UZMA BERHAD
ANNUAL REPORT 2019

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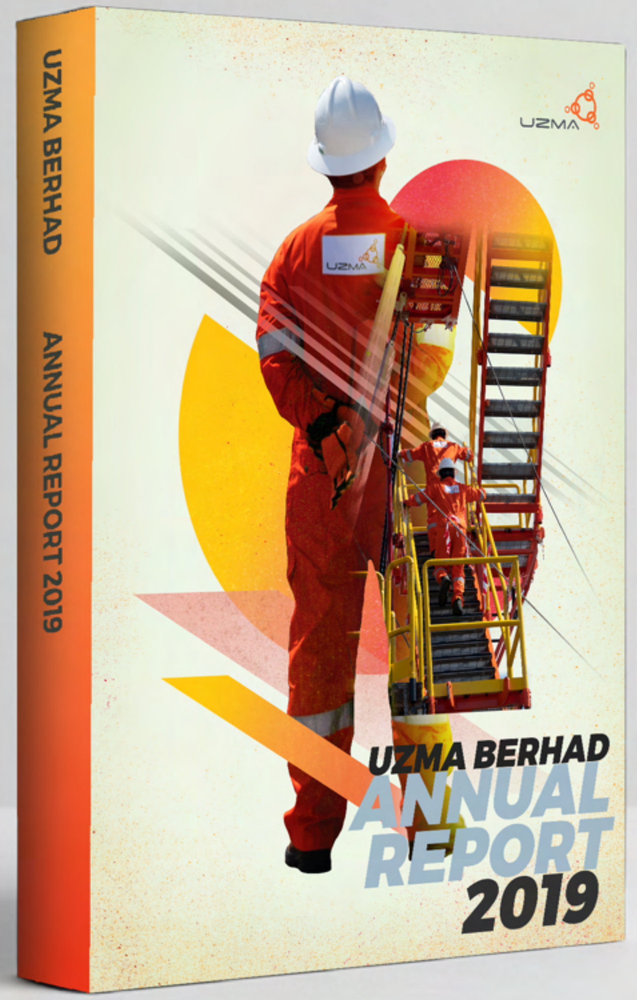
ANNUAL REPORT
2019

COVER THEME RATIONALE



At Uzma Berhad,
we believe in the infinite possibilities our capabitlites. 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 determine to excel in every way possible.

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12TH ANNUAL GENERAL MEETING OF UZMA BERHAD

Date	:	Monday , 16 December 2019
Time	:	10.00 a.m.
Venue	:	Damansara Performing Arts Centre (DPAC) Hall, Level G, Empire Damansara, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia

OUR MISSION & VISION

OUR MISSION
"WHO ARE WE"

We are an integrated regional Oil and Gas Service and Equipment ("OGSE") company with a diverse portfolio that adds value through our niche and innovative solutions.

OUR VISION
"WHAT WE ASPIRE TO BE"

We aspire to be one of the top 5 Oil & Gas Service and Equipment ("OGSE") company in Malaysia.

OUR STORY

Uzma is one of the leading upstream Oil and Gas Service and Equipment ("OGSE") companies in Malaysia, providing a spectrum of cost-effective integrated solutions which leverages on innovation.

Our expertise lies in services which cater to the needs of the exploration, development and production value chain within the Oil and Gas ("O&G") industry.

Within both our local and international footprint, Uzma has maintained our commitment within our core business to Find, Connect and Produce our clients' hydrocarbon assets, by employing the most efficient solutions, delivering unsurpassed quality and practising excellent safety standards. At the same time, we are diversifying beyond our core business to venture into new growth areas such as New Energy, Late Life Assets and Downstream businesses.

We provide a spectrum of integrated services which draw on our industry expertise, as well as stellar track record and capabilities.

FIND
*We assist our clients to **find** their potential assets.*

CONNECT
*We help our clients **connect** their hydrocarbon assets to the surface.*

PRODUCE
*We support our clients to **produce** their valuable O&G assets.*

Our diverse, high performing teams are our most valuable human capital asset, located throughout our local and international operations. Through their daily work, they drive through our desire to create value for our clients by consistently delivering high quality results, with the best cost structure, and an uncompromising approach towards safety.

Our company DNA is exemplified by the uzmaWAY, which rests on five core pillars that epitomise our commitment to an excellence-centric culture and project deliveries. The uzmaWAY emphasises our commitment to continuously innovate and provide better solutions for our clients. Our innovative solutions take on the challenges of an ever shifting O&G industry, and enables us to add value to our clients' businesses.

Our focused approach and unstinting resolve to deliver to the best of our ability has seen us grow in size and stature since our inception in 2000. Today, Uzma's regional presence is evident through our footprint spanning Malaysia, Thailand, Indonesia, and the Philippines.

We remain committed to being a company of growth, to continuously innovate new solutions which benefit our stakeholders, and contribute towards a more sustainable industry eco-system for all.

Uzma Berhad is listed on the KLSE Main Board. You can find out more about the Group by visiting our website at www.uzmagroup.com.

— 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 organisation 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.

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*

UZMA IN A **SNAPSHOT**

UZMA

ESTABLISHED IN
2000

NUMBER OF
GROUP EMPLOYEES
858

2000
- Uzma was established
- Drilling Project Management

2001
- Geoscience & Reservoir Engineering Software

2002

2003

2004
- Subsurface Studies

2005
- Manpower Consultancy

2006

2007
- Uzma as a Public Listed Company

2008
- uzmAPRES™
- Enhanced Oil Recovery
- Wireline & Slickline
- Reservoir Description & Laboratory Services

REVENUE: RM 135 MIL

2009
- uzmAMS™
- Early Production Facilities

2010
- Production Chemical Solutions

2011
- Pumping

2012
- uzmaWIM
- Well Test
- Aviation Services
- Acquisition of SVP: 30.02%

2013
- Tracer Reservoir Characterisation
- Seismic Acquisition & Processing

2014
- Software Integrated Solution
- High Performance Computing & Algorithm
- Tanjung Baram RSC
- Acquisition of MMSVS: 100%

- Hydraulic Workover Unit
- Rigless Marine System
- Production Equipment Supply
- Acquisition of MECAS: 70%

2015
- Advanced Sample Cutting
- Directional Drilling
- Additional acquisition of SVP: 18.98%

2016
- D18 MARSYA Water Injection
- Electrical Submersible Pump

- Horizontal Surface Pump
- Coiled Tubing Unit (CTU)
- Cementing

2017
- Fishing
- NMP/RTP
- Hook Up Commissioning
- Drill Bits

- Plug & Abandonment
- Mud Logging
- Cementing

2018
- Maintainance, Construction and Modification

2019
- New Energy
- Additional acquisition of SVP: 15%

REVENUE: RM 446 MIL

SERVICE OVERVIEW

UPSTREAM SERVICES

Subsurface Solutions

- Geosciences Studies
- Resevoir Engineering Solution
- Production Enhancement and Optimization
- Integrated Studies
- Geoscience and Production Laboratory Services

Integrated Well Solutions

- Hydraulic Workover Unit
- Plug and Abandonment Services
- Wireline Services
- Directional Drilling Services
- Well Pumping Services
- Coiled Tubing Services
- Cementing Services
- Well Stimulation Services
- Desander Equipment and Services
- Drill Bits & Hole Enlargement Equipment and Services
- Drilling and Well Services Equipment Rental

Production Solutions

- Advanced Production Enhancement System
- Water Injection Facilities
- Portable Water Injection Module
- Gas Handling System
- Well Testing Equipment Rental and Services
- Early Production Facilities
- Operations and Maintenance
- Filtration Services
- Artificial Lift
- Production Chemicals

LATE LIFE ASSETS

- Engineering, Procurement, Construction, Installation & Commissioning (EPCIC)
- Decommissioning Services
- Late Life Asset Operations

NEW ENERGY

- Developer and Operator of Renewable and Clean Energy
- EPC Contractor for Solar PV

OTHER SERVICES

- Mechanical and Rotating Equipment Products
- Supply and Installation of Non-Metallic Pipeline
- Supply of Equipment and Consumables
- Aviation Services
- Software Development and Digital Solution

NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth 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, Malaysia on Monday, 16 December 2019 at 10.00 a.m to transact the following businesses:

Agenda

As Ordinary Business

1 To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Directors' and Auditors' Reports thereon. *(Please refer to Note 9)*

2 To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM 692,000.00 for their services from 17 December 2019 until the next Annual General Meeting ("AGM") of the Company. *Ordinary Resolution 1*

3 To re-elect the following Directors who are retiring pursuant to Article 77 of the Articles of Association of the Company :-

i) Datuk Abdullah Bin Karim *Ordinary Resolution 2*
ii) Dato' Kamarul Redzuan Bin Muhamed *Ordinary Resolution 3*
iii) Encik Yahya Bin Razali *Ordinary Resolution 4*

4 To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 5*

As Special Business

To consider and, if thought fit, to pass the following resolutions :-

5 **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

"THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company to such persons, at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares (excluding treasury shares) to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance." *Ordinary Resolution 6*

6 **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

"THAT subject to the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to utilise an amount not exceeding the Company's audited retained profits as at 30 June 2019 to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);
(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company at the time of purchase; and
(c) the authority conferred by this resolution will be effective immediately upon the passing of the ordinary resolution and will continue to be in force until :-

(i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in general meeting, whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them or in any manner as prescribed by the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority 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 or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company." *Ordinary Resolution 7*

7 **Proposed Adoption of a New Constitution of the Company ("Proposed Adoption of a New Constitution")**

"THAT the Company's existing Memorandum and Articles of Association be and are hereby deleted in its entirety and that the new Constitution as set out in Part A of the Circular to Shareholders dated 31 October 2019 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of a New Constitution with full powers to assent to any conditions, modifications and/or amendments as may be required by any authorities to give effect to the Proposed Adoption of a New Constitution." *Special Resolution*

8 To transact any other business for which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
WONG WEI FONG (MAICSA 7006751)
Company Secretaries

Selangor Darul Ehsan

Date: 31 October 2019

Notes

1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company.

2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4 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 ("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.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

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

6 The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.

7 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting
8 Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 6 December 2019 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is
9 not required pursuant to Section 340(1)(a) of the Act. Hence, this agenda item is not put forward for voting by shareholders of the Company.

10 **EXPLANATORY NOTES ON SPECIAL BUSINESS**

(i) Ordinary Resolution No. 6 - Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares

The Company had, during its Eleventh Annual General Meeting ("AGM") held on 12 December 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the Section 76 of the Act. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 6 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The Ordinary Resolution 6, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for purpose of funding the working capital or future investments of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

(ii) Ordinary Resolution No. 7 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The explanatory notes on Ordinary Resolution 7 are set out in the Statement to Shareholders dated 31 October 2019.

(iii) Special Resolution – Proposed Adoption of a New Constitution of the Company

The Special Resolution, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Securities and the prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity. Details were set out in the Circular to Shareholders dated 31 October 2019.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

Board of Directors

Datuk Abdullah Bin Karim
Independent 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
Independent Non-Executive Director

Yahya Bin Razali
Independent Non-Executive Director

Dato' Hajjah Zurainah Binti Musa
Independent Non-Executive Director

Ikhlas Bin Abdul Rahman
Independent Non-Executive Director

Audit Commitee

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

Yahya Bin Razali – Member
Independent Non-Executive Director

Datuk Abdullah Bin Karim – Member
Independent Non-Executive Chairman

Nomination and Remuneration Commitee

Datuk Abdullah Bin Karim – Chairman
Independent Non-Executive Chairman

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

Ikhlas Bin Abdul Rahman – Member
Independent Non-Executive Director

Secretaries

Tai Yit Chan
(MAICSA 7009143)

Wong Wei Fong
(MAICSA 7006751)

Registered Office

12th Floor, Menara Symphony,
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya
Selangor Darul Ehsan

Tel : (603) 7890 4800
Fax : (603) 7890 4650

Auditors

Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA & AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Tel : (603) 2297 1000
Fax : (603) 2282 9980

Stock Existing Listing

Main Market - Bursa Malaysia
Securities Berhad
Listed Since : 29 July 2008
Stock Name : UZMA
Stock Code : 7250
Sector : Energy

Corporate Office

UZMA Tower
No. 2, Jalan PJU 8/8A
Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan

Tel : (603) 7611 4000
Fax : (603) 7611 4100

Email : malaysia@uzmagroup.com
Website : www.uzmagroup.com

Share Registrar

11th Floor, Menara Symphony,
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya
Selangor Darul Ehsan

Tel : (603) 7890 4700
Fax : (603) 7890 4670

Principal Bankers

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)
Ground Floor, Bangunan
Ambank Group
No.55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2036 2633
Fax : (603) 2032 1914

AmBank Islamic Berhad (295576-U)
Ground Floor, Bangunan
Ambank Group,
No.55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2036 2633
Fax : (603) 2032 1914

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-Almin Bank Berhad (818444-T)
No. 60 Vista Magna
Jalan Prima Metro Prima
Kepong
52100 Kuala Lumpur
Tel : (603) 6252 2228
Fax : (603) 6258 0888

RHB Islamic Bank Berhad (680329-V)
RHB Centre, No. 426, Jalan
Tun Razak
50400 Kuala Lumpur
Tel : (603) 9281 3030
Fax : (603) 9287 4173

RHB Bank Berhad (6171-M)
RHB Centre, No. 426, Jalan
Tun Razak
50400 Kuala Lumpur
Tel : (603) 9281 3030
Fax : (603) 9287 4173

Standard Chartered Bank Malaysia Berhad (115793-P)
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2721 5501
Fax : (603) 2142 9733

CHAIRMAN'S
FOREWORD

Datuk Abdullah Bin Karim
Independent Non-Executive Chairman

Dear Stakeholders,

It is my honour to present to you Uzma Berhad's ("Uzma") Annual Report for the Financial Year Ended 30 June 2019 (FY2019). In preparing our report, we have endeavoured to present to our shareholders and stakeholders a comprehensive account of our business activities and outcomes, and demonstrate the medium to long-term value we are creating, as well as short-term rewards we have obtained.

Resilience in a Challenging Business Environment

For the year under review, Uzma continued to operate within a dynamically changing operational landscape, shaped by the cyclical nature of the Oil and Gas ("O&G") sector. To remain a sustainable business for the long-term, we have adapted our business model and operations to become more resilient and withstand external forces which are beyond our control as a result of fluctuations in global crude oil price.

The inevitable result of the nature of these challenges have led to our margins being squeezed. However, we have incorporated a number of action plans across our business segments to mitigate these impacts towards sustaining our profitability in the longer term. For a detailed account of our operational landscape, please refer to our Management Discussion and Analysis ("MD&A") on **page 58** of this Annual Report.

Year on Year ("YoY"), our gross profit in FY2019 improved by 19.14% from the previous year, from RM124.58 million within a 12-month period of FY2018 to RM148.43 million in FY2019. Profit Before Tax ("PBT") surged 407.77% to RM41.84 million in FY2019, compared to RM8.24 million in a 12-month period of FY2018.

As we progress with our business journey, our focus is on consolidating our business and enhancing our value proposition as outlined in our transformation programme, the Uzma Five Year Plan ("uzma5YP"). Our future focus is on business segments that will offer us greater profit margins. We believe this approach will further strengthen our business fundamentals and contribute towards our business sustainability in the longer term.

For a more detailed analysis of our performance, please refer to our Chief Executive Officer's ("CEO") Review of Operations on **page 26** of this Annual Report, as well as the MD&A on **page 58** of this Annual Report.

While there were no dividend pay outs in FY2019, our plan moving forward to is establish a dividend policy as part of our commitment to provide our shareholders with rewards on their investment. We look forward to sharing the details of the policy in the near future.

Creating Sustainable Long-Term Value Through our Transformation Programme

In order to augment our business resilience and long-term sustainability, we launched our transformation programme, uzma5YP, in June 2018. Our transformation programme hones in on four focus areas, with the long-term goal of establishing our company as a Top 5 O&G service and equipment ("OGSE") company in Malaysia.

This ambitious goal we have set ourselves necessitates a paradigm shift in the way we conduct our business. We need to look beyond the business as usual approach to expand our portfolio. Effectively, this means moving beyond providing standalone services to becoming an integrated solutions provider, complemented by innovations in technology. uzma5YP is the strategic blueprint which will effect this transformational change in our organisation. We are optimistic that our disciplined approach in implementing uzma5YP will fuel our financial growth trajectory in the long-term, both in terms of revenue as well as profit.

In the past year, we have focused our efforts on building our foundational strengths, as well as diversifying our business portfolio in line with our strategy. Our aim is to be one of the top players in the New Energy sector in Malaysia, and in line with this, in FY2019 we partnered with an internationally renowned Renewable Energy player with the intention to bid for the Third Cycle of the Large Solar System scheme ("LSS3") in Malaysia.

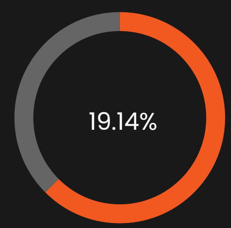
For details on uzma5YP and our progress during the year, please refer to our CEO's Review of Operations on **page 26** of this Annual Report, and the MD&A on **page58** of this Report.

Upholding Strong Governance

Since inception, Uzma has unswervingly upheld the strongest levels of governance throughout our organisation. I am pleased to share that we have further stepped up on our governance through a number of activities and measures conducted in 2019.

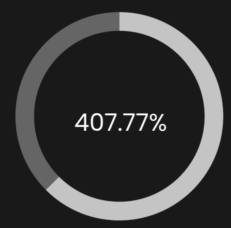
Having introduced the Uzma Enterprise Risk and Opportunity Management ("uzmaEROM") in 2018, we undertook several steps towards improving uzmaEROM procedurally to extend our sustainability governance and management to our business pipeline. This includes the tender bidding process where we analyse attendant risks prior to submitting our tenders. To further enhance accountability and Board of Director ("Board") overview, the chairmanship of uzmaEROM now rests with a member of the Board, namely Encik Ikhlas Bin Abdul Rahman.

We will continue to maintain a fair representation of both Independent and Non-Independent Directors on the Board, with Board members representing diverse backgrounds and specialisations. This puts Uzma in a strong position to benefit from their insights and expertise as we work together to steer the company forward. We remain confident that we will successfully navigate the various challenges faced by the O&G industry, and achieve our long term goal of becoming one of the Top 5 OGSE companies in Malaysia.



