CONT'D)

The Group has not recognised losses relating to Sazma Aviation Sdn. Bhd. and Aerosun Uzma Malaysia Sdn. Bhd., where their share of losses exceeded the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the end of the reporting period amounted to approximately RM139,000 (31.12.2016 : RM2,526,000) and RM1,536,000 (31.12.2016 : Nil) respectively. The Group has no obligation in respect of these losses.

The summarised unaudited financial information for each associate that is material to the Group is as follows:-

	SAZMA AVIATION SDN. BHD.	
	30.6.2018 RM'000	31.12.2016 RM'000
At 30 June 2018/31 December 2016		
Non-current assets	1,278	1,504
Current assets	12,630	10,303
Non-current liability	(827)	(12,795)
Current liabilities	(3,164)	(5,561)
	9,917	(6,549)
Financial Period/Year Ended 30 June 2018/ 31 December 2016		
Revenue	44,825	28,815
Profit for the financial period/year	6,533	3,155
Total comprehensive income	6,533	3,155
Group's share of profit for the financial period/year	-	-
Group's share of total comprehensive income	-	-
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	3,967	(2,620)
Goodwill	94	94
Group's share of unrecognised losses	139	2,526
Carrying amount of the Group's interests in this associate	4,200	-

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7. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised unaudited financial information for each associate that is material to the Group is as follows (Cont'd):-

	ROCKWASH PREP AND STORE LIMITED	
	30.6.2018 RM'000	31.12.2016 RM'000
At 30 June 2018/31 December 2016		
Non-current assets	2,291	1,580
Current assets	2,836	2,151
Non-current liabilities	(355)	(174)
Current liabilities	(141)	(12)
	4,631	3,545
Financial Period/Year Ended 30 June 2018/ 31 December 2016		
Revenue	7,666	4,433
Profit for the financial period/year	1,234	3
Total comprehensive income	1,234	3
Group's share of profit for the financial period/year	377	1
Group's share of total comprehensive income	377	1
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	1,560	1,183
Goodwill	3,571	3,571
Carrying amount of the Group's interests in this associate	5,131	4,754

	AEROSUN UZMA MALAYSIA SDN. BHD.
	31.12.2017# RM'000
At 31 December 2017 #	
Non-current assets	466
Current assets	16,488
Current liabilities	(20,153)
	(3,199)
Financial Period From 18 January 2017 to 31 December 2017 #	
Revenue	31,584
Profit for the financial period	(3,699)
Total comprehensive income	(3,699)
Group's share of profit for the financial period	(238)
Group's share of total comprehensive income	(238)
Reconciliation of Net Assets to Carrying Amount	
Group's share of net assets above	(1,536)
Group's share of unrecognised losses	1,536
Carrying amount of the Group's interests in this associate	-

\# - Latest available management accounts.

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8. INVESTMENTS IN JOINT VENTURES

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Unquoted shares, at cost	37,568	37,568
Share of post acquisition results	24,818	16,632
	62,386	54,200

The details of the joint venture are as follows:-

NAME OF JOINT VENTURE	PRINCIPAL PLACE OF BUSINESS	EFFECTIVE EQUITY INTEREST		PRINCIPAL ACTIVITIES
		30.6.2018 %	31.12.2016 %	
Setegap Ventures Petroleum Sdn. Bhd.	Malaysia	49	49	Providing support services including consumables, parts and letting out of machineries and equipment used in the oil and gas industry.
Khausar Energy Sdn. Bhd.	Malaysia	50	-	Dormant.

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

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

	SETEGAP VENTURES PETROLEUM SDN. BHD.	
	30.6.2018 RM'000	31.12.2016 RM'000
At 30 June 2018/31 December 2016		
Non-current assets	63,560	36,092
Current assets	70,742	63,646
Non-current liabilitties	(23,185)	(10,800)
Current liabilities	(34,149)	(28,975)
	76,968	59,963
Financial Period/Year Ended 30 June 2018/ 31 December 2016		
Revenue	150,021	63,295
Profit for the financial period/year	25,751	8,132
Total comprehensive income	25,751	8,132
Group's share of profit for the financial period/year	10,391	4,304
Group's share of total comprehensive income	10,391	4,304
Dividend received	2,205	1,717
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	37,699	29,513
Goodwill on acquisition	24,687	24,687
Carrying amount of the Group's interests in this joint venture	62,386	54,200

9. OTHER INVESTMENTS

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Unquoted shares	16,483	10,483

Investments in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

10. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.1.2017	ADDITIONS	DISPOSAL	ACQUISITION OF A SUBSIDIARY	TRANSFER	WRITE-OFF	DEPRECIATION CHARGE	EFFECT OF MOVEMENTS IN EXCHANGE RATE	AT 30.6.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CARRYING AMOUNT									
Freehold properties	13,467	-	(5,430)	-	-	-	(209)	(122)	7,706
Leasehold properties	29,438	-	-	-	-	-	(385)	-	29,053
Leasehold improvement	741	-	-	-	-	-	(266)	(12)	463
Operating equipment	428,832	29,823	-	10,776	11,872	-	(40,792)	(36,500)	404,011
Returnable shipping containers	703	-	-	-	-	-	(149)	-	554
Furniture, fittings and renovation	6,089	27	(12)	366	-	-	(2,937)	(47)	3,486
Motor vehicles	3,996	2,121	(83)	-	-	-	(2,713)	(17)	3,304
Office equipment	5,343	828	(21)	408	-	(5)	(2,672)	(48)	3,833
Capital work-in-progress	9,387	2,485	-	-	(11,872)	-	-	-	-
	497,996	35,284	(5,546)	11,550	-	(5)	(50,123)	(36,746)	452,410

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

THE GROUP	AT 1.1.2016	ADDITIONS	DISPOSAL	RECLASSIFICATION	TRANSFER	DEPRECIATION CHARGE	EFFECT OF MOVEMENTS IN EXCHANGE RATE	AT 31.12.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CARRYING AMOUNT								
Freehold properties	13,385	-	-	-	-	(141)	223	13,467
Leasehold properties	23,722	5,973	-	-	-	(257)	-	29,438
Leasehold improvement	893	-	-	-	-	(185)	33	741
Operating equipment #	83,734	8,028	-	(9,125)	330,601	(13,095)	28,689	428,832
Returnable shipping containers	802	-	-	-	-	(99)	-	703
Furniture, fittings and renovation	8,138	29	(7)	(229)	-	(1,902)	60	6,089
Motor vehicles	5,620	-	-	-	-	(1,731)	107	3,996
Office equipment	5,715	1,201	-	-	-	(1,638)	65	5,343
Capital work-in-progress	109,760	219,188	-	9,354	(330,601)	-	1,686	9,387
	251,769	234,419	(7)	-	-	(19,048)	30,863	497,996

- The construction of the operating equipment commenced in 2016, was completed during the financial year. The amount of RM330,601,000 has been transferred from capital work-in-progress to operating equipment.

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

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	CARRYING AMOUNT RM'000
AT 30.6.2018			
Freehold properties	8,257	(551)	7,706
Leasehold properties	29,973	(920)	29,053
Leasehold improvement	1,501	(1,038)	463
Operating equipment	505,017	(101,006)	404,011
Returnable shipping containers	956	(402)	554
Furniture, fittings and renovation	11,558	(8,072)	3,486
Motor vehicles	11,514	(8,210)	3,304
Office equipment	15,755	(11,922)	3,833
Capital work-in-progress	11,264	(69)	11,195
	584,531	(132,121)	452,410
AT 31.12.2016			
Freehold properties	14,246	(779)	13,467
Leasehold properties	29,973	(535)	29,438
Leasehold improvement	1,542	(801)	741
Operating equipment	490,259	(61,427)	428,832
Returnable shipping containers	956	(253)	703
Furniture, fittings and renovation	12,733	(6,644)	6,089
Motor vehicles	9,659	(5,663)	3,996
Office equipment	14,710	(9,367)	5,343
Capital work-in-progress	9,462	(75)	9,387
	583,540	(85,544)	497,996

THE COMPANY	AT 1.1.2017 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2018 RM'000
AT 30.6.2018				
Office equipment	-	75	(4)	71

THE COMPANY	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	CARRYING AMOUNT RM'000
AT 30.6.2018			
Office equipment	75	(4)	71

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

(a) The leasehold properties are depreciated over the lease period of 59 to 94 years.