GROSS PROFIT IN FY2019 IMPROVED

Our gross profit in FY2019 improved by 19.14% from the previous year, from RM124.58 million within a 12-month period of FY2018 to RM148.43 million in FY2019.



PROFIT BEFORE TAX (PBT)

Profit Before Tax (PBT) surged 407.77% to RM41.84 million in FY2019, compared to RM8.24 million in a 12-month period of FY2018.

SETEGAP VENTURES PETROLEUM SDN. BHD. ("SVP")

1	Succesfully completed 28 Production Enhancement activites which contributed 5.81 kbopd instantaneous gain to SK Oil Platform (Wells) Preparation prior rig entry activites in 2018.

MALAYSIAN ENERGY CHEMICAL & SERVICES SDN. BHD. ("MECAS")

1	United Kingdom-based EnQuest's HSE appreciation and recognition award for excellent HSE Performance in Safety in November 2018.
2	ExxonMobil Exploration and Production Malaysia Inc's ("EMEPMI") Recognition Award for a MECAS technician's active participation and contribution during the EMEPMI safety campaign in November 2018.
3	Outstanding results in the SHELL Global KPI Score – the Malikai and Gumusut contract scored 96% in the third quarter of FY2019 (3Q18) and 4Q18, and scored 98% for 1Q19 and 2Q19. The score reflects SHELL's evaluation of overall commitment and performance on Health and Safety, Environment, Value Improvement, Cost, Technical Performance and Service for the Malikai and Gumusut-Kakap Deepwater contract.

MMSVS GROUP HOLDING CO LTD ("MMSVS")

1	CEO Safety, Security, Health and Environment ("SSHE") Excellence Award - 1 Year Achievement by PTT Exploration and Production Public Company Limited ("PTTEP") in March 2019.

Awards and Recognitions

Uzma's unstinting dedication towards ensuring that we adhere to best practices in all areas of our operations and business practices have resulted in yet another year of recognitions and awards. I am pleased to share with you some highlights of our achievements in FY2019 as follows :

UZMA ENGINEERING SDN. BHD.

Focused Recognition awards by our client PETRONAS Carigali Sdn. Bhd. ("PCSB") for the following project execution and delivery :

1	Successful execution of E-Line perforation activities with good Health, Safety and Environment ("HSE") performance and Zero Loss Time Injury at D18-103L in July 2018.
2	Execution of Plug and Abandonment of Pulai A campaign safely, achieving 250,000 manhours of Zero Loss Time Injury ("LTI") in March 2019.
3	Demonstrating stellar commitment in safely delivering well integrity, data acquisition and production enhancement jobs in 2018 beyond Work Program and Budget ("WPB") 2018 target which contributed to achieving PETRONAS Carigali Sdn. Bhd. - Sabah Asset ("SBA") 2018 well integrity and production enhancement target of 3.9 million safe man hours in March 2019.

Acknowledgements

As we move into the year ahead, we reaffirm our commitment to continue with our quest to create greater value for our shareholders and stakeholders. None of our achievements to date would have been possible were it not for the contributions of our various groups of stakeholders.

I wish to thank my fellow Board members for their strategic guidance and wisdom in helping us achieve the goals we have set for Uzma.

On behalf of the Board, I wish to extend our heartfelt gratitude to all our employees for giving their best on the job, and keeping Uzma at the forefront of the industry.

To our business partners, our heartfelt thanks for joining us in our business mission. Similarly, our excellent performance would not have been possible without the contributions of our suppliers and vendors, and we extend our appreciation for their efforts.

A heartfelt thank you to our clients for continuing to believe in us and giving us the opportunity to share in their business journey. To our shareholders, our deepest gratitude for their continued faith in us.

We look forward to continuing on our path of growth with all of you.

Datuk Abdullah Bin Karim
Independent Non-Executive Chairman

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

CHIEF EXECUTIVE OFFICER

REVIEW OF OPERATIONS

It gives me great pleasure to present to you Uzma Berhad's ("Uzma") Annual Report for the Financial Year Ended 30 June 2019 (FY2019). Despite challenging market conditions, we continued to record an uptrend in our performance, staying on course with delivering on our growth aspirations and generating greater value for our shareholders and stakeholders.

Key Performance Highlights

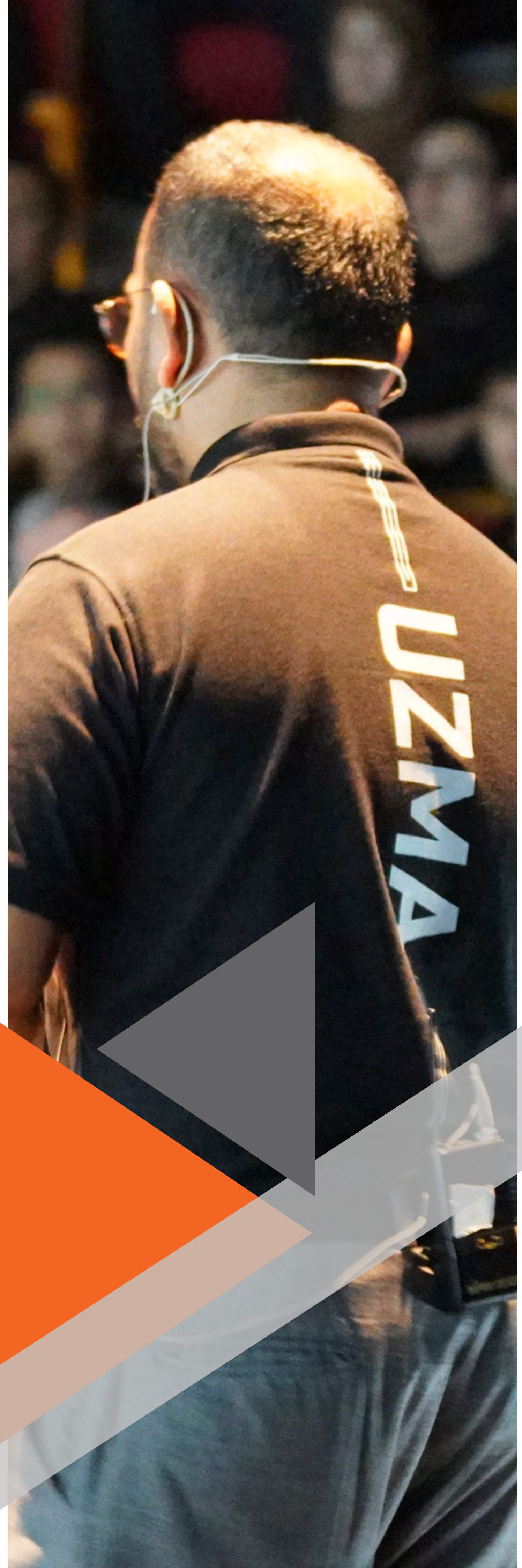
FY2019 saw us contending with our fair share of external and internal challenges. Despite this, we continued with our growth momentum and achieved commendable results across all financial metrics. Based on a 12-month analysis of our results for both FY2018 and FY2019, the Group's revenue increased by 18.8% from RM 375.85 million to RM 446.50 million. Gross profit in FY2019 increased by 19.1% to RM 148.43 million, from RM 124.58 million the previous year. Profit Before Tax (PBT) leaped by 407.8% to RM 41.84 million from RM 8.24 million in 2018.

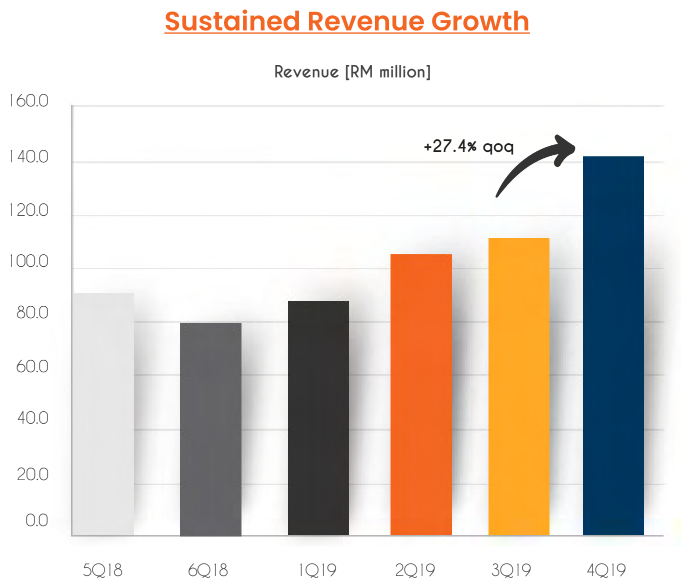
Looking at our results for the past six consecutive quarters, we have recorded an uptrend in our revenue and profit, as a result of continuous improvements in our operations. Between the Third Quarter of FY2019 (3Q19) and the Fourth Quarter of FY2019 (4Q19) alone, revenue increased by 27.4% to RM 142.0 million, while our Gross Profit improved by 6.9% to RM 41.33 million.

Our FY2019 revenue growth was due to higher revenue contributions from the Integrated Well Services division on the back of stronger performance from Setegap Ventures Petroleum Sdn. Bhd. ("SVP"). As well as that, improvements within the Production Solutions division also led to greater contributions. However, revenue growth from the Technology division was muted as a result of projects which had been completed in Second Quarter of FY2019 (2Q19) and 3Q19.

As a whole, Uzma recorded robust turnaround in profitability, with the D18 project running at full capacity, and greater activities from the Hydraulic Workover Unit ("HWU"), as well as other projects from the Production Services division.

For more details on our financial performance, please refer to the Management Discussion and Analysis ("MD&A") on **page 58** of this Annual Report.





Sustaining our Business Through our Transformation Programme

Since our listing in 2008, Uzma has grown rapidly to become one of the leading Malaysian OGSE companies providing integrated services in Malaysia and international markets. While our achievements to date are commendable, we are not content to rest on our laurels and seek to attain even greater heights in the medium to long-term future.

The Uzma Five Year Plan ("uzma5YP") is the strategic blueprint we have crafted towards achieving our long-term goal of becoming one of the Top 5 OGSE companies in Malaysia. uzma5YP epitomises our commitment to being a company of continuous growth. Since 2014, we have focused our efforts on moving the company up the value chain, by consolidating our business and focusing on value added and technology services.

uzma5YP is crucial for us to sustain our long-term growth and takes into account both external and internal factors that are driving the need for us to transform. Externally, shifts in the O&G landscape will push for a more open domestic market where only stronger and larger local players will be able to compete. Our MD&A on **page 58** of this Annual Report lays out the challenges of our operational landscape in greater detail.

Internally, there are several pain points we need to address at Uzma. These have been actuated by our rapid growth over the past few years, which has overstressed our fundamental structures to operate effectively in a more complex and demanding environment. These critical pain points need to be addressed urgently to stable the ship before strategies can be implemented to capitalise on opportunities available within the changing landscape.

We have critically analysed our pain points in order to deal with them effectively. We need to practice disciplined and prudent financial management to ensure we have sufficient capital investment for our expansion, whilst at the same time meeting our financial obligations. Even as we embark into new areas of growth such as New Energy, we are cognisant of the need to ensure the highest standards of project delivery quality to build our brand and reputation in the marketplace, as well as increase future business opportunities to capture greater market share.

As we expand beyond our core business, our focus remains on ensuring excellent operational efficiencies which keep pace with our growth. Underlying this is the need to ensure that our people are equipped to deal with the more complex and technically challenging projects we intend to take on board.

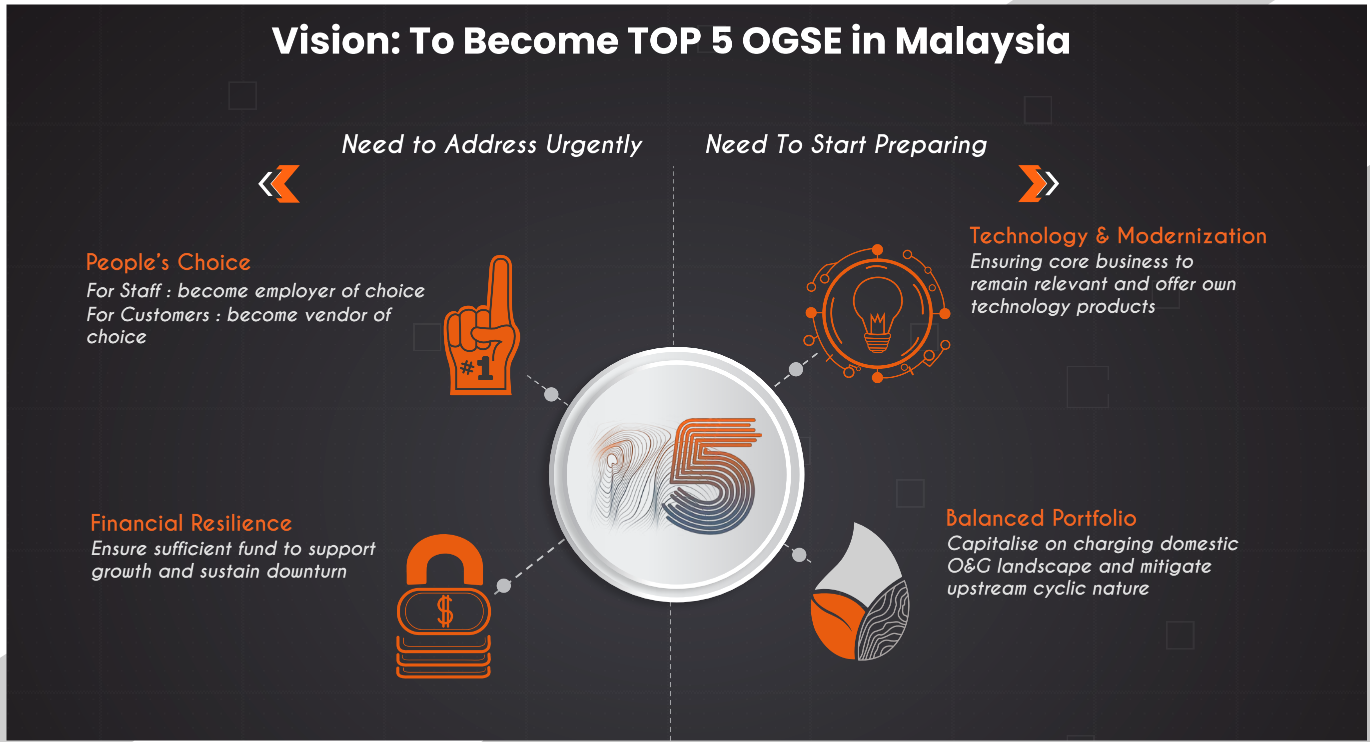
Sustaining our Business Through our Transformation Programme (continued)

Bearing these factors in mind, we have identified four critical Focus Areas in the uzma5YP transformation programme as follows :

- Becoming **People's Choice** for both employees and customers;
- Ensuring **Financial Resilience** to support growth and sustain the business through a potential industry downturn;
- Achieving a **Balanced Portfolio** to adapt to the changing O&G landscape; and
- Embedding **Technology and Modernisation** as a key differentiator.

The first two Focus areas of People's Choice and Financial Resilience are currently being addressed through robust measures we have implemented since launching uzma5YP in June 2018. As for the last two Focus Areas of Technology and Modernisation, and a Balanced Portfolio, we have been setting strong foundations in these areas over the course of the past year.

The 4 Focus Areas of uzma5YP



UZMA5YP IS CRUCIAL FOR US TO SUSTAIN OUR LONG-TERM GROWTH AND TAKES INTO ACCOUNT BOTH EXTERNAL AND INTERNAL FACTORS THAT ARE DRIVING THE NEED FOR US TO TRANSFORM

Setting Strong Foundations for Sustained Growth

A key push forward under uzma5YP is to venture into new areas of growth through the Focus Areas of Technology and Modernisation, and a Balanced Portfolio. Cognisant of the need to build strong foundations in the new areas we have identified, in FY2019 we conducted a number of corporate exercises which set the stage for our future growth.

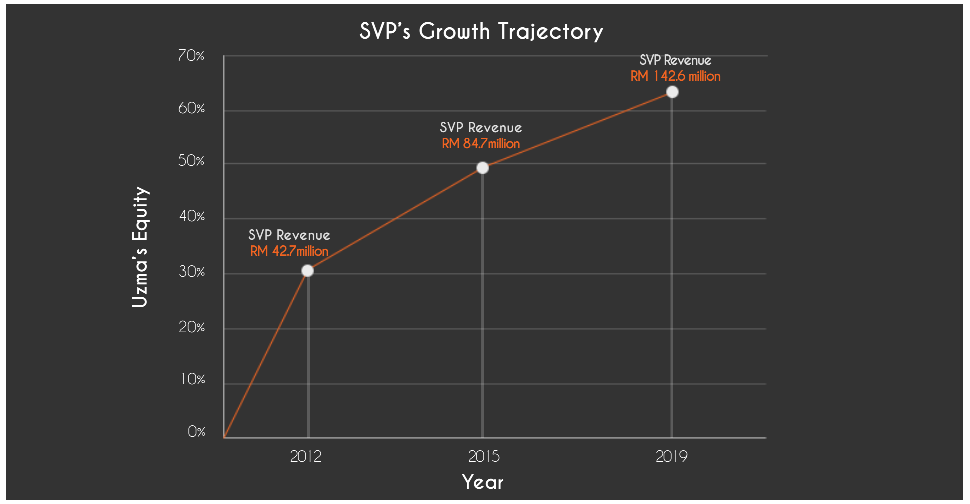
Completed the acquisition of SVP

In 3Q19, Uzma, through our wholly-owned subsidiary Tenggara Analisis Sdn. Bhd., completed the acquisition of another 15% of equity shares in Setegap Ventures Petroleum Sdn. Bhd. ("SVP") from Nasri Nasrun Ventures Sdn. Bhd. for a consideration of RM36 million. This move brings our total equity shareholding in SVP to 64%, effectively making SVP a subsidiary of the Group.

Uzma's interest in SVP began in 2012 when we acquired a 30.02% stakeholding in the company. We then acquired a further 18.98% equity interest in 2015, bringing our total shareholding to 49%, making it a joint venture entity of the Group. Our decision to further increase our stakeholding in SVP represents a strategic move which allows us to exercise further control over its operations and business direction. This is in line with our uzma5YP transformation programme's growth strategy.

SVP's principal business in providing support services to the O&G industry such as well pumping and coil tubing complements Uzma's existing service offerings such as geoscience and reservoir engineering, drilling, and project and operational services for the O&G sector. Moving into the future, our aim is to further integrate SVP's business operations with the rest of the Group, and obtain synergistic benefits of cost reduction by pooling resources and streamlining operations.

Since our initial acquisition of SVP, the Company has been contributing positively to the Group's earnings. For the 18-month financial period ended 30 June 2018, SVP contributed RM10.39 million to Group PBT. As at January 2019, SVP has an order book of approximately RM700 million for the next five years. Our increased equity ownership of SVP will enable us to consolidate a higher percentage of SVP's earnings in the future.

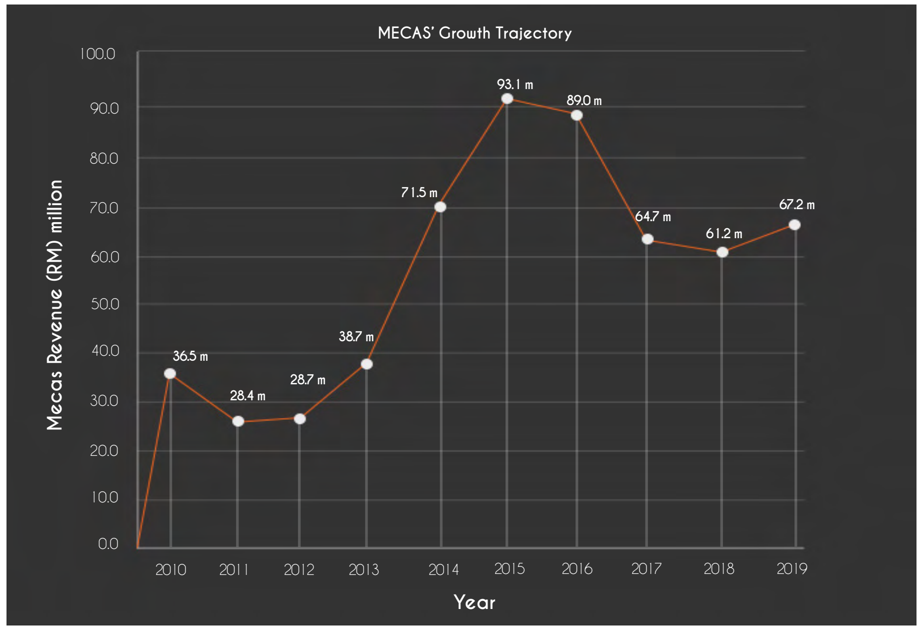


Sustained growth in MECAS

Since inception, we have been focused on driving our future growth through strategic acquisitions and partnerships. In 2014, we acquired 70% interest in Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS") from Nalco Industrial Services Malaysia Sdn. Bhd. for a total of USD2.5 million. Our rationale in acquiring controlling interest in MECAS was to leverage on Nalco's international reputation and expertise as a global leader in Oil Field Chemicals ("OFC").

MECAS has had its share of challenges within the OFC market, especially with regards to global oversupply in the OFC market which resulted in significant price reduction and compressed margins. In 2016, MECAS proactively initiated its own transformation initiative, to strengthen its business resilience. These focused on areas such as cost reduction, raw materials sourcing strategy and enhancing local blending capabilities.

These resulted in MECAS being able to provide a more competitive price to our customers while protecting our margin to reinvest and sustain our business. At the same time, MECAS' reputation for its high quality of services and excellent HSE has remained untarnished throughout the adjustment phase. As at 2019, MECAS continues to be a market leader in the local OFC market, delivering on contracts with international O&G companies as well as local chemical companies. This has led MECAS to be the market leader not only at Shallow Water OFC, but in-country Deepwater OFC, namely at Deepwater Kebabangan, Deepwater Malikai and Deepwater Gumusut.



Additionally, MECAS' product and services offerings which centre on improving O&G production, extending equipment life and decreasing operating costs through value added services and a full suite of production chemicals, present us with valuable opportunities to diversify into new growth areas in the medium-term future. It enables Uzma to offer integrated solutions to our clients to solve issues related to deep water development, depleting reservoirs and aging facilities, all aligned with the uzma5YP transformation programme.

Consolidated and Diversified our Business Portfolio

We made significant inroads into both consolidating and diversifying our business portfolio in FY2019. Over the past few years, we have been effecting our strategic decision to get out of the manpower business. We have found this area of business to be unsustainable in the longer term, due to shrinking profit margins and higher risks.

The main driver in reengineering our business portfolio has been to compete in areas which provide us with sustainable returns. Our aim is to compete through ethical business practices within a sustainable business environment, as part of our underlying commitment to practice strong governance.

In moving beyond our current core business areas comprising geoscience and petroleum engineering, well services, and production solutions, we have identified the following growth areas which exemplify uzma5YP's Focus Areas of Technology and Modernisation, and a Balanced Portfolio.

Committed to Governance

Upholding the highest standards of governance has always been one of Uzma's core values. In FY2019, we put in place several measures which enhanced and strengthened our transparency and accountability.

We have in place an Integrated Management System ("IMS") which, among others, maintains strict controls over our internal quality audit processes, as well as our Health, Safety and Environment ("HSE") procedures. During the year, we conducted a number of audits to ensure we maintained our quality levels at the highest standards. These included a Quality Management System ("QMS") audit at our HWU operation site in Songkhla, Thailand which was conducted during 3Q19. Additionally, independent third party auditors conducted two internal audits on the Marsya D18 project, consisting of a maintenance management audit in the First Quarter of FY2019 (1Q19) and an asset management audit in 4Q19.

We have consistently prioritised HSE within our operations, and implemented a number of measures throughout the year in line with this. We initiated actions towards improving and enhancing the Uzma IMS to ensure we are in compliance with ISO 45001. In addition, we conducted an Occupational Health and Safety Management System ("OHSMS") internal audit based on ISO 45001 in 4Q19. Our plan to is obtain full ISO 45001 certification by 2020.

We have strengthened our HSE management by effecting a cross-boundary integrated HSE, where all regional HSE units now report to corporate HSE and are under the purview of the HSE manager. This is an especially important step for us bearing in mind our plan to expand our international footprint in the future, and ensuring that all our international projects are on the same page with regards to HSE practice. We also began to integrate our HSE Plans into the larger Project Execution Plan in order to maintain a strict overview of HSE compliance in all our projects.

Mitigating Our Risks

We strongly believe that having a clear understanding and maintaining effective management of risks form a crucial cornerstone of the long-term sustainability of our business. During the year under review, we conducted ongoing risk assessments and implemented mitigation measures to minimise our exposure to risks we had identified. The following table lays out our major identified risks in FY2019 and the mitigating actions we undertook in response to them.

Type of Risk	Context and Potential Impact	Mitigating Action
Investment Risk	In the medium to long-term time, Uzma will focus its investments in new non-core business areas to drive long-term revenue. Venturing into these new growth areas presents risks in the form of poor investment decisions and the effective management of the investment.	All investments valued at more than RM50 million is deliberated upon by the Uzma Enterprise Risk and Opportunity Management ("uzmaEROM") Committee. In FY2019, the Uzma Artificial Lift Sdn. Bhd. ("UAL") ventured into Indonesia and Iraq, and the Subsurface Solutions division expanded into South Sudan and India, and the New Energy tender submission for the LSS3 project in Malaysia were among the investments which were vetted by the uzmaEROM Committee.
Tender Risk	In responding to Requests for Tenders ("RFT") in the OGSE sector, we are mindful that our tender response constitutes a legal offer and we may be bound to the terms within it, should the client accept it. Additionally, responding to a complex tender is a time-consuming process which involves utilising company resources for significant periods of time.	A preliminary risk assessment on bids with high risk are conducted by the Tender and Contract team, which is then escalated to uzmaEROM where necessary. In FY2019, the Water Taxi tender were presented to uzmaEROM for deliberations.
Asset Maintenance Risk	Uzma's assets are present in a number of domestic and international locations, and are subject to the risks of technical failures, partner failures, human errors, willful acts and natural disasters.	An internal audit was carried out on the D18 project and gaps were resolved in 1Q19.
Fixed Asset Risk	Our base of Property, Plant and Equipment ("PPE") present risks in the form of expenses such as repairs and maintenance, as well as other issues related to asset management.	An internal audit was conducted on corporate fixed asset management and gaps identified will be resolved improved processes and systems (e.g. new Enterprise Resource Planning ("ERP") system which will be fully functional in FY2020).
Employee Engagement Risk	Our human capital represent a key resource we utilise in driving the success of the company. It underpins our ability to deliver on our strategy and maintain the high quality of integrated services we render to our clients. Employee engagement is therefore a critical factor in ensuring the growth of the company.	An independent third party Employee Engagement Survey ("EES") was conducted in 2Q19 to identify risks in human capital sustainability. Action plans were created based on gaps identified and are currently in various stages of implementation.

For a full account of our risks and mitigating actions in FY2019, please refer to our Statement on Risk Management and Internal Control ("SORMIC") on **page 78** of this Annual Report.

Uzma's Forward Moving Strategic Plans

As we move into FY2020, we remain firmly focused on effecting the uzma5YP transformational programme as our strategic blueprint to engender continuous growth. We will continue to push forward with the Four Focus Areas of uzma5YP, namely People's Choice, Financial Resilience, Technology and Modernisation, and Balanced Portfolio.

We will continue with our organisational restructuring plans which supports the uzma5YP strategy. Our organisational restructuring focuses on growing our non-core business segments, and aims to optimise our organisation to effectively and successfully capture the various opportunities we have identified as crucial to drive our continuous growth. For a more detailed narrative of our future plans, please refer to the MD&A on **page 58** of this Annual Report.

We are optimistic that our determination to see through uzma5YP will result in creating greater value for our shareholders and stakeholders. We thank all our stakeholders for their ongoing support, and affirm our commitment to continue with our journey of growth.

Dato' Kamarul Redzuan Bin Muhamed
Managing Director / 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 a 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.*
- *With the exception of Dato' Dr. (H) Ab. Wahab Bin Haji Ibrahim, Encik Yahya Bin Razali, Datuk Abdullah Bin 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 *67* **NATIONALITY** *MALAYSIAN*
GENDER *MALE*

DATE OF APPOINTMENT
- *25 August 2016 as a Member of the Board*
- *30 August 2018 as the Chairman of the Board*

BOARD COMMITTEE MEMBERSHIPS
- *Chairman of Nomination and Remuneration Committee*
- *Member of Audit Committee*

DIRECTOR 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

Datuk Abdullah joined PETRONAS in 1977 and has over 42 years of experiences in the oil and gas industry. He served as Project Engineer (1981) and General Manager, Engineering Division (1991) in PETRONAS Carigali Sdn. Bhd ("PCSB"), a wholly-owned subsidiary of PETRONAS.

He became the Executive Assistant to the President of PETRONAS in 1994, after which he was appointed as the Managing Director/ Chief Executive Officer ("CEO") of OGP Technical Services Sdn. Bhd., a project management consultancy company of PETRONAS from 1995 to 1999.

In 1999, he was appointed as the position of Managing Director/Chief Executive Officer of Malaysia LNG Group of Companies, and was responsible for the construction of the third LNG plant, marketing of LNG and operations of the PETRONAS LNG Complex in Bintulu, Sarawak before his appointment as Vice President, Exploration & Production Business of PETRONAS in 2004.

In March 2007, he was appointed as the position of Vice President/CEO of Petronas Carigali, involved in the exploration, development and production of oil and gas in Malaysia as well as in 23 countries worldwide.

In 2012, he was appointed as the Vice President and Venture Director of Domestic LNG Projects until his retirement on 1 July 2016.

In his career in PETRONAS, Datuk Abdullah has played an active role both in the upstream and downstream activities of the company. He headed 2 of PETRONAS largest subsidiary companies, i.e. Petronas Carigali and Malaysia LNG Sdn. Bhd.. He was instrumental in leading the development of many large scale projects, including the recently completed offshore floating LNG plants by PETRONAS.

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Sciences in Mechanical Engineering, University of Western Australia, Australia
- Diploma in Gas Engineering, Illinois Institute of Technology, United States of America

DATO' KAMARUL REDZUAN BIN MUHAMED

MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

AGE *47* **NATIONALITY** *MALAYSIAN*
GENDER *MALE*

DATE OF APPOINTMENT
- *21 May 2008 as a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS
- *Nil.*

DIRECTOR IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- *Nil.*

WORKING EXPERIENCE AND OCCUPATION

Dato' Kamarul Redzuan started his career as a Facilities Engineer in Esso Production Malaysia Inc. where he worked on a number of offshore projects. To further expand his horizon, he joined Sedco Forex International Inc., 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.

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 Engineering Sdn. Bhd. in May 2000.

Once Uzma Engineering Sdn. Bhd. has been established, Dato' Kamarul Redzuan envisioned and executed rapid game-changing execution 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 Chief Executive Officer, Dato' Kamarul Redzuan still plays an active and vital role in strategising, 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 as well as the current President of ANSARA Malaysia.

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor's Degree in Petroleum Engineering, Colorado School of Mines, United States of America
- Dato' Kamarul Redzuan is currently pursuing a Master of Letters at Institute of the Malay World and Civilisation (ATMA), Universiti Kebangsaan Malaysia, Malaysia.

DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON

EXECUTIVE DIRECTOR

AGE *47* **NATIONALITY** *MALAYSIAN*

GENDER *MALE*

DATE OF APPOINTMENT

- *21 May 2008 a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS

- *Nil.*

DIRECTOR 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 to 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.

Effective in July 2018, he is now taking up another portfolio in Uzma as Chief Executive Officer ("CEO") of Integrated Well Services. Under his management, he plans to revamp Uzma as one-stop center offering turnkey solutions for integrated well solutions.

Aside from his newly appointed primary role as CEO of Upstream Services of Uzma, Dato' Naza 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 QUALIFICATIONS

- Bachelor of Science in Electrical Engineering, Valparaiso University, Indiana, United States of America

AHMAD YUNUS BIN ABD TALIB

EXECUTIVE DIRECTOR

AGE *50* **NATIONALITY** *MALAYSIAN*

GENDER *MALE*

DATE OF APPOINTMENT

- *1 February 2017 as a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS

- *Nil.*

DIRECTOR IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- *Nil.*

WORKING EXPERIENCE AND OCCUPATION

Encik Ahmad Yunus has over 24 years of experience in the oil and gas industry. The first 13 years were with ExxonMobil in various positions of increasing responsibilities in the Operations Technical and Project Department.

He joined Uzma Engineering Sdn. Bhd. in 2008 as the General Manager for Production Optimisation & Operation Services Division and subsequently led the acquisition of Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS") after which he was seconded as a Managing Director. In 2014, he served as the Project Delivery Manager for the Tanjong Baram Risk Services Contract ("RSC") Project and later as the Operations Manager. In 2016, he was entrusted as a Project Director to lead the conversion of a drilling jack-up for Uzma's Water Injection Project. From the beginning of 2017 until August 2019, he was the Chief Executive Officer ("CEO") for Uzma's Production Solutions which includes production optimisation, water solutions, chemicals, risk sharing contract, and venture in non-metallic pipeline. He is currently entrusted as the CEO for a new division of Late Life Assets.

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Sciences in Mechanical Engineering, University of Wisconsin-Madison, United States of America

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

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE *68* **NATIONALITY** *MALAYSIAN*

GENDER *MALE*

DATE OF APPOINTMENT

- *26 May 2011 as a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS

- *Chairman of Audit Committee*
- *Member of Nomination and Remuneration Committee*

DIRECTOR IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- *Independent Non-Executive Director, 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 a Joint Company Secretary and was a member of the Management Committee for PGB.

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

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Master of Business Administration (Management Studies), University of Rockhampton, United States of America
- Honorary Doctorate in Public Service by Irish International University, Ireland
- Diploma and Advanced Diploma in Accounting from Universiti Teknologi MARA, Malaysia

YAHYA BIN RAZALI

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE *64* **NATIONALITY** *MALAYSIAN*

GENDER *MALE*

DATE OF APPOINTMENT

- *19 February 2014 as a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS

- *Member of Audit Committee*

DIRECTOR IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- *Non-Independent Non-Executive Director, Orion IXL Berhad*

WORKING EXPERIENCE AND OCCUPATION

Encik Yahya started 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 QUALIFICATIONS

- Bachelor of Science (Finance), Southern Illinois University, United States of America
- Master of Business Administration, Berkeley, United States of America

DATO' HAJJAH ZURAINAH BINTI MUSA

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE *57* **NATIONALITY** *MALAYSIAN*
GENDER *FEMALE*

DATE OF APPOINTMENT
- *13 May 2015 as a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS
- *Nil.*

DIRECTOR IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- *Executive Director, Berjaya Corporation Berhad.*
- *Executive Director, Berjaya Time Square Sdn. Bhd.*
- *Director, 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, organising 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, the United States of America, Indonesia and the Middle East.

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Master of Business Administration, Berjaya University College of Hospitality, Malaysia
- Diploma in Occupational Health and Safety, University of New South Wales, Australia
- Diploma in Secretarial Science from MARA Institute of Technology, Malaysia

IKHLAS BIN ABDUL RAHMAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE *62* **NATIONALITY** *MALAYSIAN*
GENDER *MALE*

DATE OF APPOINTMENT
- *1 February 2017 as a Member of the Board*

BOARD COMMITTEE MEMBERSHIPS
- *Member of Nomination and Remuneration Committee*

DIRECTOR IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- *Nil.*

WORKING EXPERIENCE AND OCCUPATION

Encik Ikhlas has over 37 years of experience in design engineering, health, safety and environment ("HSE"), operations, project management, planning, business development, management and marketing 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 in Malaysia and internationally. He is currently the Chairman of Uzma Enterprise Risk and Opportunities Management ("uzmaEROM") Committee.

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Technology in Production Engineering and Management, Loughborough University of Technology, United Kingdom

PROFILE OF 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 offences within the past 5 years other than traffic offences, if any 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.