(b) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles and operating equipment with a total carrying amounts of approximately RM1,496,000 (31.12.2016 : RM1,098,000) and RM11,249,000 (31.12.2016 : Nil), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 32 to the financial statements.

(c) The carrying amounts of the property, plant and equipment at the end of the reporting period pledged as security for banking facilities granted to the Group were as follows:-

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Freehold properties	7,706	13,467
Leasehold properties	29,053	29,438
Operating equipment	324,398	381,469
	361,157	424,374

11. INTANGIBLE ASSET

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
At Cost:-		
Customer base	2,789	2,789
Technical know-how	26,000	-
	28,789	2,789
Accumulated amortisation	(4,393)	(1,195)
	24,396	1,594
Amortisation of intangible asset:-		
At 1.1.2017/1.1.2016	(1,195)	(797)
Amortisation during the financial period/year	(3,198)	(398)
At 30.6.2018/31.12.2016	(4,393)	(1,195)

The customer base and technical know-how are the intangible assets identified arising from the acquisition of PEC and PTCDSI, respectively.

The technical know-how of PTCDSI relates to its manuals, licenses, knowledge of its employees and experience in the industry.

The amortisation charges are recognised in profit or loss under the "Other Operating Expenses" line item.

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12. DEFERRED TAX ASSETS/(LIABILITIES)

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
At 1.1.2017/1.1.2016	(7,816)	(7,359)
Acquisition of a subsidiary (Note 40)	(6,240)	-
Recognised in profit or loss (Note 38)	9,688	(400)
Effect of movements in exchange rate	100	(57)
At 30.6.2018/31.12.2016	(4,268)	(7,816)
Presented as follows:-		
Deferred tax assets	3,421	112
Deferred tax liabilities	(7,689)	(7,928)
	(4,268)	(7,816)

The deferred tax assets presented for offsetting are as follows:-

Deferred tax assets:-		
Allowance for impairment losses on receivables	-	212
Unutilised tax losses	450	1,224
Unabsorbed capital allowances	6,262	2,030
	6,712	3,466
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	(6,550)	(1,436)
Others	(162)	(2,030)
	(6,712)	(3,466)
	-	-

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets and liabilities consist of the tax effects of the following items:-

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Deferred tax assets:-		
Unutilised tax losses	3,032	-
Provisions	389	112
	3,421	112
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	(1,688)	(6,851)
Fair value on acquisition	(5,616)	-
Others	(385)	(1,077)
	(7,689)	(7,928)
	(4,268)	(7,816)

At the end of the reporting period, the Group has tax losses of approximately RM20,609,000 (31.12.2016 : RM18,138,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

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13. GOODWILL ON CONSOLIDATION

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Goodwill	61,368	61,368

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

Services	51,095	51,095
Trading	10,273	10,273
	61,368	61,368

The Group has assessed its recoverable amounts of the goodwill allocated and determined that no impairment is required. The recoverable amounts of these cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016
Services	37%	35%	3% - 9%	10%	12.5%	13.2%
Trading	16% - 20%	14% - 17%	4% - 10%	5% - 10%	12.5%	9.7%

(i)	Budgeted gross margin	Based on past performance and the management's expectation of market development.
(ii)	Growth rate	Based on the expected projection of the respective operating segments.
(iii)	Discount rate (pre-tax)	Reflect specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The directors believe that no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

14. INVENTORIES

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Raw materials	3,817	5,503
Finished goods	10,688	10,692
Consumables	3,681	2,219
	18,186	18,414
Recognised in profit or loss		
Inventories recognised as cost of sales	74,743	68,647
Inventories written off	-	1,146
Amount written to net realisable value	152	-
Reversable of inventories previously written down	(385)	-

None of the inventories is carried at net realisable value.

15. TRADE RECEIVABLES

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Trade receivables	48,560	93,842
Allowance for impairment losses:-		
At 1.1.2017/1.1.2016	(1,833)	(121)
Addition during the financial period/year	(5,058)	(1,704)
Reversal during the financial period/year	331	-
Written off during the financial period/year	440	-
Effect of movements in exchange rate	8	(8)
At 30.6.2018/31.12.2016	(6,112)	(1,833)
	42,448	92,009
Accrued billings	58,368	112,462
	100,816	204,471

The Group's normal trade credit terms range from 30 to 60 days (31.12.2016 : 30 to 90) days.

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16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
NON-CURRENT ASSETS:-				
Amount receivable from Petronas in relation to TB SFRSC, the Group's share of:				
Capital expenditure	68,373	79,049	-	-
Remuneration fee	14,969	14,485	-	-
	83,342	93,534	-	-
Less: Accretion of receivables	(3,233)	-	-	-
	80,109	93,534	-	-
CURRENT ASSETS:-				
Amount receivable from Petronas in relation to TB SFRSC, the Group's share of:				
Operating expenditure	4,151	6,289	-	-
Capital expenditure	28,116	56,545	-	-
	32,267	62,834	-	-
Other receivables	49,352	32,451	3,478	166
Deposits	12,005	14,787	18	1,808
Prepayments	3,695	4,614	463	-
	97,319	114,686	3,959	1,974
Less: Allowance for impairment losses	(944)	(710)	-	-
	96,375	113,976	3,959	1,974
Allowance for impairment losses:-				
At 1.1.2017/1.1.2016	(710)	(710)	-	-
Addition during the financial period/year	(234)	-	-	-
At 30.6.2018/31.12.2016	(944)	(710)	-	-

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) Below is the details of the amount receivable from Petronas in relation to the TB SFRSC:-

	THE GROUP			
	30.6.2018 USD'000	30.6.2018 RM'000	31.12.2016 USD'000	31.12.2016 RM'000
CAPITAL EXPENDITURE				
At 1.1.2017/1.1.2016	30,226	135,594	35,064	151,478
Addition during the financial period/year	67	279	381	1,580
	30,293	135,873	35,445	153,058
Reimbursement during the financial period/year	(6,025)	(25,094)	(5,219)	(21,632)
Impairment during the financial period/year	(370)	(1,493)	-	-
Other	-	-	-	(931)
Effect of movement in exchange rate	-	(12,797)	-	(5,099)
At 30.6.2018/31.12.2016	23,898	96,489	30,226	135,594
OPERATING EXPENDITURE				
At 1.1.2017/1.1.2016	1,402	6,289	1,116	4,793
Addition during the financial period/year	1,842	7,675	1,108	4,589
	3,244	13,964	2,224	9,382
Reimbursement during the financial period/year	(2,216)	(9,232)	(822)	(3,405)
Effect of movement in exchange rate	-	(581)	-	312
At30.6.2018/31.12.2016	1,028	4,151	1,402	6,289
REMUNERATION FEE				
At 1.1.2017/1.1.2016	3,229	14,485	-	-
Addition during the financial period/year	478	1,484	3,229	14,485
	3,707	15,969	3,229	14,485
Effect of movement in exchange rate	-	(1,000)	-	-
At 30.6.2018/31.12.2016	3,707	14,969	3,229	14,485

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16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(b) The entitlement of the remuneration fee is computed from the first hydrocarbon date for each individual field within the Tanjong Baram Field. As at the end of the financial period, the Group has recognised an accumulated remuneration fee of RM14,969,000 (31.12.2016 : RM14,485,000) which shall be payable when there is Allocated Revenue in excess of unpaid Petroleum Costs, and is subject to the approval of PETRONAS.