KEY MANAGEMENT

DATO' KAMARUL REDZUAN BIN MUHAMED

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

AGE	47
GENDER	Male
NATIONALITY	Malaysian
YEAR JOINED	2000

* Please see page 41 for profile

DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON

CHIEF EXECUTIVE OFFICER, UPSTREAM SERVICES

AGE	47
GENDER	Male
NATIONALITY	Malaysian
YEAR JOINED	2000

* Please see page 42 for profile

AHMAD YUNUS BIN ABD TALIB

CHIEF EXECUTIVE OFFICER, LATE LIFE ASSET

AGE	50
GENDER	Male
NATIONALITY	Malaysian
YEAR JOINED	2008

* Please see page 43 for profile

DATIN ROZITA BINTI MAT SHAH @ HASSAN

CHIEF PEOPLE OFFICER

AGE	49
GENDER	Female
NATIONALITY	Malaysian
YEAR JOINED	1 / 11 / 2003

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Bachelor of Science in Chemical Engineering, Rensselaer Polytechnic Institute, New York, United States of America

WORKING EXPERIENCE

Datin Rozita worked for an American technology company before returning to Malaysia in 1994 where she joined Esso Production Malaysia Inc. ("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 subsidiary of Petroliam Nasional Berhad ("PETRONAS"), she joined forces with her spouse, Dato' Kamarul Redzuan to set up Uzma.

Her initial role in Uzma 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 was responsible for the accounting and finance issues of Uzma. Previously, as the Senior Vice President of Corporate Services, Datin Rozita has an additional and demanding role to play as she is also in charge of three (3) separate departments namely Human Resources, Corporate Relations & Administration and Information Technology.

Currently, she is entrusted as the Chief People Officer of Uzma.

SHAHRIN ALBAKRI MUSTAFA ALBAKRI

CHIEF LEGAL OFFICER

AGE *45*

GENDER *Male*

NATIONALITY *Malaysian*

YEAR JOINED *6 / 11 / 2017*

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Bachelor of Laws with Honours, University of Malaya, Malaysia

WORKING EXPERIENCE

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

Encik Shahrin Albakri 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, Encik Shahrin Albakri 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, Encik Shahrin Albakri 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.

MOHD SHAHRIN BIN SAAD

CHEIF EXECUTIVE OFFICER SVP

AGE *46*

GENDER *Male*

NATIONALITY *Malaysian*

YEAR JOINED *13 / 7 / 2016*

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Bachelor of Science in Chemical and Petroleum Refining Engineering, Colorado School of Mines, United States of America

WORKING EXPERIENCE

As the Chief Executive Officer ("CEO") of Setegap Ventures Petroleum Sdn. Bhd. ("SVP"), Encik Mohd Shahrin has under his sleeves 23 years' worth of oil and gas industry experience from South East Asia all the way to the Middle East particularly in Open Hole Completions where his expertise includes Liner Hangers, Packers, External Casing Packers, Swell Packers and Cased Hole completion in both Tubing-Retrievable Safety Valve ("TRSV") and Cement thru Applications.

His knowledge in the industry further stretch to Conventional Fishing, Thru Tubing Fishing, Well intervention that would include Remedial and stimulation product lines. His understanding in all Baker Oil Tools product lines, Baker Hughes and Weatherford's general products and services is a crucial asset in the business' growth.

Encik Mohd Shahrin's long years in the industry has mould him into becoming a person with strong analytical skills in strategizing business development particularly in managing turnkey/integrated drilling services and EPCC contract and he is excellent in networking and communication skills when dealing with different level of clients from engineers to senior managements /executives.

DR. AHMAD KHALID BIN MD KHAIRI

INTERIM CHIEF EXECUTIVE OFFICER OF NEW ENERGY

AGE	*47*
GENDER	*Male*
NATIONALITY	*Malaysian*
YEAR JOINED	*16 / 4 / 2018*

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- *Bachelor of Electrical Engineering, University of Pennsylvania, United States of America*
- *Master in Business Administration, Universiti Utara Malaysia, Malaysia*
- *Doctorate in Business Administration, Universiti Utara Malaysia, Malaysia*

WORKING EXPERIENCE

As the head of the New Energy division, Dr. Khalid is mandated to champion Uzma move to embrace new energy sources particularly in renewable energy segment as part of Uzma key corporate strategic moves. Dr. Khalid is tasked to explore various renewable energy technology of its commercial and risk on the new business venture to ensure its viability and business sustainability of Uzma and stakeholders' interests. Dr. Khalid's key focus is also on the preparation and implementation of renewable energy generation projects led by both Uzma and its partners.

Dr. Khalid started his career as a Test Engineer with Motorola Semiconductor in 1995 and later, he joined Seagate as a Process Engineer. With his considerable experience, knowledge and skills in the technology sector, he joined Hewlett Packard as a Product Marketing Manager in 1999 and moved up to various management positions of the Fortune 500 technology-driven companies such as Agilent Technologies, Avago and Broadcom. In 2013, he joined a national research and development agency namely MIMOS Berhad as Business Development Senior Manager and completed his doctorate studies focusing on Internet of Things ("IoT") Technology and Market Adoption in Malaysia in 2018.

Through his vast working experiences in the technology sector, Dr. Khalid had developed the expertise in understanding the requirements and market adoption of the technology industry.

SYED AZLAN BIN SYED IBRAHIM

CHIEF TRANSFORMATION AND STRATEGY OFFICER

AGE	*46*
GENDER	*Male*
NATIONALITY	*Malaysian*
YEAR JOINED	*3 / 9 / 2018*

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Bachelor of Science in Industrial Engineering, Columbia University, New York, United States of America.

WORKING EXPERIENCE

Encik Syed Azlan has more than 20 years of experience serving in roles spanning corporate strategy and management consulting across various sectors including oil and gas.

Currently at Uzma as the Chief Transformation and Strategy Officer, he leads the Transformation and Strategy Office that strategieses and manages the overall planning and implementation of the Uzma Five-Year Plan ("uzma5YP") initiatives.

Prior to joining Uzma, he was a Senior Vice President of Malaysia Petroleum Resources Corporation ("MPRC"), a government agency that supported the National Economic Transformation Program ("ETP"). Encik Syed Azlan led the Industry Development division responsible for initiatives to support the local Oil and Gas Services and Equipment ("OGSE") industry's transition towards increased competitiveness.

In Shell, he held several regional roles for Shell's Upstream Global SAP team. As part of his career development, he was relocated to The Hague, Netherlands to manage the SAP implementation for two Shell joint ventures in Kazakhstan.

Encik Syed Azlan spent a majority part of his early career with Accenture, a global management consultancy company. Key highlight in Accenture was his role as one of the team leads for the large-scale merger exercise between Sime Darby, Guthrie and Golden Hope.

ZULKIFLI BIN KAMARUDDIN

SENIOR GENERAL MANAGER, MECAS

AGE	*53*
GENDER	*Male*
NATIONALITY	*Malaysian*
YEAR JOINED	*1 / 4 / 2005*

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- *Bachelor of Science with Honours, Universiti Putra Malaysia, Malaysia.*
- *Certificate in Oilfield Chemistry, Holland*
- *Diploma in Oilfield Demulsification, Liverpool, United Kingdom*

WORKING EXPERIENCE

Encik Zulkifli has over 28 years of experience in Oil Field Chemical ("OFC") and started his career with Mobil Oil (presently ExxonMobil) in 1989. He spent 3 years with Holland based OFC Company, namely Servo BV, 11 years with Baker Hughes including 5 and half years secondment to Brunei Shell Petroleum ("BSP"), and 4 years as a District Manager.

Prior to joining Uzma as a General Manager of MECAS, he spent 10 years with Nalco-Champion as its' Country Manager for Malaysia and Brunei and later, he was promoted as a District Manager. During annual NC Global Summit in Abu Dhabi in 2014, he was awarded the 2014-Oilmens Club Awards in recognition of his leadership skills coupled with an outstanding District Performance.

Encik Zulkifli has vast Field Technical exposure and management experience including in Gulf of Mexico, Scotland, Holland, China, Vietnam, Indonesia, Thailand, Bangladesh, India, and Brunei. He is currently a member of the National American Corrosion Engineers ("NACE") and the Society of Petroleum Engineers ("SPE"). He plays a vital role in ensuring MECAS' milestones as Malaysia's reputable OFC Market Leader and continue as a prominent player in Malaysia's Oil and Gas oilfield chemical arena.

UPSTEAM **SERVICES**

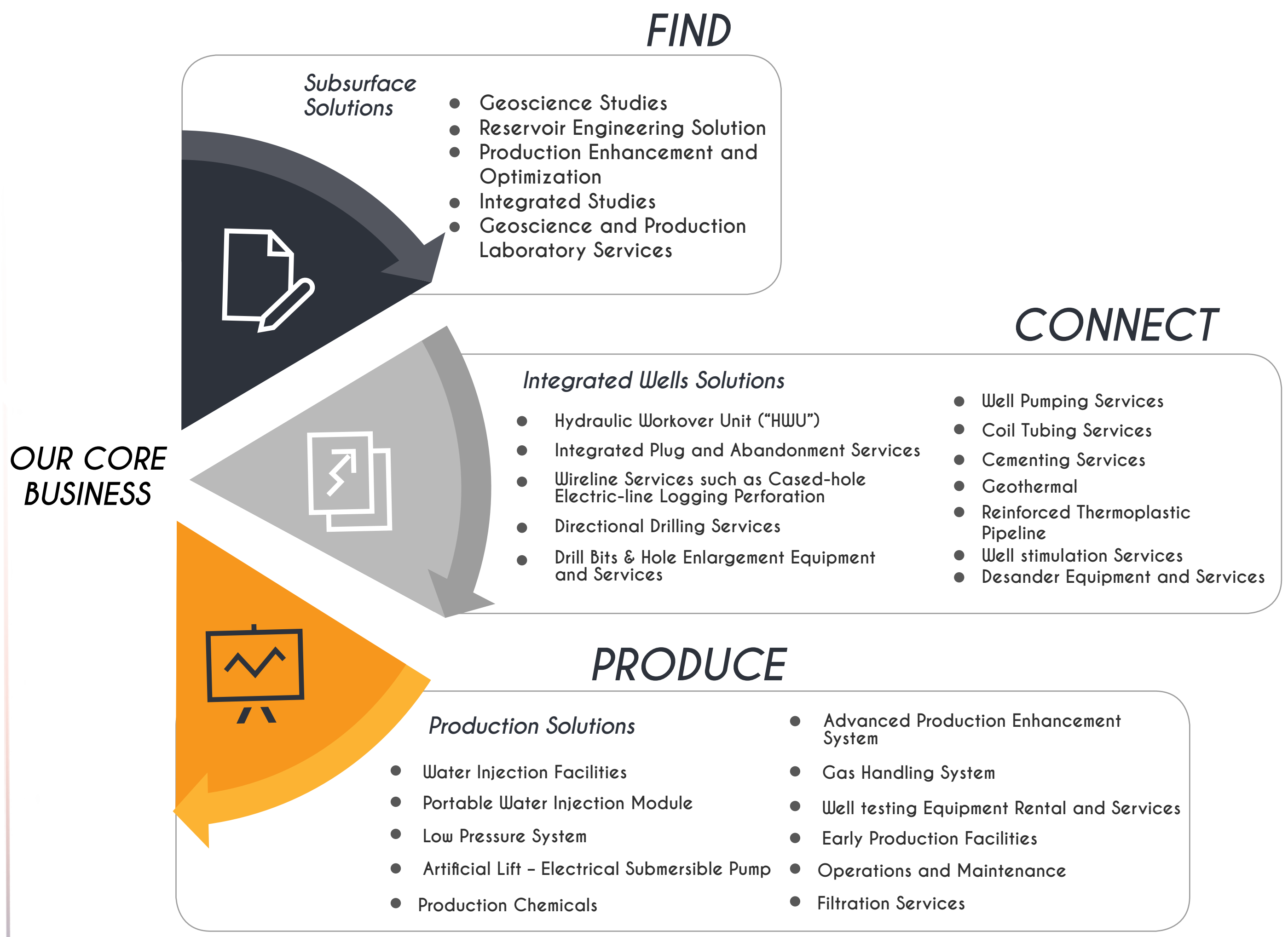
MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS MODEL

Uzma Berhad ("Uzma") is an Oil and Gas Services and Equipment ("OGSE") provider serving a wide base of local and international clients. It is currently one of the leading OGSE providers in Malaysia, with a long term vision to become a Top 5 OGSE company in Malaysia. We provide integrated solutions which address our clients' needs. Our highly capable professional team are supported by our significant investments in the most up to date technologies and state-of-the-art equipment.

For the Financial Year Ended 30 June 2019 (FY2019), Uzma's operations comprised of our core business of helping our clients Find, Connect and Produce their hydrocarbon assets as depicted in the diagram below.



OUR INTERNATIONAL FOOTPRINT

PUSHING FORWARD WITH OUR TRANSFORMATION PROGRAMMER

In July 2018, Uzma initiated the implementation of our five year strategic transformation programme, the Uzma Five Year Plan ("uzma5YP"). Our strategic focus is on improving internal capabilities and strengthening our financial resilience. In addition, we are putting in place the foundational building blocks to expand our core services beyond Malaysia. As well as that, we are focused on capturing opportunities in new areas of growth such as New Energy. uzma5YP was specifically developed to address the pain points we had identified within our organisation, which we are addressing with short, medium and long-term goals and targets.

The table below lays out our short and medium-term goals and targets, as well as progress we have made towards achieving these in FY2019. In the long-term, our goal is to firmly place ourselves as a Top 5 OGSE company in Malaysia. Our short and medium-term objectives are geared towards achieving our long-term goals.

uzma5YP GOALS AND ACHIEVEMENTS

Goals	Targets	FY2019 Achievements
Short-term goal: 1-2 years Purpose: To strengthen internal capabilities (i.e. people, process and systems) and financial resiliency	*People:* Deploy new organisational structure, corporate performance system, and leadership and technical competency model *Customers:* Improve existing customer service quality system and project management system *Financial:* Improve financial management, and monitoring processes and systems via a new Enterprise Resource Planning (ERP) system, building cash reserves through monetisation of assets, and improving our margin by consolidating service offerings	• Deployed the new organisational structure • Deployed Phase 1 of the new ERP system • Implemented corporate goals aligned with the uzma5YP strategy • Completed new Leadership Competency Model, to be fully deployed 2020 • Improved Project Management and Customer Quality Management systems

Uzma Berhad Annual Report 2019

Goals	Targets	FY2019 Achievements
Mid-term goals: 3-5 years Purpose: To differentiate our core business through innovation and technology solutions, expand our regional footprint and diversify our business beyond the core	*Overall Targets by 2023 :* Maintain double digit growth rate for revenue. *Core business :* Expand core business in the regional market focusing on Thailand, Indonesia, Philippines and Brunei. *Beyond core business :* Grow new non-core business in Downstream, New Energy and Upstream operations such as Late Life Assets. *Technology and Modernisation :* Establish organisational structure and culture that drives innovation of new products and solutions to solve current and future needs of the industry. *Customers :* Customers perceive Uzma as one of the top local OGSE with quality project delivery capabilities and value adding solutions. *People :* Employees sees Uzma as one of the top local OGSE company to grow and develop to their full potential.	• Consolidated core business service offerings to focus on higher value work, namely integrated contracts. This has enabled us greater management focus and the ability to release capital for higher value work to generate better returns. • Within Integrated Wells Solutions ("IWS"), we have kick started several successful projects in Malaysia that adopts an innovative business model and rolls out technology-based solutions such as Integrated Plug and Abandonment, innovative solutions via HWU, and Cementing solutions. These form the building blocks for wider usage in Malaysia, and also strengthens Uzma's credibility to export our services to the region. • Within Production Solutions, we have achieved significant improvement in uptime for the Marsya Project, the Water Injection Facilities contract for D18. This was effected through better maintenance and equipment management and has enhanced the credibility of our integrated solutions for subsequent adoption within both Malaysia and internationally. • Within Subsurface Solutions, Uzma was awarded a study for the Moleeta field in South Sudan. This move is part of our efforts to expand our subsurface solution beyond Malaysia. • In the area of New Energy, we have set up a dedicated team, as well as begin implementing strategic plans to enable growth. Uzma has partnered with a globally renowned Renewable Energy ("RE") partner to bid for the Third Cycle of the Large-Scale Solar scheme ("LSS3") in Malaysia.

Further details on uzma5YP can be found within our CEO's Review of Operations on page 26 of this Annual Report.

FY2019 FINANCIAL REVIEW

For FY2019, our financial year covers a period of 12 months from 1 July 2018 till 30 June 2019, compared to an 18-month period in Financial Year Ended 30 June 2018 (FY2018) from 1 January 2017 till 30 June 2018. Based on a like-for-like 12-month comparison for both financial periods indicates an increase in revenue by 18.2%. Similarly, on a Quarter on Quarter (QoQ) basis, our revenue has been on an uptrend due to the ongoing implementation of our strategic plans to expand and diversify our business.

Key factors that led to growth in revenue in FY2019 were the commencement of the Pulai Project, which contributed approximately RM70 million to Group revenue. Additionally, there was an increase in the contribution of revenue from Setegap Ventures Petroleum Sdn. Bhd. ("SVP") due to Uzma's acquisition of a further 15% equity interest in the company in January 2019, bringing our total interest in SVP to 64% from 49% previously. The SVP acquisition has resulted in the company becoming a subsidiary from an associate company.

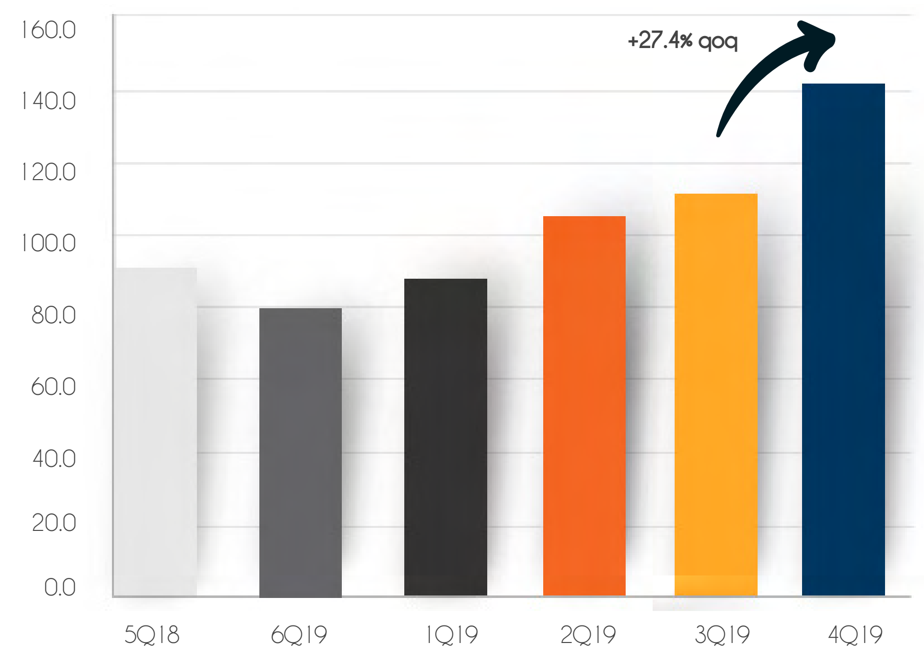
Further details on our financial performance can be found in the CEO's Review of Operations on page 26 of this Annual Report.

Our Financial Performance

Item	FY2018 (RM million) – 12 month period	FY2019 (RM million) – 12 month period	% Increase/Decrease
Revenue	375.85	446.50	18.8%
Profit Before Tax	8.24	41.84	407.9%
Earnings per Share (cents)	5.54	8.84	59.57%

QoQ Revenue Growth

Revenue [RM million]



Uzma Berhad Annual Report 2019

NON-FINANCIAL PERFORMANCE

At Uzma, sustainability is deeply embedded into our business operations, as we view it as an integral part of our business. Our FY2019 sustainability performance remained on track, in alignment with our strategic objectives.

Our diverse employee base, with representations from various ethnic and multi-national backgrounds, as well as age demographics, are a key human capital resource we employ in furthering our business strategies. Talent development is a crucial thrust in our strategic plan, as cultural and behavioural change at the workplace forms an essential element of the People focus area of uzma5YP. In order for these changes to sustain beyond the transformation programme, they need to be embedded within our corporate DNA, the **uzmaWAY**.

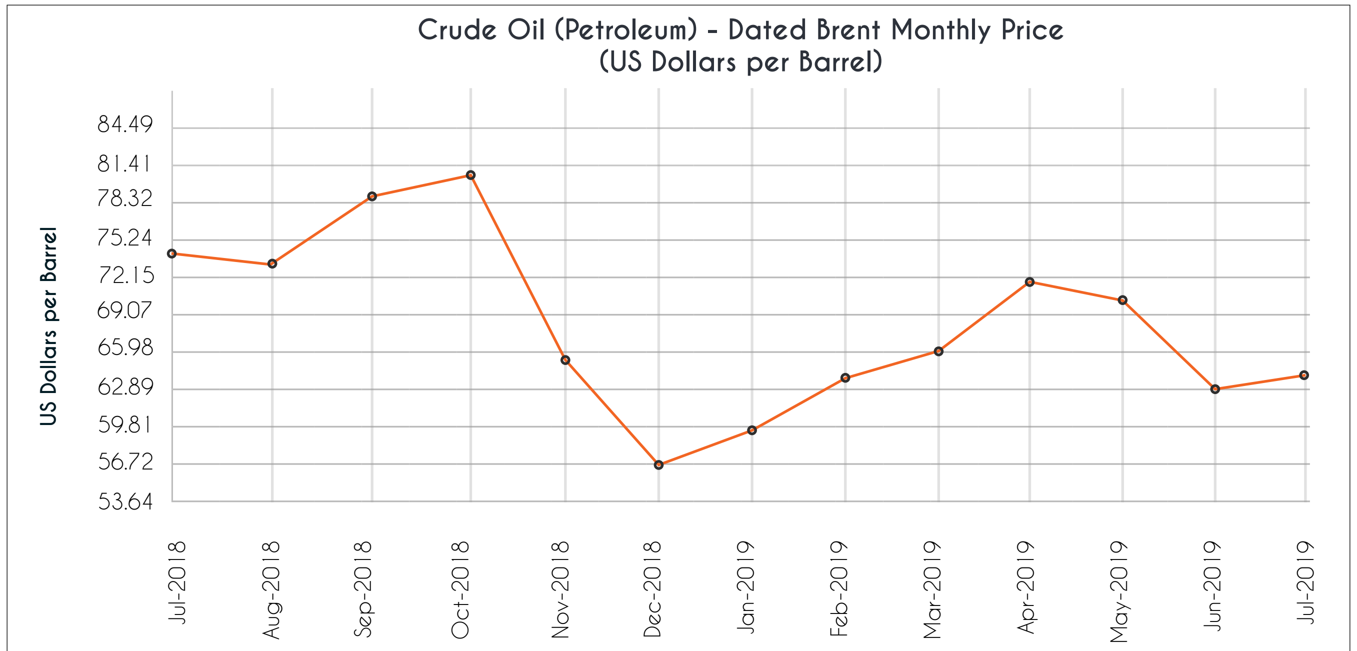
uzmaUNIVERSITY is our special purpose talent development vehicle which facilitates our people's continuing professional development. It develops our employees' skills and capabilities through the various technical and non-technical training programmes it provides. In FY2019, we invested a total of RM1,086,496 on training and development, with an average of 1.6 training days per employee.

Propagating an excellent Health, Safety and Environment ("HSE") culture is one of our top line priorities. In FY2019 we further enhanced our Health and Safety programmes, through robust measures that resulted in improvements in our HSE Key Performance Indicators ("KPI"). Reported Near Misses reduced to 2 cases in FY2019, compared to 7 in FY2018. We also increased the frequency of our HSE Inspections in FY2019, from 194 inspections in FY2018, to 353 in FY2019. Our cumulative Loss Time Incident ("LTI") Days as at end FY2019 now stands at 910 days or 4,469,760 million LTI-Free man hours, with 2,011,209 million LTI-free man hours in FY2019 alone.

For a comprehensive account of our sustainability initiatives and achievements, please refer to our Sustainability Report on **page 88** of this Annual Report.

OUR OPERATIONAL LANDSCAPE

Since the oil price crash in mid-2014, the Oil and Gas ("O&G") industry has been on a slow path to recovery. By December 2018, the industry had exhibited some signs of recovery with Dated Brent averaging USD56 per barrel. The cyclical nature of crude oil prices were evident in market price movements. By April 2019, prices had increased to USD71 per barrel, but then dropped back down to USD64 by July 2019.



Source: IndexMundi

The Organisation of the Petroleum Exporting Countries' ("OPEC") decision to extend oil production cuts to end 2018 further stabilised crude oil prices. OPEC has since pledged to further extend these cuts to June 2019. However, the global oil market was also affected by other factors such as the growth of tight oil production in the US, as well as expectations for growth in global oil demand.

As a result, the sector has adopted a conservative outlook on future oil price with most industry players making future investments based on expectations of lower oil prices, in order to effectively manage this risk. Within Malaysia, the upstream business landscape is impacted by aging assets and challenging new fields with deeper waters, higher contaminant and marginal fields, all of which are causing production costs to edge upwards.

As an OGSE provider, Uzma's returns are inextricably linked to the strategic decisions of O&G players. Most of our service offerings focus on brownfield operations which consist of maintaining current oil wells or increasing production on existing assets or platforms, rather than greenfield operations which comprise activities such as exploration drilling and building new platforms. The muted industry landscape has negatively impacted greenfield service providers more than brownfield service providers.

While there are existing contracts within brownfield operations, the continuing costs pressure impacts OGSE players' margins, thus limiting their financial flexibility to invest in new technology and future growth. This status quo is unsustainable in the medium to long-term, and thus Uzma's response to this challenging landscape has been to initiate our transformation programme, the uzma5YP.

OPERATIONAL REVIEW

Despite the persisting challenges within the global O&G sector, the Malaysian OGSE market exhibited growth in FY2019, especially in areas that relied on innovative technology and solutions which addressed the industry's pain points. Uzma was able to leverage on our strong track record in providing innovative solutions to propel our growth during the year.

STRENGTHENED OUR INTEGRATED WELLS SERVICES DIVISION

In FY2019, we strengthened our Integrated Wells Services proposition regionally through a number of measures.
Key highlights are :

- Converted our wholly-owned subsidiary MMSVS Group Holdings Co Ltd from a workover company into an integrated wells company
- Secured multiple contracts for Hydraulic Workover Unit ("HWU"), and Plug and Abandonment ("P&A") services, in line with our regional P&A aim to provide innovative and cost-effective solutions to clients.
  - ***Pulai-A contract :***
    Uzma secured a contract from PETRONAS Carigali Sdn Bhd ("PCSB") in July 2018 for the provision of integrated well abandonment services for Pulai-A. The Pulai-A project is an integrated permanent P&A project at the Pulai-A platform. The platform is located on the PM9 field, 260 km offshore Terengganu. The contract covers 22 firm wells with an expected completion period of one year. Uzma's HWU Jensak-342 was mobilised in September 2018 for this project. This project is the first of its kind in Malaysia and Uzma is the first to pioneer integrated P&A services in this project.
  - ***PTTEP contract :***
    Uzma's wholly owned Thai subsidiary, MMSVS Group Holding Co. Ltd. secured a contract from PTT Exploration And Production Public Company Limited for the Provision Of Onshore Hydraulic Workover Services (340k) in March 2019. The contract is for a three-year duration and marks a significant win for Uzma in Thailand's competitive Hydraulic Workover Unit market.

ENHANCED OUR PRODUCTION SOLUTIONS SERVICES

Concurrently, we enhanced services offered by the Production Solutions division, where operations were focused on the Malaysia market. Key highlights are:

- ***Increased uptime of Water Injection Facilities at the D18 field***

  Uzma's subsidiary, Uzma Engineering Sdn Bhd ("UESB") had been awarded a five-year contract by PCSB effective from 31 March 2016 for the provision of services pertaining to the leasing, operation and maintenance of a Water Injection Facility ("WIF") for the D18 field in Peninsular Malaysia. This is the first ever WIF which was installed on a mobile self-elevated platform without any other O&G production equipment. The WIF is a standalone facility designed for large quantities of water injection. Uptime for the D18 project has improved since March 2018 with uptime recorded at more than 99% for seven consecutive months. This was the result of better maintenance and equipment management.

ENHANCED OUR HSE AND CUSTOMER SERVICE

Over the past year, we have focused on robust measures aimed strengthening our operational fundamentals, with the aim of enhancing the quality of our project deliveries.

We have in place the Uzma Project Self-Assessment ("uzmaPSA") where we self-assess projects at frequent intervals. We use the outcomes of our feedback and challenge sessions to identify gaps in Quality Health Safety and Environment ("QHSE"), upon which we implement measures to close these gaps.

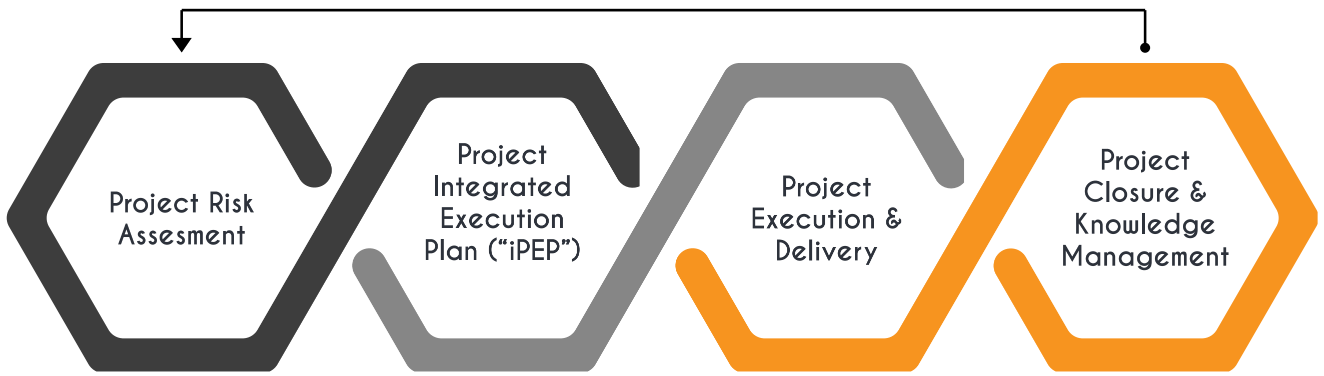
A Robust QSHE Process

ENHANCED OUR HSE AND CUSTOMER SERVICE (continued)

We have also enhanced our customer service proposition through our customer-focused programme, from cradle to grave. The programme provides us with a clear process that looks at all touch points in the customer management and service chain, from project conception to closure

We have in place the Uzma Project Self-Assessment ("uzmaPSA") where we self-assess projects at frequent intervals. We use the outcomes of our feedback and challenge sessions to identify gaps in Quality Health Safety and Environment ("QHSE"), upon which we implement measures to close these gaps.

Delivering on Customer Service



MAINTAINED GROWTH WITHIN OUR LOCAL AND INTERNATIONAL OPERATIONS

Within our local and international footprint, we recorded the following outcomes in FY2019.

- ***Malaysia Operations***
  - *UESB*
    - In line with regional activities, especially for P&A, Uzma is the first company in Malaysia to offer integrated P&A. This is based on our successful delivery to date on the project at Pulai field.
    - We embarked on a new approach in conducting cost saving and innovative P&A services through our hybrid HWU which we successfully delivered for Vestigo Petroleum Sdn. Bhd. ("VPSB"). The concept will be implemented in due cost for other clients. The exercise was completed in May 2019 and it was the first time this concept was implemented in Malaysia.
  - *SVP*
    - Within Cementing services, SVP is the first Malaysian company to provide well cementing for the P&A job in Pulai A. This represents their entry into secondary cementing market performed in the P&A program. The cementing formula is SVP's proprietary technology. SVP has also secured a primary cementing job in the Philippines for a geothermal project.
    - SVP began with only two Coiled Tubing Units ("CTU") in 2014, and acquired another four units in 2016. Currently, SVP has 11 units, signifying a growth in demand SVP's CTU.
    - Conducted a successful pilot project for Reinforced Thermoplastic Pipeline ("RTP") installation.
- ***International Operations***
  - *MMSVS*
    - Within the provision of HWU services, we recaptured the market by winning the award on the provision of onshore hydraulic workover services for Thailand's national oil company, PTTEP International Ltd.
  - *UESB*
    - Uzma was awarded the Moleeta Cluster Full Field Review ("FFR") study in October 2018 by Dar Petroleum Operating Company ("DPOC") in Sudan. The objective of the study is to formulate a comprehensive development plan for the Moleeta Cluster Field. The results of this study will be the basis for the development strategy for future production planning and in maximising the value of those assets. This will emableenable DPOC to schedule long-term expenditure and assess the impact of the development.

A FOCUS UNDERSTANDING OF RISKS

Uzma firmly holds to the belief that practising pro-active risk and opportunity management presents us with the best means to sustain our business interests throughout the longer term. We have embedded our pro-active approach to risk and opportunity management within our organisational DNA as a fundamental part of our organisational culture within the pro-activity element of the Quality pillar in the uzmaWAY.

With the uncertainties that shape the O&G industry, as well as the intense competition within the OGSE sector, Uzma relies on our integrated system and human expertise to be thorough and pro-active in planning and executing our risk and opportunity management programs. In FY2019, we conducted a thorough analysis of the risks facing our business, and implemented mitigations in response to minimise our exposure to these risks.

For a full account of our risks and mitigating actions in FY2019, please refer to our CEO's Review of Operations on **page 26** of this Annual Report, and the Statement on Risk Management and Internal Control ("SORMIC") on **page 78** of this Annual Report.

GROUP FORWARD MOVING STATEMENT

As Uzma moves into Financial Year Ended 30 June 2020 ("FY2020"), we will continue deploying plans under uzma5YP to stabilise and strengthen our internal capabilities focusing on people, processes and systems. Ensuring our financial resiliency remains one of our crucial concerns, and the year ahead will see us sharply focused on achieving a more robust cost management structure, protecting our business margins and building a cash reserve to fund our future growth.

Within our core business, we will maintain our focus on growing the IWS division by leveraging on innovative solutions for our clients which responds to their business needs. We will also be expanding our channels to grow our regional market, especially in Thailand, Indonesia, Brunei and the Philippines.

As for our Production Solutions division, our plan is to continue with measures that strengthen our service proposition. Key focus areas include providing more reliable water solutions, as well as incorporating technology innovations in the form of a gas venting solution to our existing Low Pressure System solution, uzmaPRESS. By enhancing our services, we will strengthen the Uzma service proposition, and thus be in a good position to grow our market share in Malaysia. For our non-core business, our aim is to continue with our growth strategy through our newly established New Energy team which focuses on the New Energy segment.

We remain confident that our sharply focused execution of our strategic plans will continue to steer our company on a sustainable growth trajectory within the medium to long-term future.

06

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPERATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") is committed to ensure the highest standards of corporate governance ("CG") 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 year ended 30 June 2019 ("Financial Year") 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 is disclosed/reported in its Corporate Governance Report ("CG Report") announced to Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 and 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 Management in the quarterly financial results and has full access to all operational information together with the explanation provided by 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 Chairman and the Managing Director/Chief Executive Officer are separate to ensure balance of power and authority, so that no individual has unfettered powers of decision.

The 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 the shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group.

1.2 Company Secretaries

The Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures, CG and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company and all meeting materials are prepared and issued to the Board of Directors and Board Committee members at least five (5) business days prior to the meetings to enable them to receive the information in a timely manner.

1.3 Board Meetings

The Board meets at least once in every quarter with additional meeting convened as and when necessary. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members at least five (5) business days prior to the meetings to allow the Directors to have sufficient time to read them for effective discussion and decision making at the meetings. 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. The Company Secretaries organise and attend all Board Meetings to ensure proper records of the proceedings.

The minutes of meetings of Board and Board Committees will be circulated to the Board Committee members and other members of the Board for review and comments within a reasonable timeframe prior to the Chairman's confirmation at the next Board and Board Committees meetings.