(c) Included in other receivable of the Group is an amount of approximately RM23,881,000 (31.12.2016 : Nil) which represents materials purchased in advance for customers. The installation services had yet to be performed at the end of the reporting period.

(d) In the previous financial year, included in other receivables of the Group is an amount of RM6,282,000 which represents advances given to PTCDSI. The amount owing is unsecured, interest-free, repayable on demand and to be settled in cash.

(e) Included in deposit of the Group is an amount of RM1,956,000 (31.12.2016 : RM12,324,000) represents down payment for the acquisition of equipment.

(f) In the previous financial year, included in deposit of the Group is an amount of RM619,000 being deposit paid for the proposed acquisition of 95% equity interest in PTCDSI.

17. AMOUNT OWING BY CONTRACT CUSTOMERS

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Contract costs incurred to-date	5,007	13,863
Attributable profits	2,207	6,923
	7,214	20,786
Progress Billings	(6,356)	(17,540)
	858	3,246

18. AMOUNTS OWING BY/TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured and interest-free. The amounts owing represent advances and payments made on behalf. The amounts owing are repayable on demand and will be settled in cash.

19. AMOUNT OWING BY/TO ASSOCIATES

The amounts owing are non-trade in nature, unsecured and interest-free. The amounts owing represents advances and payments made on behalf. The amounts owing are repayable on demand and will be settled in cash.

20. AMOUNT OWING BY A JOINT VENTURE

The amount owing is non-trade in nature, unsecured and interest-free. The amount owing represents advances and payments made on behalf. The amount owing is repayable on demand and will be settled in cash.

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21. SHORT-TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Quoted unit trusts in Malaysia:-				
At fair value	143	51	128	36

22. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 0.85% to 5.00% (31.12.2016 : 1.20% to 3.30%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (31.12.2016 : 1 to 12) months.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM24,588,000 (31.12.2016 : RM18,210,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 31 and Note 33 to the financial statements.

23. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	THE GROUP/THE COMPANY			
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	NUMBER OF SHARE ('000)		RM'000	RM'000
AUTHORISED				
ORDINARY SHARES OF RM0.50 EACH	N/A	500,000	N/A	250,000

N/A Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (ii) below.

	THE GROUP/THE COMPANY			
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	NUMBER OF SHARE ('000)		RM'000	RM'000
ISSUED AND FULLY PAID-UP Ordinary Shares with no Par Value (31.12.2016 - Par Value of RM0.50 each)				
At 1.1.2017/1.1.2016	290,936	290,936	145,468	145,468
Issuance of new shares for cash	29,093	-	49,458	-
At 30.6.2018/31.12.2016	320,029	290,936	194,926	145,468

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

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

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24. SHARE PREMIUM

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
At 1.1.2017/1.1.2016	95,853	95,853
Expenses incurred in relation to the Private Placement and Rights Issue	(710)	-
At 30.6.2018/31.12.2016	95,143	95,853

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

25. MERGER DEFICIT

The merger deficit relates to the difference between the nominal value of shares issued for the purchase of a subsidiary amounting to RM29,700,000 and the nominal value of the shares acquired of RM1,300,000.

26. CAPITAL RESERVE

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Statutory reserve	76	76
Other capital reserve	350	100
	426	176

The foreign subsidiary is required under the provisions of the Civil and Commercial Code of Thailand, to set aside as a statutory reserve of at least 5% of its net profit at each dividend declaration until the reserve reaches 10% of the authorised share capital.

Other capital reserve relate to the bonus issue by a subsidiary by capitalisation of the subsidiary's retained profits account.

All the above reserves are not available for dividend declaration.

27. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and the Group's share of associate's and joint operation's foreign currency translation differences.

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28. LONG-TERM BORROWINGS

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Lease and hire purchase payables (Note 32)	12,182	5,970
Term loans (Note 33)	228,481	319,049
	240,663	325,019

29. TRADE PAYABLES

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Trade payables	60,664	38,370
Amount owing to related parties	-	4,111
Accrued costs	20,079	77,955
	80,743	120,436

The normal trade credit terms granted to the Group range from 7 to 120 (31.12.2016 : 7 to 120) days.

The amount owing to related parties in the previous financial year is trade in nature and subject to normal trade credit terms ranging from 30 to 45 (31.12.2016 : 30 to 45) days.

30. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Other payables	29,566	70,595	223	16
Amount owing to related parties	-	809	-	-
Accruals	17,534	12,109	1,118	76
	47,100	83,513	1,341	92

Included in other payables is an amount of RM26,952,000 (31.12.2016 : RM58,014,000) in relation to the construction costs payable for the operating equipment.

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31. SHORT-TERM BORROWINGS

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Lease and hire purchase payables (Note 32)	3,528	828
Term loans (Note 33)	79,719	75,012
Revolving credit	24,925	75,517
Invoice financing	10,251	17,886
	118,423	169,243

The average effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

	THE GROUP	
	30.6.2018 %	31.12.2016 %
Revolving credit	4.78 – 5.75	3.30 - 5.49
Invoice financing	5.15	4.65 - 4.85

The revolving credit is secured by:-

(i) a corporate guarantee of the Company;

(ii) a first legal charge in favour of the Bank over the designated Escrow account; and

(iii) a second legal charge over the freehold properties of a subsidiary.

(iv) an assignment of and fixed charge over receivables; and

(v) a fixed charge over the Designated Collections Account.

The invoice financing is secured by:-

(i) a corporate guarantee of the Company.

(ii) a first legal charge in favour of the Bank over the designated Escrow account; and

(iii) an assignment of and fixed charge over receivables

32. LEASE AND HIRE PURCHASE PAYABLES

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Future minimum lease and hire purchase payments:		
- not later than 1 year	4,025	901
- later than 1 year but not later than 5 years	10,432	3,197
- later than 5 years	4,119	4,814
	18,576	8,912
Less: Future finance charges	(2,866)	(2,114)
Present value of lease and hire purchase payables	15,710	6,798
Current (Note 31):		
- not later than 1 year	3,528	828
Non-current (Note 28):		
- later than 1 year but not later than 5 years	11,916	2,260
- later than 5 years	266	3,710
	12,182	5,970
	15,710	6,798

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 10 to the financial statements. The hire purchase arrangements are expiring from 1 to 8 (31.12.2016 : 1 to 4) years.

(b) The lease and hire purchase payables of the Group bore effective interest rates ranging from 4.66% to 6.95% (31.12.2016 : 4.65% to 6.95%) per annum at the end of the reporting period. The interest rates are fixed at the inception of the hire purchase arrangements.

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33. TERM LOANS

	THE GROUP 30.6.2018 RM'000	31.12.2016 RM'000
Term loans:		
- current	80,736	76,656
- non-current	229,777	321,438
	310,513	398,094
Less: Transaction costs	(2,313)	(4,033)
	308,200	394,061
Current (Note 31):		
Not later than 1 year	80,736	76,657
Less: Transaction costs	(1,017)	(1,645)
	79,719	75,012
Non-current (Note 28):		
Later than 1 year but not later than 2 years	91,270	79,351
Later than 2 years but not later than 5 years	127,365	229,055
Later than 5 years	11,142	13,031
	229,777	321,437
Less: Transaction costs	(1,296)	(2,388)
	228,481	319,049
Total	308,200	394,061

33. TERM LOANS (CONT'D)

Details of the term loans are as follows:-

TERM LOAN	EFFECTIVE INTEREST RATE PER ANNUM 30.6.2018	EFFECTIVE INTEREST RATE PER ANNUM 31.12.2016	THE GROUP 30.6.2018 RM'000	THE GROUP 31.12.2016 RM'000
1.	BLR - 1.70%	BLR - 1.70%	340	844
2.	COF + 2.25%	COF + 2.25%	-	768
3.	COF + 2.25%	COF + 2.25%	3,534	6,702
4.	COF + 2.25%	COF + 2.25%	-	1,612
5.	BLR - 2.40%	BLR - 2.40%	17,063	18,790
6.	COF +1.25%	COF +1.25%	56,612	77,480
7.	5.75%	5.75%	1,474	2,142
8.	MLR + 0.50%	MLR + 0.50%	677	946
9.	IcoF + 1.50%	IcoF + 1.50%	146,666	175,262
10.	COF + 2.00%	COF + 2.00%	68,696	113,548
11.	COF + 1.50%	-	15,451	-
			310,513	398,094

The term loans bore a weighted average effective interest rate of 4.88% (31.12.2016 : 4.08%) per annum at the end of the reporting period:-

The following is a summary of the security for the term loans:-

(a) Term loan 1 is secured by:-

(i) a first legal charge over the freehold properties of a subsidiary;

(ii) a fixed deposit of RM1,424,883 of a subsidiary; and

(iii) a corporate guarantee of RM26,426,598 of the Company.

(b) Term loans 2, 3 and 4 are secured by:-

(i) a first legal charge over the freehold properties of a subsidiary;

(ii) a first legal charge over the operating equipment of a subsidiary;

(iii) a fixed deposit of RM5,007,116 of a subsidiary; and

(iv) a corporate guarantee of RM90,000,000 of the Company.

(c) Term loan 5 is secured by:-

(i) a first legal charge over the leasehold properties of a subsidiary; and

(ii) a corporate guarantee of RM28,600,000 of the Company.

(d) Term loan 6 is secured by:-

(i) corporate guarantee of USD20,800,000 of the Company; and

(ii) a pledge or charge over the unquoted shares of MMSVS.

(e) Term loans 7 and 8 are secured by:-

(i) a charge over freehold properties of a subsidiary; and

(ii) a joint and several guarantee of one of the director of the Company.

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33. TERM LOANS (CONT'D)

(f) Term loan 9 is secured by:-

(i) a third and first legal charge over the operating equipment of a subsidiary, as disclosed in Note 10 to the financial statements;

(ii) fresh assignment of future income as per Schedule A, C and D of WIF contract;

(iii) assignment of insurance proceeds of a subsidiary; and

(iv) a corporate guarantee of RM241,400,000 of the Company.

(g) Term loan 10 is secured by:-

(i) corporate guarantee of USD32,410,000 of the Company; and

(ii) an assignment and a fixed charge over receivables of a subsidiary.

(h) Term loan 11 is secured by:-

(i) a first legal charge over the leasehold properties of a subsidiary;

(ii) a corporate guarantee of RM16,000,000 of the Company; and

(iii) an assignment and a fixed charge over the designated Escrow account of a subsidiary.

34. BANK OVERDRAFTS

The bank overdrafts bore a weighted effective interest rate of 8.10% (31.12.2016 : 7.75%) per annum at the end of the reporting period and are secured by:-

(i) the same manner as invoice financing in Note 31 to the financial statements;

(ii) the same manner as term loans 2, 3, 4 and 5 in Note 33 to the financial statements;

(iii) a corporate guarantee of RM16,750,000; and

(iv) a fixed deposit of RM1,689,144 of a subsidiary.

35. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of approximately RM459,761,000 (31.12.2016 : RM402,157,000) divided by the weighted average number of ordinary shares at the end of the reporting period of 310,384,000 (31.12.2016 : 290,936,000) shares.

36 REVENUE

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Services rendered	435,300	366,396	485	-
Contract revenue	1,393	6,716	-	-
Sales of goods	104,042	97,540	-	-
Rental income	714	398	-	-
Consultancy fee	310	-	-	-
Dividend income	-	-	3,691	3,280
Management fee	111	-	9,631	300
	541,870	471,050	13,807	3,580

37 PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Statutory audit fee :				
- for the financial year	382	274	131	58
- under/(over)provision in the previous financial year	52	(6)	25	-
Non-statutory audit fee	7	6	7	6
Accretion of interest for other receivables	3,233	-	-	-
Allowance for impairment losses on :-				
- trade receivables	5,058	1,704	-	-
- other receivables	234	-	-	-
Amortisation of intangible asset	3,198	398	-	-
Bad debts written off	1,845	-	-	-
Depreciation of property, plant and equipment	50,123	19,048	4	-
Directors' fee	858	388	858	388
Directors' non-fee emoluments :				
- salaries, allowances and other benefits	4,289	2,291	1,361	15
- defined contribution benefit	459	241	155	-

37 PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Interest expense :				
- bank overdrafts	2,760	1,588	-	-
- bank guarantee	1,169	750	-	-
- imputed interest on deferred liability	-	10	-	10
- invoice financing	1,404	209	-	-
- lease and hire purchase	797	465	-	-
- revolving credit	4,568	1,710	-	-
- term loans	24,394	9,438	-	-
Loss on foreign exchange :				
- realised	564	4,539	-	6
- unrealised	31,830	6,430	-	-
Property, plant and equipment written off	5	-	-	-
Inventories written off	-	1,146	-	-
Inventories written down	152	-	-	-
Rental of premises	367	447	-	-
Rental of office	1,337	1,010	750	-
Rental of office equipment	416	244	46	-
Rental of forklift and cranes	376	257	-	-
Rental of warehouse	2,273	627	-	-
Rental of car park	126	-	37	-
Rental of yacht	6	-	-	-
Staff costs :				
- salaries, wages, bonuses, allowances and other benefits	65,665	39,562	4,444	5
- defined contribution benefits	5,706	3,427	503	-
Gain on bargain purchase	(10,636)	-	-	-
Dividend income from subsidiaries	-	-	(3,691)	(3,280)
Dividend income from a joint venture	(2,205)	(1,717)	-	-
Gain on foreign exchange :				
- realised	(2,009)	(4,781)	(4)	-
- unrealised	(16,625)	(23,459)	(6)	-
Gain on disposal of property, plant and equipment	(3,579)	(2)	-	-
Interest income on financial assets not at fair value through profit or loss :				
- bank	(1,038)	(588)	-	(1)
- intercompany	-	-	(2,711)	(15)
- imputed interest on trade receivables	-	(87)	-	-
- others	(91)	(733)	(91)	-
Rental income	(612)	(1,051)	-	-
Reversal of deferred liability	-	(3,263)	-	(2,000)
Reversal of inventory previously written down	(385)	-	-	-

37 PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Share of results in associates, net of tax	(140)	(275)	-	-
Share of results in a joint venture, net of tax	(10,391)	(4,304)	-	-
Waiver of debts	(16,191)	-	-	-
Reversal of impairment loss on trade receivables	(331)	-	-	-

38 INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Current tax:				
- for the financial period/year	6,766	5,012	1,200	62
- (over)/underprovision in the previous financial period/year	(669)	1,003	-	(4)
	6,097	6,015	1,200	58
Deferred tax (Note 12) :				
- originating and recognition of temporary differences	(6,313)	3,411	-	-
- overprovision in the previous financial period/year	(3,375)	(3,011)	-	-
	(9,688)	400	-	-
	(3,591)	6,415	1,200	58

38 INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Profit before taxation	25,005	50,536	4,573	4,442
Tax at the statutory tax rate of 24%	6,001	12,129	1,098	1,066
Tax effects of :				
- Non-deductible expenses	11,610	20,595	1,012	264
- Non-taxable gains	(7,396)	(15,119)	(910)	(1,268)
- Tax incentive for cost on acquisition of a foreign owned company	(8,119)	(4,060)	-	-
- Deferred tax assets not recognised during the financial period/year	593	911	-	-
- Share of results in associates	(33)	(66)	-	-
- Utilisation of deferred tax assets not recognised in prior years	(682)	-	-	-
- Share of results in a joint venture	(2,494)	(1,033)	-	-
(Over)/underprovision in the previous financial year :				
- current tax	(669)	1,003	-	(4)
- deferred tax	(3,375)	(3,011)	-	-
Different tax rates in other countries	973	(4,686)	-	-
Other	-	(248)	-	-
Income tax income/expense for the financial period/year	(3,591)	6,415	1,200	58

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

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the current financial period, based on the percentage of increase in chargeable income of the Company and its subsidiaries.