Five (5) Board of Directors' meetings were held for the Financial Year. The record of attendance of the Directors who held office during the Financial Year are as follows:-

Directors	Number of Meetings Attended / Held
Datuk Abdullah Bin Karim	5/5
Dato' Kamarul Redzuan Bin Muhamed	5/5
Dato' Che Nazahatuhisamudin Bin Che Haron	5/5
Encik Ahmad Yunus Bin Abd Talib	5/5
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	5/5
Encik Yahya Bin Razali	4/5
Dato' Hajjah Zurainah Binti Musa	5/5
Encik Ikhlas Bin Abdul Rahman	5/5

Notes:-

1. Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee resigned on 30 August 2018. He attended all the meetings held during his tenure in office.

2. Mr Peter Angus Knowles resigned on 17 October 2018. He attended all the two (2) meetings held during his tenure of office.

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 Year are as follows:

Uzma Berhad Annual Report 2019

Directors	Training Programmes
Datuk Abdullah Bin Karim	1. Case study workshop for Independent Director – "Rethinking – Independent Directors: Board Best Practice" 2. Director's Duties & Remuneration under Securities Commission 3. Companies Act 2016 4. Listing Requirements & the Malaysian Code on Corporate Governance 5. GNDI Guidelines on the Corporate Governance of Data 6. Malaysia Upstream Project Conference ("UPEC 2018") 7. How does Malaysia Bank Rank? 8. OGA Exhibition ("OGA 2019") 9. Asia Oil/Gas Conference ("AOGC")
Dato' Kamarul Redzuan Bin Muhamed	1. MIT - Innovating in Existing Markets: Reviving Mature Products and Services 2. MIT - Leading Enterprise Transformation 3. OGA Exhibition ("OGA 2019") 4. Asia Oil/Gas Conference ("AOGC") 5. Ceraweek 2019
Dato' Che Nazahatuhisamudin Bin Che Haron	1. Strategic Finance for Decision Maker 2. OGA Exhibition ("OGA 2019") 3. Asia Oil/Gas Conference ("AOGC")
Ahmad Yunus Bin Abd Talib	1. Risk Awareness by AxcelAsia on 1st August 2018 2. Project HSE Contractors' Conference 3. Upstream Project Conference 4. Society of Petroleum Engineers Symposium on Decommissioning
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	1. Enterprise Risk Management ("ERM") Workshop 2. Strategic Management Planning 3. Fraud Risk Management ("FRM") for Board of Directors and Senior Management Workshop
Yahya Bin Razali	1. The Launch of Institue of Corporate Directors Malaysia on 1st October 2019 2. Digital Economy and Capital Market Series Alibaba and Tencent's Sucess Guide
Dato' Hajjah Zurainah Binti Musa	1. Critical Thinking Master Class, at Avani Sepang, Sepang Gold Coast Resort on 2rd and 3rd May 2019 2. Empowerment, Economic Progress & Growth In The New Malaysia at The Westin Hotel, Kuala Lumpur on 14 March 2019
Ikhlas Bin Abdul Rahman	1. Risk Awareness by AxcelAsia on 1st August 2018 2. OGA Exhibition ("OGA 2019") 3. Asia Oil/Gas Conference ("AOGC")

1.5 Access to information and Advice

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

The Directors are given access to any information within the Company and have full access to the advice and services of the Company Secretaries 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 advices are necessary, a Director who intends to seek such consultation or advice shall notify Management of such request. Upon obtaining the Board Chairman's or Chief Operation Officer's approval, the Director shall acquire the independent professional advice. All advices and opinions from the advisers shall be reported to the Board.

1.6 Board Committees

To assist in the discharge of its duties and responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:-

- Audit Committee **("AC")**; and
- Nomination and Remuneration Committee **("NRC")** (merged on 28 May 2019).

The Board Committees 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 Chairman of 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 lies with the Board.

1.6 Board Committees (continued)

The details of the AC and NRC can be found in this report.

1.7 Board Charter & Code of Conduct and Ethics

The Board has a formally adopted a Board Charter and it was last reviewed on 16 October 2019. The Board Charter sets out, among others, the roles and responsibilities of the Chairman, the Chief Executive Officer, the Board, Individual Director, Independent Director, 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 is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and 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's website at www.uzmagroup.com.

1.8 Whistleblowing Policy & 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 & 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 has complied with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and recommended Practice 4.1 of the Code of having at least half of the Board comprising independent directors.

The presence of the Independent Directors safeguards the interest of stakeholders in ensuring highest standard of conduct and integrity are maintained. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long-term interest of all stakeholders. A brief profile of each director can be found in this Annual Report.

The Board is satisfied that 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

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 has yet to develop 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 arbitrary 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 shareholders' approval annually in that respect. If the Board continues to retain the Independent Directors after twelfth (12th) year, in addition to providing justification as explained above, the Board will seek shareholders' 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.

During the financial year, the Board via the NRC assessed the independence of its Independent Directors and found them will continue to be independent and able to provide objective judgement during Board deliberations and decision-making. None of the Independent Directors has served more than a cumulative term of nine (9) years.

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's 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 NRC is responsible to recommend an identified candidate to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession based on recommendation from the Board in order to close the competency gap in the Board identified by the NRC. 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 NRC is responsible to conduct an assessment and evaluation on the proposed candidates based on skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and where appropriate, the independence of proposed candidates for appointment of independent directors. The NRC may, at its discretion, conduct legal and other background searches on the proposed candidates as well as formal or informal interview.

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

2.3 Gender Diversity Policy

The Board acknowledges the recommendation of the Code on gender diversity and has established a gender diversity policy whereby the Company would endeavour to have woman participation in the Board. Presently, the Company has one (1) female Independent Non-Executive Director in the Board (i.e. 10% women directors). The NRC is responsible in ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

The Company also ensure diversity in its management level by having strong female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management. To nurture diversity within the Group, the Company would endeavour to provide suitable working environment that is free from harassment and discrimination, and to provide fair and equal opportunities to all employees within the Group.

2.4 Board Annual Evaluation on Effectiveness

During the financial year, the Board, through the NRC, had carried out the annual assessment conducted internally and facilitated by the Company Secretaries to review the effectiveness of the Board as a whole, Board Committees as well as the contribution of each individual director and assessment on the independence of the independent directors. The NRC also assisted the Board to review annually, the character experience, integrity, competency and time commitment of the Managing Director/Chief Executive Officer and Chief Financial Officer of the Company.

Based on the results of annual assessment, the Board was satisfied with the current composition of the Board and its committees in respect of their balanced mix of skills, experience and expertise, as well as individual director's personal attributes and contribution to the Board. The results of annual assessment have been documented.

The directors who are subject to re-election and/or re-appointment at next Annual General Meeting ("AGM") shall be assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC would be based on the annual assessment conducted.

A3. Remuneration

The NRC is responsible for reviewing, considering and recommending to the Board, the remuneration packages of Directors and Key Senior Management having salary of RM30,000.00 per month and above drawing from professional advice internally or externally as and when necessary. 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 and Procedure. The Remuneration Policy and Procedure was reviewed by the Board on 16 October 2019 and is published on the Company website at www.uzmagroup.com.

The NRC reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contributions and responsibilities of Directors. The affected Directors would abstain from participation in decisions regarding their individual remuneration in the NRC's deliberations and recommendations.

The remuneration of the Director for the Financial Year with categorisation into appropriate components is as follows :-

Company Level					
Directors	Directors Fee (RM'000)	Salary & Bonus (RM'000)	Emoluments & Benefits* (RM'000)	Meeting Allowance (RM'000)	Total (RM'000)
Dato' Kamarul Redzuan Bin Muhamed	72	1,009	131	-	1,212
Dato' Che Nazahatuhisamudin Bin Che Haron	36	1,087	133	-	1,256
Ahmad Yunus bin Abd Talib	36	480	58	-	574
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	83	-	-	4	87
Yahya Bin Razali	77	-	-	3	80
Dato' Hajjah Zurainah Binti Musa	83	-	-	4	87
Datuk Abdullah Bin Karim	200	-	-	4	204
Ikhlas bin Abdul Rahman	83	-	-	-	83
Peter Angus Knowles	-	300	-	-	300
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	62	-	-	1	63

Group Level					
Directors	Directors Fee (RM'000)	Salary & Bonus (RM'000)	Emoluments & Benefits* (RM'000)	Meeting Allowance (RM'000)	Total (RM'000)
Dato' Kamarul Redzuan Bin Muhamed	122	1,009	131	-	1,262
Dato' Che Nazahatuhisamudin Bin Che Haron	86	1,108	133	-	1,327
Ahmad Yunus bin Abd Talib	36	480	58	-	574

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

The remuneration of the other Key Management Personnel for the Financial Year (in RM '000) is as follows:

Salary Range (RM '000)	No. of Other Key Management Personnel
100 - 600	5
601 - 1000	1
1001 - 1250	1

Uzma Berhad Annual Report 2019

Principle B: Effective Audit and Risk Management

B1. Audit Committee

The role of the AC 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 AC comprises three (3) Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board ensuring that the impairment of objectivity of the Board's review of the AC findings and recommendations remain intact. The AC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the external auditors guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements. The external auditors confirmed that they are and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Audit partner in-charge of a public listed company would be rotated (within the audit firm) every five years to ensure independence of audit.

The Terms of Reference of AC sets out its rights, duties, responsibilities and criteria on the composition of AC, which includes former key audit partner of the Group to observe cooling-off period of at least two (2) years before being able to be appointed as member of AC.

The Board, with recommendations of the AC, 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 during the Financial Year are as set out in the AC 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 AC 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 AC 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 AGM.

As such, the Board is committed to disseminate all important information on the Group's performance and operations timely and adequately. Information is communicated through the following channels:-

a. The Annual Report; and

b. The various disclosures and announcements made to Bursa Securities including the quarterly results and annual results.

The Company has established a website at www.uzmagroup.com which is served as a useful reference source of information, qualitative and quantitative, on the Group's operations and corporate developments to shareholders, business partners and other stakeholders.

Any enquiry regarding the Company and the Group may be conveyed to the following personnel:-

Mr. Shahrin Albakri Mustafa Albakri (Head of Legal)

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

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (continued)

C1. Communication with Stakeholders (continued)

Separately, the Company has also reported its Sustainability Report on pages 87 to 101 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

C2. Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction with all the shareholders of the Company. 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 chairmen of the respective 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 had appointed 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 day while the summary of key matters discussed during the AGM, if any, would be published on the Company website upon being reviewed and approved by the Chairman.

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

RESPONSIBILITY STATEMENT BY DIRECTORS

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Board is responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards ("MFRSs") approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2019 and of the results and cash flows of the Group and the Company for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2019, the Group and the Company have adopted suitable accounting policies in accordance with applicable MFRSs approved by the MASB in Malaysia and applied them consistently and reasonably.

The Statement is made in accordance with a resolution of the Board of Directors dated 16 October 2019.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of a sound risk management framework and internal control system to safeguard its shareholders' investments, the Group's assets and its sustainability.

This statement outlines the nature and scope of risk management framework and internal control system of the Group (excluding jointly controlled companies) during the financial year ended 30 June 2019 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 noted, however, that there exist inherent limitations in any system of risk management and internal controls. As such, systems put into effect by Uzma Berhad ("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. However, our key philosophy of ensuring risks are put to As Low As Reasonably Practicable ("ALARP") is always applied to all risk management across the organisation.

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 Committee") has the highest level authority on risk management programs and their related internal controls in Uzma. Meanwhile, to ensure independent assessment of the program, the responsibility of reviewing the adequacy and effectiveness of the internal control systems has been delegated to the Audit Committee, which has been empowered by its terms of reference, to seek the assurance of the adequacy and effectiveness of the internal control systems through the reports it receives from the 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 key Heads of Divisions and Head of Departments within the Group are delegated with the responsibility to be members of the Uzma Enterprise Risk and Opportunity Management ("uzmaEROM") and manage identified corporate risks within defined parameters and standards. The uzmaEROM committee meetings were held in 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 escalated to the Board, if needed, at their scheduled meetings.

The abovementioned practices undertaken by the Management serve as the on-going process adopted by the Group to identify, evaluate and manage significant risks faced by the Group for the financial year under review and up to the date of approval of this Statement.

Internal Audit

The Board recognises that effective inspection and 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 reviews the reports on internal control from its internal audit function. An exception remains, that the internal audit function did not perform internal audit review of the Group's jointly controlled companies as the Group does not have full management control over these companies.

The internal audit function practiced by Uzma is a hybrid of internal Quality, Health, Safety and Environment ("QHSE") audit conducted by Uzma's internal audit team and external audit consultants. For internal Uzma's QHSE auditors, audits have been carried out against the requirements of Quality Management System ("QMS") ISO9001, Occupational Health and Safety Management System ("OHSMS") ISO45001, prevailing legal regulations, Uzma's own Integrated Management System ("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 and best practices of corporations in Malaysia. The internal QHSE auditors reported 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 year ended 30 June 2019, audits were carried out in accordance to the internal audit plan that has been reviewed and approved by the Audit Committee of the Board and the Uzma's Internal Audit Team. Observations from internal audits carried out by the independent external audit consultants were presented to the Audit Committee, while findings from the Uzma Internal Audit Team were presented to the Executive Committees ("EXCOs") during the annual Management Review ("MR"). Both, with the outcome of requiring Management's response and proposed action plans for their 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 year ended 30 June 2019 were RM38,000.

FEATURE OF RISK MANAGEMENT & INTERNAL CONTROL AT UZMA

Risk Management – an Embedded Value

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

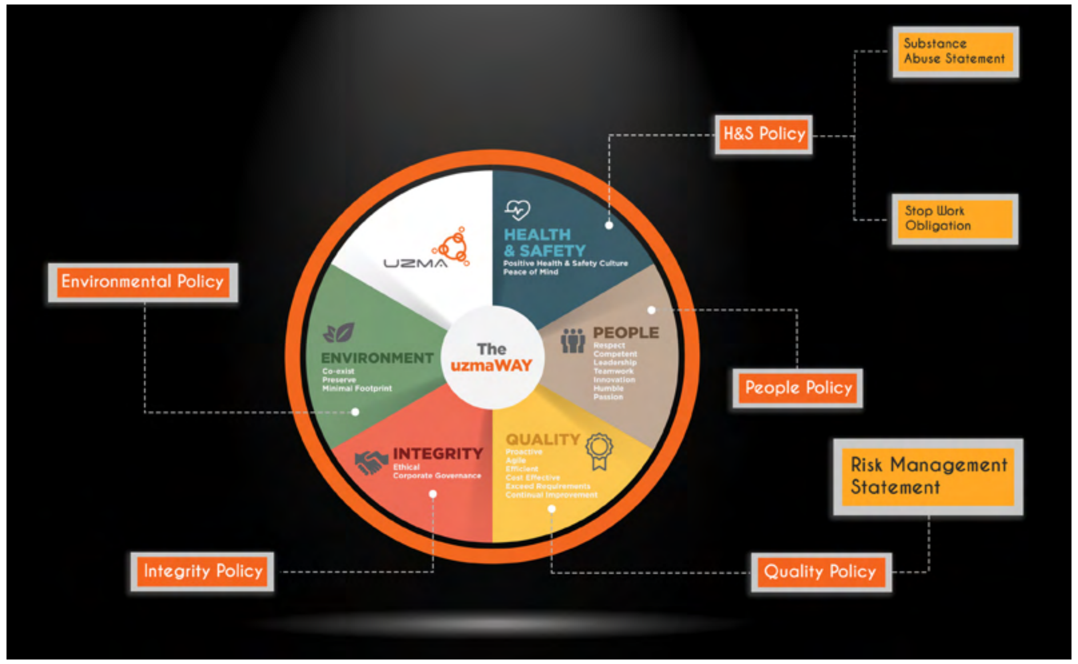


Figure 1 : Risk Management as an embedded value within the five corporate core value under the uzmaWAY

To ensure its continuing effectiveness and efficiency, it is governed by the 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 and operational risks are integral parts of the uzmaEROM program.

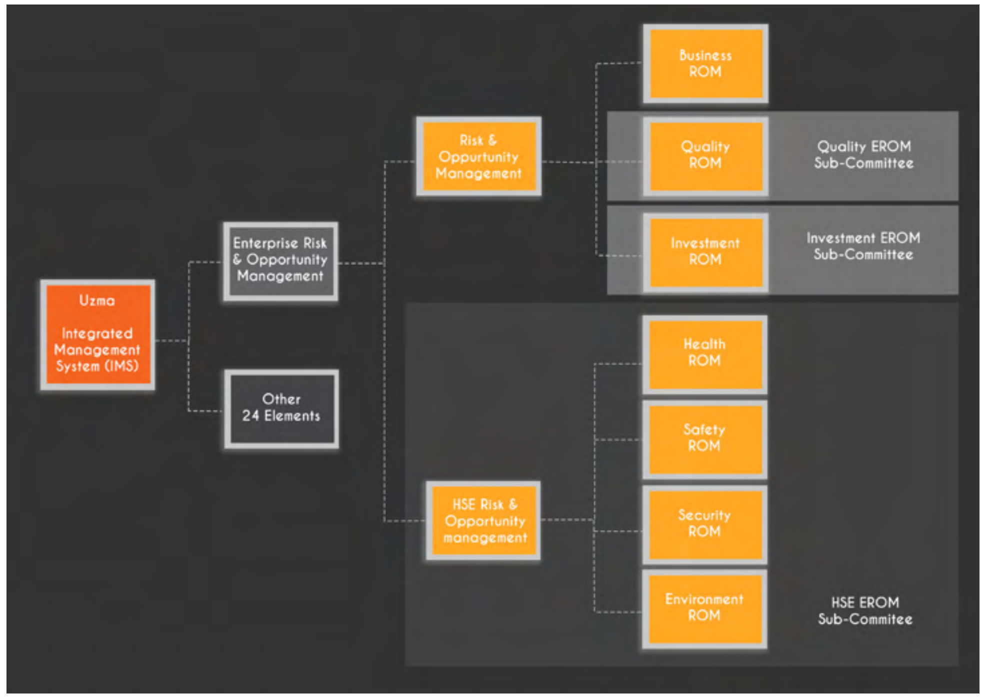


Figure 2 : Components of uzmaEROM and sub-committees' area of responsibility

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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 :

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

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.

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

Evaluation
– uzmaEROM deliverables have been evaluated to find gaps between expectations and actual performance to feed into continual improvements. Both internal and external audits carry their roles on this.