39 EARNINGS PER SHARE

	THE GROUP	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
Profit attributable to owners of the Company (RM'000)	26,459	39,328
Weighted average number of ordinary shares in issued ('000) :-		
Ordinary shares at 1 January	290,936	290,936
Effect of private placement	19,448	-
Weighted average number of ordinary shares at 30 June ('000)	310,384	290,936
Basic earnings per share (sen)	8.52	13.52

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.

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40 ACQUISITIONS OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

40.1 ACQUISITION OF A SUBSIDIARY

On 12 April 2017, a subsidiary of the Company, PT Uzma, acquired 95% equity interests in PTCDSI. The acquisition of this subsidiary is to enable the Group to expand its business into Indonesia.

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

(a) Fair Value of Purchase Consideration

	THE GROUP 30.6.2018 RM '000
Cash	619

(b) Identifiable Assets Acquired and Liabilities Assumed

	THE GROUP 30.6.2018 RM '000
Intangible assets	26,000
Property, plant and equipment	11,550
Inventories	1,437
Trade receivables	625
Other receivables, deposits and prepayment	894
Tax recoverable	1,378
Trade payables	(136)
Other payables and accruals	(22,409)
Current tax liability	(628)
Deferred tax liabilities	(6,240)
Fair value of net identifiable assets acquired	12,471

(c) Cash Flows Arising from Acquisition

	THE GROUP 30.6.2018 RM '000
Purchase consideration settled in cash and cash equivalents (item (a) above)	619

(d) Goodwill Arising from Acquisition

	THE GROUP 30.6.2018 RM '000
Total fair value of consideration transferred (item (a) above)	619
Add: Non-controlling interests (item (d)(i) below)	1,216
Less: Fair value of net identifiable assets (item (b) above)	(12,471)
Gain on bargain purchase	(10,636)

(i) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(ii) The Group has incurred acquisition-related costs of RM153,000 related to external legal fees and due diligence cost. These expenses were recognised in "Administrative Expenses" line item of the consolidated statements of profit or loss and other comprehensive income.

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40 ACQUISITIONS OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS (CONT'D)

40.1 ACQUISITION OF A SUBSIDIARY (CONT'D)

(e) Impact of Acquisition on the Group's Results

The acquired subsidiary has contributed the following results :-

	THE GROUP 30.6.2018 RM '000
Revenue	14,643
Profit after taxation	2,845

If the acquisition had taken place at the beginning of the current financial period, the Group's revenue and profit after taxation would have been RM542,618,000 and RM27,508,000 respectively.

41 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Cost of property, plant and equipment purchased	35,284	234,419	75	-
Amount financed through lease and hire purchase	(10,084)	(5,263)	-	-
Other payables	-	(31,195)	-	-
Cash disbursed for outstanding payables in the previous financial year	31,062	-	-	-
Cash disbursed for purchase of property, plant and equipment	56,262	197,961	75	-

42 CASH FLOW INFORMATION

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise :-

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Fixed deposits with licensed banks (Note 22)	25,213	22,014	-	-
Cash and bank balances	34,914	53,602	11	50
Bank overdrafts (Note 34)	(25,627)	(24,316)	-	-
	34,500	51,300	11	50
Less: Fixed deposits pledged with licensed banks (Note 22)	(24,588)	(18,210)	-	-
Fixed deposits with tenure of more than 3 months	(110)	-	-	-
	9,802	33,090	11	50

42 CASH FLOW INFORMATION (CONT'D)

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

	TERM LOAN RM'000	LEASE AND HIRE PURCHASE RM'000	INVOICE FINANCING RM'000	REVOLVING CREDIT RM'000	TOTAL RM'000
THE GROUP					
At 1.1.2017	394,061	6,798	17,886	75,517	494,262
Changes in Financing Cash Flows					
Proceeds from drawdown	51,915	10,084	87,411	5,598	156,550
Repayment of borrowing principal	(121,026)	(1,172)	(95,046)	(54,648)	(273,434)
Repayment of borrowing interests	(24,394)	(797)	(1,404)	(4,568)	(31,163)
Non-cash Changes					
Finance charges recognised in profit or loss	24,394	797	1,404	4,568	31,163
Foreign exchange adjustments	(16,750)	-	-	(1,542)	(18,292)
At 30.6.2018	308,200	15,710	10,251	24,925	359,086

	AMOUNT OWING TO SUBSIDIARIES RM'000	TOTAL RM'000
THE COMPANY		
At 1.1.2017	27	27
Changes in Financing Cash Flows		
Repayment to	(27)	(27)
At 30.6.2018	-	-

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

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43 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 period are as follows :-

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000	1.1.2017 to 30.6.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits :				
- fees	858	388	858	388
- salaries, bonus and other benefits	4,289	2,291	1,361	15
	5,147	2,679	2,219	403
Defined contribution benefits	459	241	155	-
	5,606	2,920	2,374	403
Directors of Subsidiaries				
Short-term employee benefits :				
- salaries, bonus and other benefits	5,031	2,243	894	-
Defined contribution benefits	598	282	141	-
	5,629	2,525	1,035	-
Total directors' emuneration (Note 37)	11,235	5,445	3,409	403
(b) Other key management personnel				
Short-term employee benefits	4,334	4,175	302	-
Defined contribution benefits	202	205	35	-
	4,536	4,380	337	-

44 CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Authorised and contracted for :				
- property, plant and equipment	10,126	7,100	-	-
Contracted but not provided for :				
- share of capital commitment of a joint venture	2,305	2,305	-	-
	12,431	9,405	-	-

45 OPERATING SEGMENTS

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

The Group is organised into 3 main reportable segments as follows :-

(i) Services Segment

- involved in the provision of geoscience and reservoir engineering, drilling, project and operations services, and other specialised services within the oil and gas industry.

(ii) Trading Segment

- involved in manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.

(iii) Investment holding

(a) The Group Chief Executive Officer 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.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to operating reportable segments.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

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

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

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45 OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS

THE GROUP	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	CONSOLIDATION ADJUSTMENTS RM'000	THE GROUP RM'000
30.6.2018					
REVENUE					
External revenue	432,234	109,040	596	-	541,870
Inter-segment revenue	64,678	5,411	13,211	(83,300)	-
Total Revenue	496,912	114,451	13,807	(83,300)	541,870
RESULTS					
Segment profit before interest and taxation	69,770	13,397	6,102	(36,470)	52,799
Finance costs	(70,987)	(164)	(1,898)	34,724	(38,325)
Share of results in associates, net of tax					140
Share of results in a joint venture, net of tax					10,391
Consolidated profit before taxation					25,005
Segment profit before interest and taxation includes the followings :-					
Accretion of interest	(1,409)	-	-	(1,824)	(3,233)
Allowance for impairment losses on receivables	(259)	(234)	-	(4,799)	(5,292)
Bad debts written off	(1845)	-	-	-	(1,845)
Gain on bargain purchase	-	-	-	10,636	10,636
Depreciation and amortisation	(49,121)	(1,355)	(151)	(2,694)	(53,321)
Property, plant and equipment written off	-	(5)	-	-	(5)
Interest expenses	(69,578)	(164)	(1,898)	36,548	(35,092)
Inventories written down	-	(152)	-	-	(152)
Gain on disposal of property, plant and equipment	2,773	-	-	806	3,579
Interest income	34,284	590	2,803	(36,548)	1,129
Net unrealised loss on foreign exchange	(16,866)	(1,053)	6	2,708	(15,205)
Reversal of Inventories previously written down	-	385	-	-	385
Share of results in associates, net of tax	-	-	-	140	140
Share of results in a joint venture, net of tax	-	-	-	10,391	10,391
Waiver of debts	16,191	-	-	-	16,191
Reversal of impairment losses on trade receivables	3,578	-	-	(3,247)	331

45 OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

THE GROUP	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	CONSOLIDATION ADJUSTMENTS RM'000	THE GROUP RM'000
30.6.2018					
ASSETS					
Segment assets	771,800	71,393	275,923	(205,616)	913,500
Unallocated assets					
- investments in associates					9,331
- investment in joint ventures					62,386
- deferred tax assets					3,421
- current tax assets					15,475
Consolidated total assets					1,004,113
Additions to non-current assets other than financial instruments and deferred tax assets are :-					
Property, plant and equipment	33,978	423	76	807	35,284
Intangible asset	-	-	-	26,000	26,000
LIABILITIES					
Segment liabilities	(170,026)	(18,049)	(1,375)	(1,424)	(190,874)
Unallocated liabitlities					
- deferred tax liabilities					(7,689)
- lease and hire purchase payables					(15,710)
- term loans					(308,200)
- current tax liabilities					(1,830)
Consolidated total liabilities					(524,303)
31.12.2016					
REVENUE					
External revenue	367,257	103,793	-	-	471,050
Inter-segment revenue	12,163	5,055	300	(17,518)	-
Total revenue	379,420	108,848	300	(17,518)	471,050
RESULTS					
Segment profit before interest and taxation	45,779	17,775	4,135	(6,933)	60,756
Finance costs					(14,799)
Share of results in associates, net of tax					275
Share of results in a joint venture, net of tax					4,304
Consolidated profit before taxation					50,536

45 OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

THE GROUP	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	CONSOLIDATION ADJUSTMENTS RM'000	THE GROUP RM'000
31.12.2016					
Segment profit before interest and taxation includes the followings :-					
- Depreciation and amortisation	(18,498)	(850)	(98)	-	(19,446)
- Impairment on trade receivables	(1,704)	-	-	-	(1,704)
- Interest expenses	(14,148)	-	(22)	-	(14,170)
- Inventories written off	(1,146)	-	-	-	(1,146)
- Gain on disposal of property, plant and equipment	2	-	-	-	2
- Interest income	977	340	91	-	1,408
- Net unrealised gain on foreign exchange	16,851	223	(45)	-	17,029
- Share of results in associates, net of tax	-	-	-	275	275
- Share of results in a joint venture, net of tax	-	-	-	4,304	4,304
ASSETS					
Segment assets	1,019,062	73,290	225,509	(231,855)	1,086,006
Unallocated assets					
- investments in associates					4,754
- investment in joint ventures					54,200
- deferred tax assets					112
- current tax assets					7,521
Consolidated total assets					1,152,593
Additions to non-current assets other than financial instruments and deferred tax assets are :-					
Property, plant and equipment	233,456	963	-	-	234,419
LIABILITIES					
Segment assets	(300,982)	(21,476)	(121)	911	(321,668)
Unallocated assets					
- deferred tax liabilities					(7,928)
- lease and hire purchase payables					(6,798)
- term loans					(394,061)
- current tax liabilities					(1,435)
Consolidated total liabilities					(731,890)

45 OPERATING SEGMENTS (CONT'D)

45.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investments in associates and joint ventures) and deferred tax assets.

GROUP	REVENUE		NON-CURRENT ASSETS	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Malaysia	476,773	430,821	504,072	590,532
Thailand	50,454	40,189	89,083	39,975
Australia	-	40	-	-
Indonesia	14,643	-	35,126	-
	541,870	471,050	628,281	630,507

45.3 MAJOR CUSTOMERS

Revenue from a major customer, with revenue equal to or more than 10% of the Group's total revenue amounting to RM187,374,000 (31.12.2016 : RM226,725,000) arose from sales in the services segment.

46 SIGNIFICANT 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, associates, joint venture, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

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

	THE GROUP		THE COMPANY	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
(i) Subsidiaries				
- Management fees	-	-	9,520	300
- Dividend income	-	-	3,691	3,280
- Advances from	-	-	1,827	166,229
- Advances to	-	-	44,675	3,504
- Purchases	-	-	-	21
- Interest income	-	-	-	15
(ii) Joint ventures				
- Dividend income	2,205	1,717	-	-
- Management fee	290	204	-	-
- Secondment income	741	523	-	-
- Rental income	597	468	-	-
- Disposal of property	9,000	-	-	-
- Purchase	106	963	-	-
- Advances to	-	-	81	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

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47 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 in the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

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

(i) 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 within the Group.

The Group's investments in foreign subsidiaries whose reporting and operations in foreign currencies are United States Dollar, Thai Baht and Australian Dollar. The Group is exposed to foreign currency translation risk on the consolidation of these companies into Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk is as follows :-

THE GROUP	UNITED STATES DOLLAR RM'000	THAI BAHT RM'000	OTHERS RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
30.6.2018					
FINANCIAL ASSETS					
Long term receivables	65,140	-	-	-	65,140
Trade receivables	16,980	4,664	7	20,797	42,448
Other receivables and deposits	42,093	7,476	43	43,068	92,680
Amount owing by a joint venture	-	-	-	2,229	2,229
Short-term investments	-	-	-	143	143
Fixed deposits with licensed banks	2,019	276	-	22,918	25,213
Cash and bank balances	5,404	427	83	29,000	34,914
	131,636	12,843	133	118,155	262,767

47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	THAI BAHT RM'000	OTHERS RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
30.6.2018					
FINANCIAL LIABILITIES					
Trade payables	28,199	3,170	610	28,685	60,664
Other payables and accruals	31,245	5,658	40	10,157	47,100
Amount owing to associates	-	-	-	2,228	2,228
Lease and hire purchase payables	-	68	-	15,642	15,710
Term loans	123,180	2,151	-	182,869	308,200
Revolving credit	5,785	-	-	19,140	24,925
Invoice financing	-	-	-	10,251	10,251
Bank overdrafts	-	-	-	25,627	25,627
	188,409	11,047	650	294,599	494,705
Net financial (liabilities)/assets	(56,773)	1,796	(517)	(176,444)	(231,938)
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	-	(1,796)	(98)	176,444	174,550
Currency exposure	(56,773)	-	(615)	-	(57,388)

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NOTES TO THE FINANCIAL STATEMENTS

47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	THAI BAHT RM'000	OTHERS RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
31.12.2016					
FINANCIAL ASSETS					
Long term receivables	79,049	-	-	-	79,049
Trade receivables	34,210	5,302	87	52,410	92,009
Other receivables and deposits	81,946	8,280	45	19,091	109,362
Amount owing by an assosiate	1,122	-	-	4,135	5,257
Short-term investments	-	-	-	51	51
Fixed deposits with licensed banks	2,144	416	-	19,454	22,014
Cash and bank balances	23,677	6,089	172	23,664	53,602
	222,148	20,087	304	118,805	361,344

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47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	THAI BAHT RM'000	OTHERS RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
31.12.2016					
FINANCIAL LIABILITIES					
Trade payables	12,321	2,379	51	27,730	42,481
Other payables and accruals	61,386	2,821	35	19,271	83,513
Lease and hire purchase payables	-	123	-	6,675	6,798
Term loans	191,028	3,088	-	199,945	394,061
Revolving credit	24,377	-	-	51,140	75,517
Invoice financing	-	-	-	17,886	17,886
Bank overdrafts	-	-	-	24,316	24,316
	289,112	8,411	86	346,963	644,572
Net financial (liabilities)/assets	(66,964)	11,676	218	(228,158)	(283,228)
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	-	(11,676)	(178)	228,158	216,304
Currency exposure	(66,964)	-	40	-	(66,924)

47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

<u>Foreign Currency Risk Sensitivity Analysis</u>

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

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Effects on Profit After Taxation/ Other Comprehensive Income				
United States Dollar:				
- strengthened by 10%	(4,315)	(5,089)	-	-
- weakened by 10%	4,315	5,089	-	-

(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 of mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the 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 is disclosed in Notes 31, 33 and 34 to the financial statements.