Continual Improvement
– Gaps found in evaluation got acted upon efficiently and effectively under the sanctions by the uzmaEROM Committee.

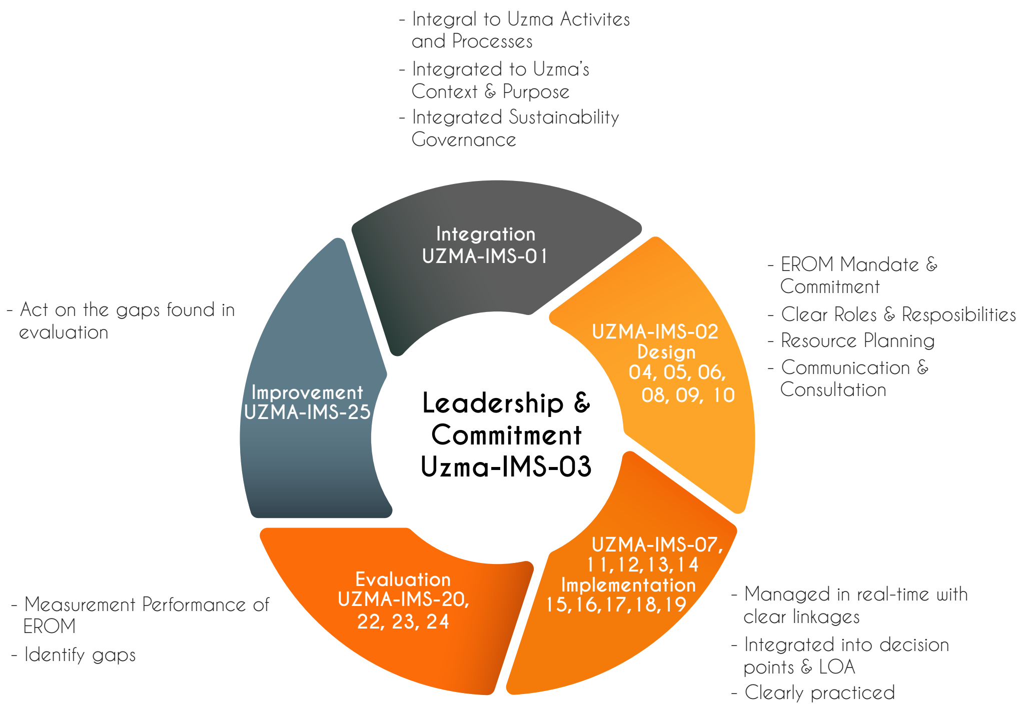

Figure 3 : uzmaEROM Framework

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 :

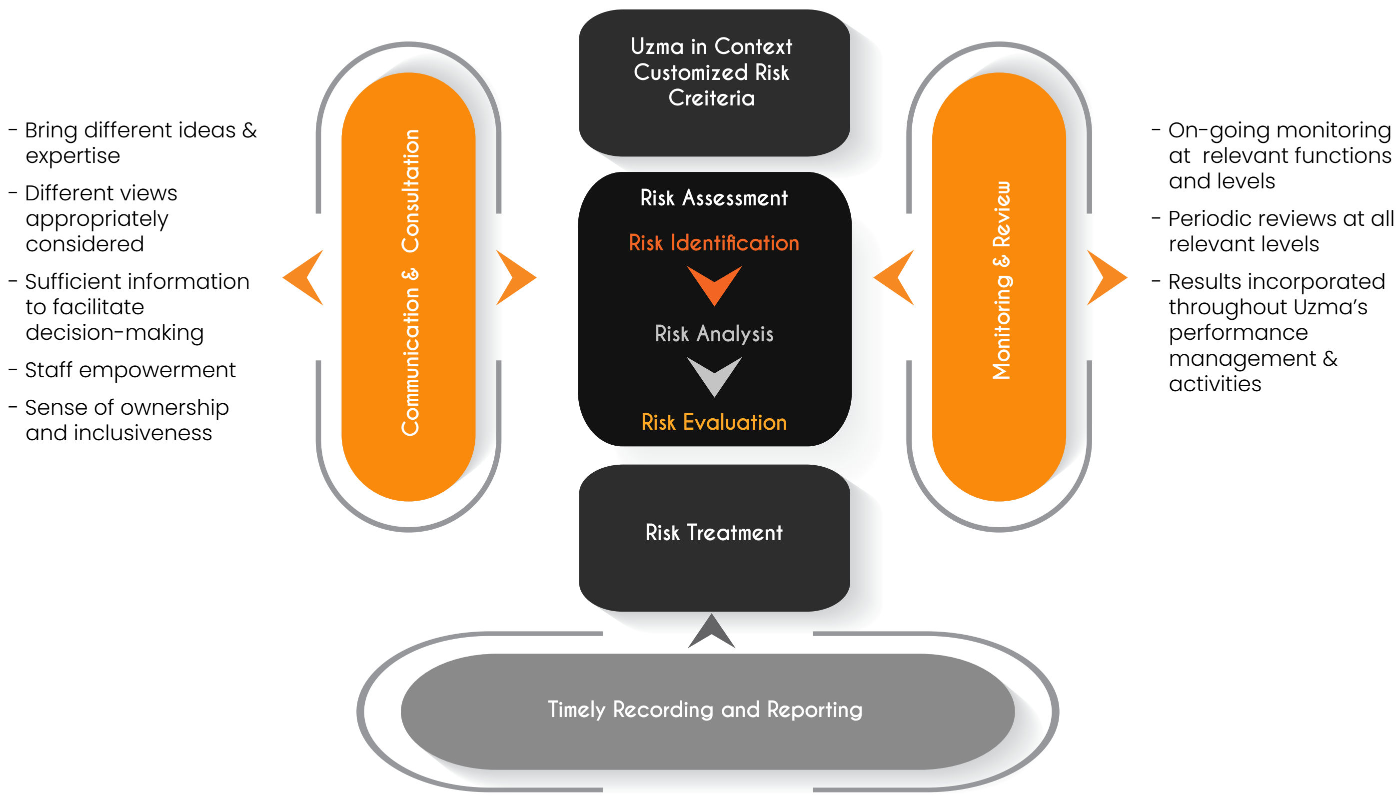

Figure 4 : uzmaEROM Process

After the identification and analysis, all risks were evaluated using Uzma Risk Assessment Matrix ("RAM"). Based on the results, priority of actions and resources were focused on risks coded as RED and YELLOW, before each and every one of them was acted upon via a risk treatment regiment following Uzma's risk treatment hierarchy 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. Recording of all risks from relevant functions of the organisation are consolidated in a living documentation system called the Uzma Risk Register ("URR").

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 organisation to minimise 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 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 the Board;
- The Executive Directors are closely 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's 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 arisen and devise remedial action plans; 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 that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. As a proactive organisation, the management has initiated preliminary actions within its risk management activities to embrace the latest requirement of the Malaysia Anti-Corruption Commission Act 2009 ("MACC Act") which was amended by the Parliament of Malaysia on April 5th 2018. The new amendment clearly stated that a commercial organisation could be prosecuted if a person associated with the organisation commits a corrupt act to enable the organisation to acquire or retain a contract or interest. The management of Uzma has proactively activated uzmaEROM to ensure this risk is assessed and internal controls in the form of adequate procedures and processes shall be in-place at all relevant functions and levels of the organisation to prevent such conducts.

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 the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, the External Auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 30 June 2019. The External Auditors reported that nothing has come to their attention that could cause them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 16 October 2019.

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SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

SUSTAINABILITY OVERVIEW

Uzma Berhad's ("Uzma") approach to sustainability is premised on our unified code of corporate values, the uzmaWAY. As the core pillars of our corporate identity and aspiration, uzmaWAY informs our approach to create value for our various groups of stakeholders, underpinned by our ethos of sustainable development. By incorporating it within our corporate DNA, we have embedded sustainability into all aspects of our business operations.

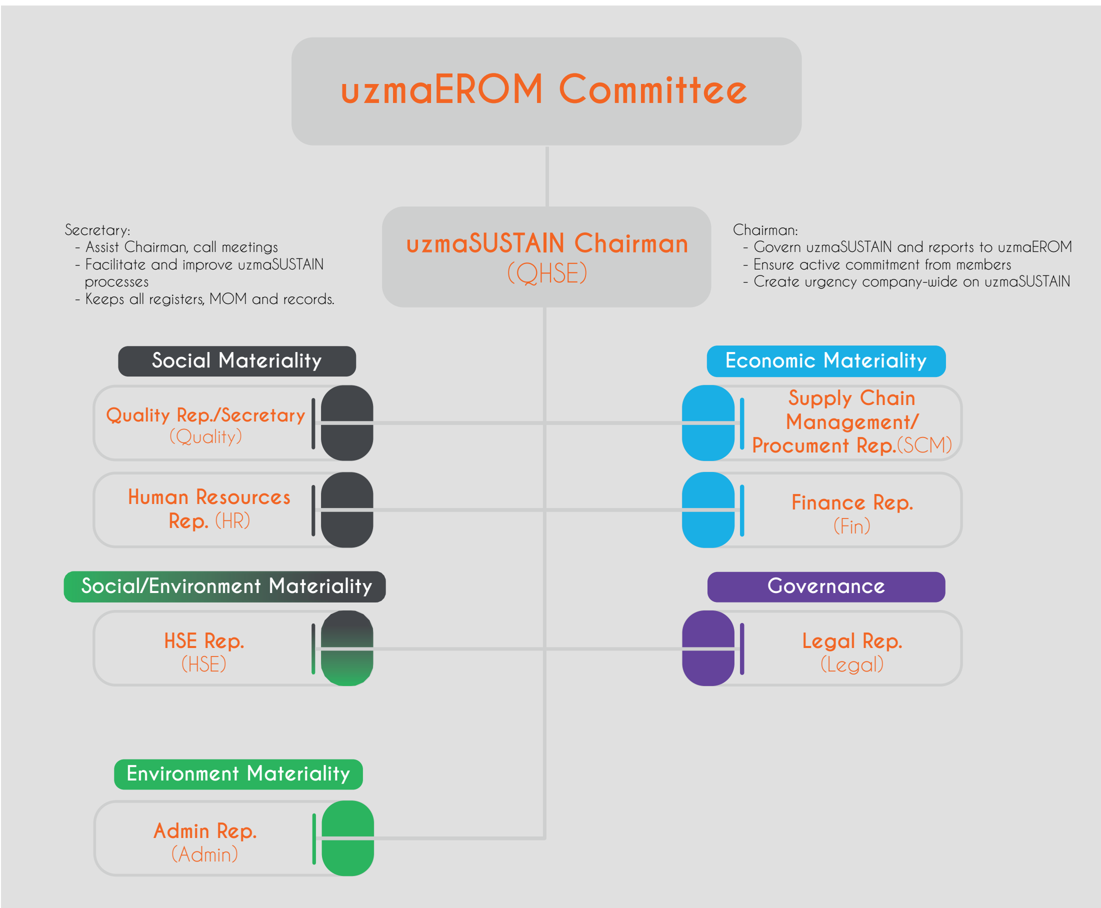
Uzma's sustainability governance and management is based on uzmaSUSTAIN which we rolled out in FY2018. The uzmaSUSTAIN committee in turn report to the Uzma Enterprise Risk and Opportunity Management ("uzmaEROM") committee, which in FY2019 was chaired by the Head of Quality, Health, Safety and Environment ("QSHE"). uzmaEROM's chairmanship has since been transferred to a member of the Board of Directors, to ensure greater Board oversight and responsibility not only of enterprise risk and opportunity management, but also of our sustainability governance.

Members of the uzmaSUSTAIN committee comprise of a multi-functional cross-representation of our organisation. Consisting mainly of executive-level employees, the committee is tasked with overseeing our overall sustainability programmes and activities. Our focus areas are based on the specific materiality areas of Economic, Environment, Social and Governance.

Each committee member is accountable to plan, execute, assess and take appropriate actions on all activities pertaining to their materiality area to ensure targets are achieved. They are required to conduct regular engagements with staff to promote further awareness of sustainability programmes. Annual plans and targets are set, where each member is then tasked with independently managing their deliverables. The committee supports them by removing any barriers which may impede them from achieving their targets. The uzmaSUSTAIN committee meets each quarter and identifies further actions required to remain on course with the sustainability plan.

Moving forward, we plan to further strengthen our sustainability management, by putting in place Key Performance Indicators ("KPI") to help us monitor and track our progress. For FY2019, we have reported on KPIs that are in place. For areas that currently do not have reported KPIs, we are putting in place mechanisms in order to report on these in future.

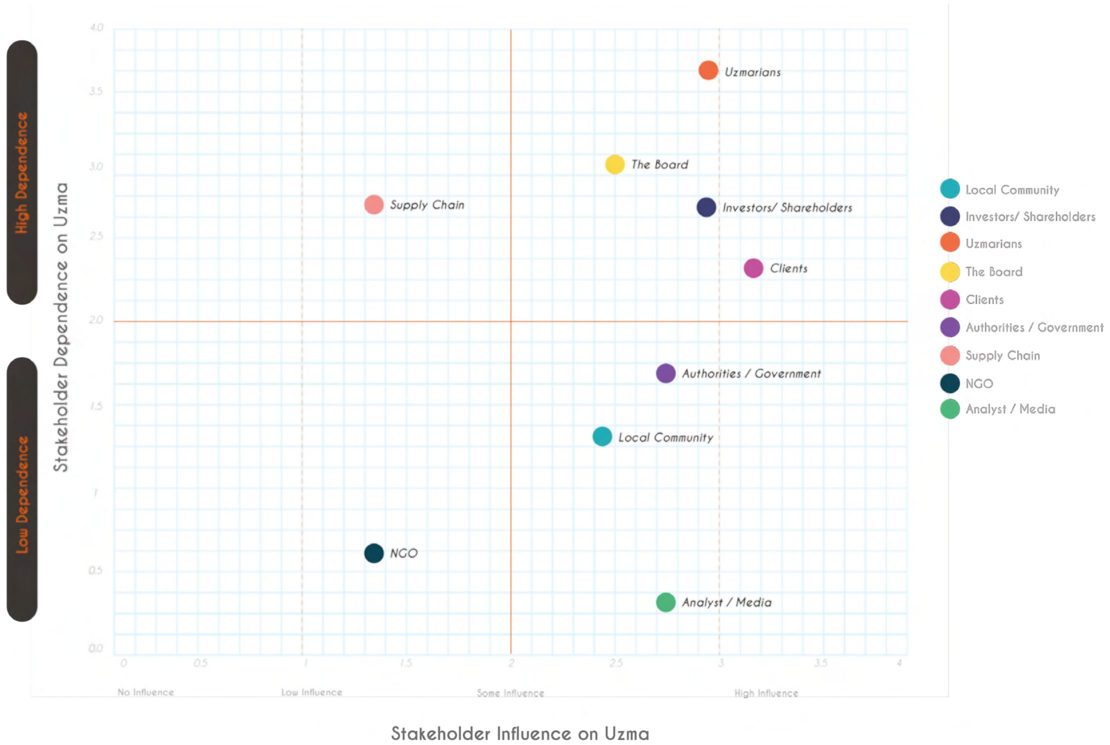
Sustainability Governance and Management Structure



OUR STAKEHOLDERS

In FY2019, our stakeholder prioritisation remained the same from the previous year. In drawing up our stakeholder prioritisation matrix, we take into account the importance of our stakeholders in relation to our business operations, and the need to communicate effectively and in a timely manner with them on aspects of our operations and activities which may materially impact them.

Stakeholder Prioritisation On Uzma



Based on our stakeholder prioritisation matrix, we undertook the following engagements with our various stakeholder groups in FY2019.

Dependence Level	Influence Level	Stakeholders	Engagements in FY2019
HIGH	HIGH	Employees (Uzmarians)	- Bi-Monthly QHSE Face-to-Face Engagements to discuss Quality and HSE matters and updates. - Daily Yammer communication and updates - 100% Offshore Crew HSE Face-2-Face Engagements ("HERO")
HIGH	HIGH	Board of Directors	- Quarterly Face-to-Face meeting - General updates when necessary - Review and approval as per the Limits of Authority ("LOA")
HIGH	HIGH	Clients	- Regular interval Service Quality Meeting ("SQM") – Face-to-Face - Uzma Project Self-Assessment ("uzmaPSA") - Annual Customer Survey - Jointly hosted HSE events and functions
HIGH	HIGH	Investors / Shareholders	- Annual General Meeting ("AGM") - Attended to queries by investors and shareholders in a timely manner

Dependence Level	Influence Level	Stakeholders	Engagements in FY2019
LOW	HIGH	Local Community	- Monthly Empire Damansara Joint Management Body ("ED-JMB") Meetings
LOW	HIGH	Authority, Media	- Engaged to understand their concerns - Addressed all concerns
HIGH	LOW	Supply Chain	- Approved Vendor List ("AVL") Maintenance engagements – Questionnaires via email - Desktop Quality Management System ("QMS") audits on selected risky contractors by Supply Chain Management ("SCM") and QHSE auditors
LOW	LOW	Non-Governmental Organisations ("NGO")	- Allowing access to related information, if requested. No requests were received in FY2019

SUSTAINABILITY MATTERS

We take into account Economic, Environmental and Social Matters when we draw up our sustainability plans. Our Sustainability Aspects are the operational basis of our sustainability programmes, and are based on ongoing engagements conducted with our stakeholder groups. It reflects matters of material importance to our stakeholders, which influence their opinion of Uzma.

Sustainability Matters	Economic	Environmental	Social
What It Means to Us	Economic impacts on our stakeholders, at organisational and national level	Environmental impacts pertaining to our surrounding environment, as influenced by Uzma's operational footprint	Socio-economic impacts on the communities surrounding our areas of operations, both within Malaysia and other regions
Sustainability Aspects	- Procurement Practices - Indirect Economic Contributions	- Energy Management - Noise Management - Water Management - Measures to Reduce our Carbon Footprint - Waste Management	- Health and Safety - Employee Diversity - Talent Development - Employee Grievance Mechanisms - Employee Benefits and Compensation - Vendor Development Programmes - Customer Service Management - Corporate Social Responsibility (CSR) Activities

CREATING ECONOMIC VALUE

Uzma's contributions within the Economic sphere seeks to create direct and indirect economic value for both our stakeholders and the nation as a whole. Our primary contributions in this area lies in our procurement practices, in terms of appointing local suppliers and vendors, as well as championing the cause of Bumiputera suppliers and vendors. In addition, we are contributing towards the socio-economic development of Malaysia through indirect economic contributions through a number of different means, among them salaries and taxes paid to the Government.