<u>Interest Rate Risk Sensitivity Analysis</u>

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

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Effects on Profit After Taxation				
Increase of 100 basis points (bp)	(2,359)	(2,331)	-	-
Decrease of 100 bp	2,359	2,331	-	-

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47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in market prices of money market unit trust funds. Equity price risk is monitored closely and managed to an acceptable level.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) 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 quoted investments, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes on allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 32% of its trade receivables (including related parties) as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows :-

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Yemen	89	111	-	-
Thailand	3,560	8,026	-	-
Malaysia	38,162	83,765	-	-
Other	637	107	-	-
	42,448	92,009	-	-

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47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

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).

Ageing Analysis

The ageing analysis of trade receivables is as follows :-

THE GROUP	Gross Amount RM '000	Individual Impairment RM '000	Collective Impairment RM '000	Carrying Value RM '000
30.06.2018				
Not past due	26,257	-	-	26,257
Past due :				
- less than 3 months	9,007	-	-	9,007
- 3 to 6 months	707	-	-	707
- over 6 months	12,589	(6,112)	-	6,477
	48,560	(6,112)	-	42,448
31.12.2016				
Not past due	61,869	-	-	61,869
Past due :				
- less than 3 months	15,993	-	-	15,993
- 3 to 6 months	3,678	-	-	3,678
- over 6 months	12,302	(1,833)	-	10,469
	93,842	(1,833)	-	92,009

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(iii) 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 as 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) :-

47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (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
30.6.2018						
Non-derivative Financial Liabilities						
Lease and hire purchase payables	5.56	15,710	18,576	4,012	10,445	4,119
Revolving credit	5.18	24,925	24,925	24,925	-	-
Invoice financing	5.15	10,251	10,251	10,251	-	-
Term loans	4.88	308,200	334,656	90,998	231,041	12,617
Trade payables	-	60,664	60,664	60,664	-	-
Other payables and accruals	-	47,100	47,100	47,100	-	-
Amount owing to associates	-	2,228	2,228	2,228	-	-
Bank overdrafts	8.10	25,627	25,627	25,627	-	-
		494,705	524,027	265,805	241,486	16,736
31.12.2016						
Non-derivative Financial Liabilities						
Lease and hire purchase payables	5.15	6,798	8,912	901	3,197	4,814
Revolving credit	4.69	75,517	77,039	77,039	-	-
Invoice financing	4.83	17,886	17,886	17,886	-	-
Term loans	4.08	394,061	433,330	91,090	327,499	14,741
Trade payables	-	42,481	42,481	42,481	-	-
Other payables and accruals	-	83,513	83,513	83,513	-	-
Bank overdrafts	7.75	24,316	24,316	24,316	-	-
		644,572	687,477	337,226	330,696	19,555

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47 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
30.6.2018						
Non-derivative Financial Liabilities						
Other payables and accruals	-	1,341	1,341	1,341	-	-
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	-	-	369,165	369,165	-	-
		1,341	370,506	370,506	-	-
31.12.2016						
Non-derivative Financial Liabilities						
Other payables and accruals	-	92	92	92	-	-
Amount owing to subsidiary	-	27	27	27	-	-
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	-	-	512,315	512,135	-	-
		119	512,254	512,254	-	-

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47 FINANCIAL INSTRUMENTS (CONT'D)

(b) 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 adjustment 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. 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 was as follows :-

	THE GROUP	
	30.6.2018 RM'000	31.12.2016 RM'000
Lease and hire purchase payables (Note 32)	15,710	6,798
Term loans (Note 33)	308,200	394,061
Revolving credit (Note 31)	24,925	75,517
Invoice financing (Note 31)	10,251	17,886
Bank overdrafts (Note 34)	25,627	24,316
	384,713	518,578
Less: Fixed deposits with licensed banks (Note 22)	(25,213)	(22,014)
Less: Cash and bank balances	(34,914)	(53,602)
Net debt	324,586	442,962
Total equity	479,810	420,703
Debt-to-equity ratio	0.68	1.05

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

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Financial Assets				
Available-for-sale Financial Asset				
Other investments	16,483	10,483	-	-
Loans and Receivables Financial Assets				
Long-term receivables (Note16)	65,140	79,049	-	-
Trade receivables (Note 15)	42,448	92,009	-	-
Other receivables and deposits (Note 16)	92,680	109,362	3,496	1,974
Amount owing by subsidiaries (Note 18)	-	-	60,378	9,066
Amount owing by a joint venture (Note 20)	2,229	-	192	-
Amount owing by an associate (Note 19)	-	5,257	192	-

47 FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments (Cont'd)

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Financial Assets				
Fixed deposits with licensed banks (Note 22)	25,213	22,014	-	-
Cash and bank balances	34,914	53,602	11	50
	262,624	361,293	64,077	11,090
Fair Value through Profit or Loss: Held-for-trading				
Short-term investments (Note 21)	143	51	128	36
Financial Liabilities				
Other Financial Liabilities				
Lease and hire purchase payables (Note 32)	15,710	6,798	-	-
Term loans (Note 33)	308,200	394,061	-	-
Revolving credit (Note 31)	24,925	75,517	-	-
Invoice financing (Note 31)	10,251	17,866	-	-
Trade payables (Note 29)	60,664	42,481	-	-
Other payables and accruals (Note 30)	47,100	83,513	1,341	92
Amount owing to Associates (Note 19)	2,228	-	-	-
Amount owing to subsidiaries (Note 18)	-	-	-	27
Bank overdrafts (Note 34)	25,627	24,316	-	-
	494,705	644,572	1,341	119

(d) Gains or Losses Arising from Financial Instruments

	THE GROUP		THE COMPANY	
	30.6.2018 RM'000	31.12.2016 RM'000	30.6.2018 RM'000	31.12.2016 RM'000
Financial Assets				
Loans and Receivables Financial Assets				
Net (losses)/gains recognised in profit or loss	(8,178)	975	-	-
Net (losses)/gains recognised in other comprehensive income	(17,302)	5,091	-	-
Fair Value through Profit or Loss: Held-for-trading				
Net gains recognised in profit or loss	91	-	91	-
Financial Liabilities				
Financial Liabilities Measured at Cost				
Net (losses)/gains recognised in profit or loss	(50,979)	855	-	9,688
Net gains/(losses) recognised in profit or loss	36,491	(29,132)	-	-

47 FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period :-

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			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		
THE GROUP								
30.6.2018								
Financial Assets								
Short-term investments :								
- quoted investments	143	-	-	-	-	-	143	143
Financial Liabilities								
Term loans	-	-	-	-	308,200	-	308,200	308,200
Lease and hire purchase payables	-	-	-	-	15,710	-	15,710	15,710
THE GROUP								
31.12.2016								
Financial Assets								
Short-term investments :								
- quoted investments	51	-	-	-	-	-	51	51
Financial Liabilities								
Term loans	-	-	-	-	394,061	-	394,061	394,061
Lease and hire purchase payables	-	-	-	-	6,798	-	6,798	6,798

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47 FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information

	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		
THE COMPANY								
30.6.2018								
Financial Asset								
Short-term investments :								
- quoted investments	128	-	-	-	-	-	128	128
THE COMPANY								
31.12.2016								
Financial Asset								
Short-term investments :								
- quoted investments	36	-	-	-	-	-	36	36

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47 FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information (Cont'd)

Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(a) The fair values of quoted investments are measured at their quoted closing bid prices at the end of the reporting period.

(b) The fair values of lease and hire purchase payables and term loans are determined by discounting the relevant cash flow using 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	
	30.6.2018 %	31.12.2016 %
Lease and hire purchase payables	5.56	5.15
Term loans	4.88	4.08

(ii) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial period.

48 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The details of the significant events during the financial period are as follows :-

(a) As announced on 20 January 2017, the Company entered into a Joint Venture Cum Shareholders Agreement with Aerosun Corporation, Aerosun (Hong Kong) Co., Limited, and Gameladha Nasiriffin Bin Arifin for the provision of engineering, procurement, construction, installation and commission of non-metallic pipes in Malaysia via a joint venture company.

(b) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are :-

(i) Removal of the authorised share capital;
(ii) Ordinary shares ceased to have par value; and
(iii) Share premium account transferred to share capital account.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to financial statements.

(c) As announced on 6 February 2017, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with an Umbrella Contract for the provision of Electric Wireline Logging (EWL). The contract will be for a duration of 3 years, com mencing from 1 December 2017 to 30 December 2019, with two extension options of 1 year each for Cased Hole Logging Services across the Pan Malaysia area.

(d) As announced on 16 February 2017, UESB was awarded by LUNDIN Malaysia B.V. with a contract for the provision of Hydraulic Workover Unit ("HWU Services") and services. The contract will be for a duration of 9 years for HWU services for the client's operations at the Bertam field, on the coast of Peninsular Malaysia.

(e) As announced on 28 February 2017, UESB was awarded by MURPHY Sabah/Sarawak Oil Co. Ltd. with a contract for the provision of HWU Services and services. The contract will be for a duration of 2 years with an extension option of 1 year.

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48 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

The details of the significant events during the financial period are as follows (Cont'd) :-

(f) As announced on 22 March 2017, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with a contract for the provision of fishing equipment and services. The contract will be for a duration of 2 years with an extension option of 1 year.

(g) On 12 April 2017, PT Uzma acquired 95% equity interests in PTCDSI for a total consideration of USD142,500 which is equivalent to RM619,000.

(h) On 14 June 2017, the Company increased its issued and paid-up share capital from RM145,467,500 to RM194,926,450 by an issuance of 29,093,500 new ordinary shares ("Placement Share") at RM1.70 each through private placement for a total cash consideration of RM49,458,950 for working capital purpose. On 16 June 2017, the private placement is deemed completed following the listing and quotation of 29,093,500 Placement Shares on the Main Market of Bursa Securities.

(i) On 18 April 2017, the Company subscribed for 94 ordinary shares in ULSB representing 94% of ULSB's issued and paid-up share capital for a total consideration of RM94. Following the subscription, ULSB became a 94%-owned subsidiary of the Company.

(g) On 18 April 2017, the Company subscribed for 1 ordinary share in ENV representing 100% of ENV's issued and paid-up share capital for a total consideration of RM1. Following the subscription, ENV became a wholly-owned subsidi ary of the Company.

(h) On 19 September 2017, the Company acquired 1 ordinary share of RM1 in URSSB representing 100% of URS's issued and paid-up share capital for a total consideration of RM1. On 28 May 2018, the Company further subscribed for the additional 199,999 ordinary shares for a total consideration of RM199,999. Following the acquisition and subscription, URSSB became a wholly-owned subsidiary of the Company.

(l) As announced on 9 January 2018, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with 3 umbrella contracts for the provision of electrical submersible pump and services.

(m) As announced on 11 January 2018, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with an umbrella contract for the provision of HWU services.

(n) As announced on 14 February 2018, UESB had entered into a Joint Venture Agreement with Petra Energy Development Sdn. Bhd., a wholly-owned subsidiary of Petra Energy Berhad to subscribe of 1 ordinary share, representing 50% equity interest in Khausar Energy Sdn. Bhd.

(o) As announced on 1 March 2018, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with an umbrella contract for the provision of HWU services.

(p) As announced on 27 April 2018, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with an umbrella contract for the provision of well abandonment integrated services.

(q) On 21 May 2018, the Company subscribed for 100 ordinary shares in UIPB representing 100% of UIPB's issued and paid-up share capital for a total consideration of RM100. Following the subscription, UIPB became a wholly-owned subsidiary of the Company.

49 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The details of the significant events occurring after the reporting period are as follows :-

(a) As announced on 25 July 2018, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with an umbrella contract for the provision of drilling fluids and associated services for Petroleum Arrangement Contractors.

(b) As announced on 27 July 2018, UIPB has made a lodgement to Securities Commission Malaysia for the establishment of proposed Unrated Islamic Medium Term Notes ("Sukuk Wakalah") Programme of up to RM1.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme).

(c) As announced on 7 August 2018, UESB was awarded by PETRONAS Carigali Sdn. Bhd. with a work order for the provision of well abandonment integrated services for Pulai-A.

(d) As announced on 26 September 2018, UIPB has made its debut the issuance of Sukuk Wakalah of RM250 million in nominal value under the Sukuk Wakalah Programme.

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50 INTEREST IN JOINT OPERATIONS

The Company has a 30% (31.12.2016 : 30%) partnership interest in a joint operation, Tanjong Baram Field with EQ. Tanjong Baram Field's principal place of business in Malaysia. Tanjong Baram Field's principal activity is to carry out the development and production of petroleum.

51 COMPARATIVE FIGURES

The Company and its subsidiaries have changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the financial period ended 30 June 2018 cover 18-months period as compared to the 12-months period ended 31 December 2016.

UZMA BERHAD
(Company No. 769866-V)

PROXY FORM

CDS Account No.	

I/We ____
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of ____
(ADDRESS)

being a member/members of UZMA BERHAD (the "Company") hereby appoint ______________________

____ of
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

____
(ADDRESS)

or failing him/her, ____
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of ____
(ADDRESS)

or failing him, the Chairman of Meeting, as *my/our proxy, to vote for *me/us and on *my/our behalf at the Eleventh Annual General Meeting ("AGM") of the Company to be held at **Damansara Performing Arts Centre (DPAC) Hall, Level G, Empire Damansara, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan** on Wednesday, 12 December 2018 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:-

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits from 1 January 2017 until 12 December 2018 in excess of the current approved limit		
2.	To approve the payment of Directors' fees and benefits for the period from 13 December 2018 until the next annual general meeting		
3.	To re-elect Dato' Hajjah Zurainah Binti Musa as a Director of the Company		
4.	To re-elect Dato' Che Nazahatuhisamudin Bin Che Haron as a Director of the Company		
5.	To re-elect Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim as a Director of the Company		
6.	To authorise the Directors to appoint auditors and to fix their remuneration		
7.	To approve authority to allot shares		
8.	To approve the proposed share buy-back mandate		

Please indicate with an "X" in the space provided above how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

Dated this ______________ day of ______________________ 2018

No. of ordinary shares held

____

Signature of Member / Common Seal

Notes:
1. Only depositors whose names appear in the Record of Depositors as at 3 December 2018 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a Member may appoint any persons to be his proxy.

3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.

4. 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 but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an 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.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Please fold here to seal

Please Affix
Stamp Here

The Company Secretary
UZMA BERHAD (769866-V)
802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

www.uzmagroup.com

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(769866-V)

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