Procurement Practices

We believe in doing our part to strengthen local businesses through a number of initiatives.

Initiative	Our Contribution
High Performing Bumiputera Companies ("TeraS") Programme	- Appointing other non-competing Oil and Gas ("O&G") TeraS companies as vendors
Innovative Partners	- Encouraging experienced O&G consultants to innovate on O&G systems and equipment by incorporating a new company for the business - Jointly developing new innovations with our vendors and partners, and proposing them to major clients such as PETRONAS - Issuing Letter of Intent and offering a Service Agreement for breakthrough innovations by our vendors and partners - Practicing single source procurement with our Innovative Partners
Returning Expert Program (REP)	- Employing more Malaysian consultants from abroad under the REP
Incubation Centre	- Providing mentoring services for Innovative Partners to obtain funding, grants and other government assistance
Buying Bumiputra First Policy	- Prioritising Bumiputra suppliers with the proviso that their products and services are competitive
HSE Programme	- Imposing a HSE programme within our vendor base
ISO Programme	- Imposing an ISO accreditation programme within our vendor base
Vendor Training	- Assisting in providing appropriate technical and management training programmes such as the Vendor International Business Development Program - Jointly conducting business trips to international clients' locations with our vendors, to give them more exposure and experience in the international O&G arena

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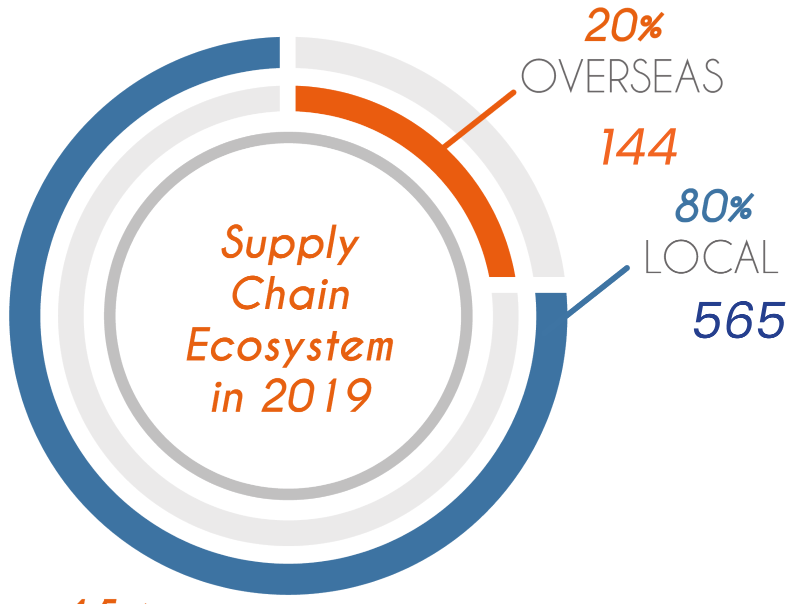
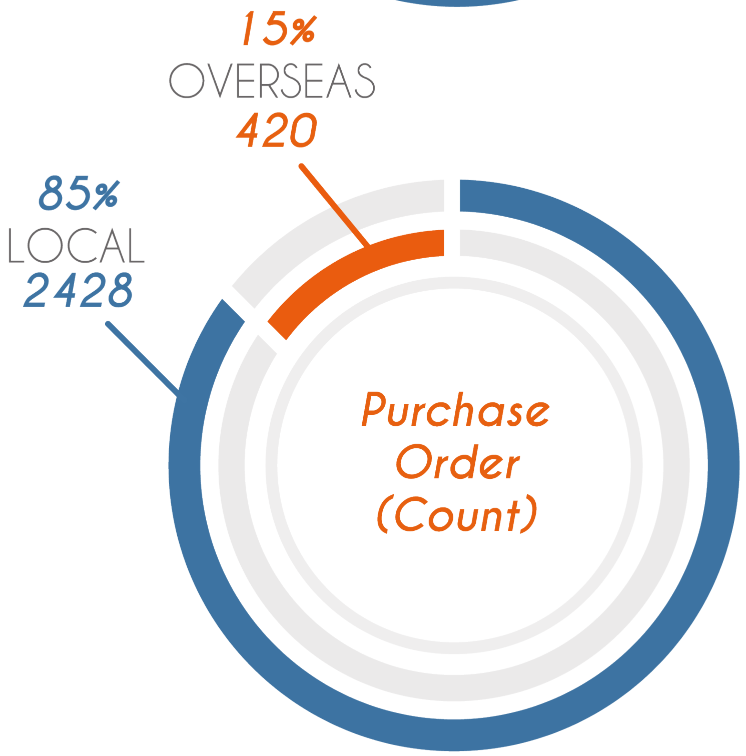
In line with our commitment to advance the development of local SMEs, the majority of our vendors comprise of Malaysian enterprises.

Our Base of Vendors

Strategic Vendors	Number of Vendors	Number of Purchase Orders
Local	565	2428
Overseas	144	420
Total	709	2848





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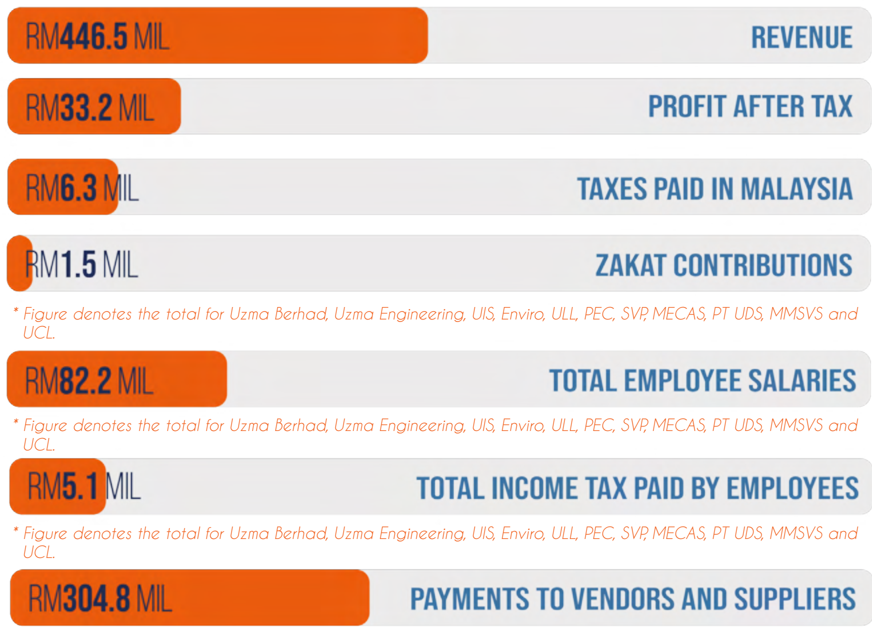
Indirect Economic Contributions

We believe in creating value for our shareholders by focusing our efforts on capturing opportunities to grow our revenue and profit through strategic investments in new areas of growth, as well as enhancing our service levels and operational efficiency. The salaries we pay our employees indirectly contributes to national economic wellbeing within both our domestic and international operations. As a responsible corporate citizen, we continue to pay our taxes in a timely manner, thus doing our part to enable the Government to build a better future for its citizens.

Our Economic Contributions in 2019



CREATING ENVIRONMENTAL VALUE

Contributing to the preservation of the environment is one of the key pillars of the uzmaWAY. In our role within the integrated value chain of the O&G industry, we do our best to minimise our carbon footprint. Our main initiatives in this area comprise of how we manage our energy consumption, noise pollution, water usage and waste disposal.

Energy Management

In managing our energy consumption, we have in place the following measures at our headquarters, Uzma Tower, as well as our other office locations and facilities:

- Using energy saving LED lights which reduces electricity consumption by between 25% to 80%, and which lasts between three to five times longer than ordinary light bulbs; and
- Setting the temperature for air conditioning at 25 degrees Celsius, which optimises electricity consumption.

In FY2019, in line with creating a more energy sustainable workplace, we undertook a pilot energy management system project at Uzma Tower. The pilot which was conducted on Level 8 of the Tower and enables us to monitor our energy consumption via our website, and control lightings and air conditioners via a mobile app. Based on the data we acquired, we have initiated energy saving measures accordingly. Moving forward, we plan to expand the system to other areas within the Tower.

Noise Management

Our noise management measures aim to reduce noise output levels to ensure a peaceful work environment at Uzma Tower. These comprise the following:

- Providing dedicated quiet spaces such as the Surau which is gender designated;
- Providing dedicated loud spaces such as the employee pantry and lounge areas where our people can interact freely with their colleagues; and
- Providing workspaces equipped with sound absorbing materials which insulate noise.

Water Management

We have in place measures to effectively manage our water consumption, bearing in mind the scarcity and importance of this natural resource. Our measures are as follows:

- Besides the maintenance personnel, all employees are encouraged to report on any water leakage via the online Hazard Identification Report ("HIR") or by directly contacting the maintenance department. Any report made is attended to within four hours;
- Having a daily water monitoring and control schedule which is conducted by the maintenance department; and
- Conducting water conservation awareness programmes for our employees, underlining the need to efficiently manage the use of water both at our office locations and project sites.

As a result of our efforts to monitor and efficiently manage our water consumption, we have reduced our water usage as shown in the diagram below:

Water Consumption at Uzma Tower

Level	Total Water Consumption (RM)	
	January 2017 - June 2018	July 2018 - June 2019
B1	830.84	769.68
2	1,056.46	780.08
3	732.93	449.40
4	756.21	481.44
5	682.56	432.00
6	692.74	432.00
7	1,018.24	473.64
8	916.35	531.12
9	761.04	434.76
10	690.32	432.00
11	682.56	432.00
12	699.99	432.00
Total Amount (RM)	*9,520.24*	*6,080.12*

Reducing our Carbon Footprint

Within Uzma, we have implemented measures to collectively reduce our carbon footprint.

Encourage our staff to utilise public transport to get to work at Uzma Tower

We incentive this proposition by providing them shuttle bus services from the nearest MRT station to our office. The service operates in two shifts – in the morning for going to work, and in the evening, to return home. As at end FY2019, a total of 40% of our total staff at Uzma Tower utilise this service.

Monitoring the use of paper at Uzma Tower

To ensure that paper use is managed responsibly by all our employees, we have appointed a department coordinator within each department who is tasked with ordering paper for office use within a stipulated budget.

Paper Consumption at Uzma Tower

Year (to date)	2018	2019
Amount of A4 Paper Usage (boxes)	173	189
Amount of A3 Paper Usage (boxes)	13	12
Total Amount (RM)	11,005.80	12,805.50

Waste Management

Our waste management initiatives hinge on the 3R concept of Reduce, Reuse and Recycle. Recycling bins are provided within Uzma Tower to encourage all employees to practice recycling on a daily basis. We also provide paper shredder machines at selected levels for our employees to separate paper waste from other solid waste. From time to time, we also conduct other ad hoc recycling projects, such as encouraging our people to donate clothes which they no longer use which are then given to needy communities.

Additionally, we encourage all employees to purchase environmental friendly products, based on environmental impacts, price and quality. Through all our measures, as well as ongoing awareness programmes, we are promoting greater responsibility towards the environment by all Uzmarians.

Creating Social Value

Health and Safety Performance

Health and Safety forms one of the core pillars of the uzmaWAY. As an integral component of all activities conducted by our business, we have embedded a strong HSE governance and management structure within our organisation.

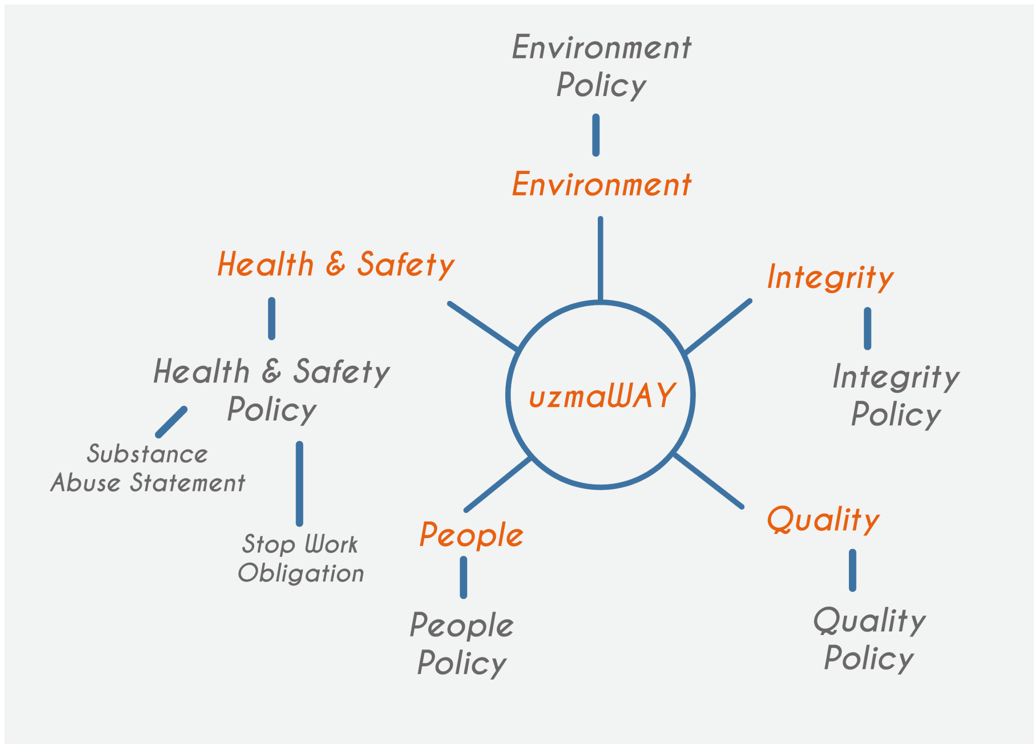
All new employees who come on board are inducted into the uzmaWAY, followed by a more intensive module on HSE. These dual induction sessions, along with the ongoing HSE programmes conducted during the year, form a critical part of our overall HSE culture.

Our Corporate Safety Rules is codified within uzmaSAFE. Please refer to **page 97** in this section for further details on uzmaSAFE.

Uzma's HSE Committee, whose members comprise top management, as well as representatives from middle management and employees, is responsible for all HSE-related risk management in the company. The HSE Committee reports directly to uzmaEROM.

Project level Risk Registers are developed via Hazard Identification ("HAZID") or Hazard Identification Risk Assesment and Determination of Control ("HIRADC") workshops where risks are appropriately identified, analysed and treated to As Low As Reasonably Practicable ("ALARP") to ensure the safety to all our stakeholders.

A Strong HSE Governance and Management Structure



Ensuring Compliance Throughout our Projects

We ensure compliance with all related regulations and clients' requirements and expectations by conducting regular legal and contractual requirements reviews. These are carried out annually at project and corporate levels by specialised and certified Safe and Health Officers ("SHOs"). With regards to conformance to the Occupational Health and Safety Management System ("OHSMS") ISO45001 as well as Uzma's Integrated Management System ("IMS"), we have a team of internal auditors who conducted a series of internal audits following our FY2019 audit plan. We have complied 100% with all applicable regulations and requirements in FY2019.

Ensuring the Safety of our Front Liners

We realise that our front line staff at our project work sites are the ones who are most at risk. These are our crew who work hard in offshore and onshore worksites across the region. One of our key objectives in FY2019 was to ensure that we engaged face-to-face with all of our crews at least once a year.

These engagements are not ordinary operational day-to-day engagements as they are championed by Uzma management, and therefore carry with them a broader corporate agenda of instilling a high standard of safety awareness among our crew. It also underscores that our company genuinely cares about their safety and wellbeing, as an important stakeholder group in our business.

All our front liner engagements were recorded via our HSE Engagement Report ("HERO"). Our engagement agenda was consistently promulgated through the promotion of Safety Rules which incorporate both our clients' and Uzma's criteria for safety, safety awareness campaigns, feedback sessions, and publishing a contemporary safety bulletin in the industry. In FY109, we met our targets by engaging face-to-face with our front liners, with a frequency of at least one time per individual.

Pro-actively Identifying Hazards

As Health and Safety initiatives are the responsibility of each and every Uzmarian, we have implemented pro-active programmes where our people are expected to voluntarily help the company to identify hazards or threats to safety as follows:

- Hazard Identification Report ("HIR") for all office-based staff; and
- Unsafe Conditions, Unsafe Acts ("UCUA") reports for offshore and worksite-based crew

As a result of the continuous implementation of these programmes, we have seen an increase in employee interest and participation over the years. The HIR programme is now available online via our uzmaHSE ("UHSE") portal for our staff's convenience, enabling each and every one of our people to report hazards anywhere and anytime as long as they have access to the Internet. This is on top of other existing channels such as hardcopy and email submissions.

In FY2019, we received 1,085 HIR submissions from our office-based Uzmarians and an all-time high of 45,090 UCUA submissions from our offshore crew. This represents a more than 100% increase from FY2018.

Our HSE Indicators

Uzma realizes that Health and Safety is one of the most important aspects of our performance which requires pro-active management to ensure our business sustainability. We reiterate our commitment to upholding the highest standards of safety, and have set aside our resources in managing and continually improving our health, safety and environmental programmes for FY2020.

Indicator	FY2019	FY2018
Reported Near Misses	2 cases	7 cases
HSE Plan Execution	95%	93%
Site HSE Meetings	43 meetings	172 meetings
Site Management Visits	22 visits	22 visits
Site HSE Inspections	353 inspections	194 inspections
Operational Drills ("Emergency Fire")	88 drills	87 drills
Loss Time Incident ("LTI")	0	0
Cummulative LTI-free days	910 days or 4,469,760 million LTI-Free man hours	576 days or 2,366,945 LTI-free man hours
LTI-free days in FY2019	2,011,209 million man hours	2,218,477 million man hours
First Aid Cases ("FAC")	3	2
Medical Treatment Cases ("MTC")	0	5

Ensuring Safety via uzmaSAFE

At the highest level, Uzma's Health and Safety Policy is governed by a Stop Work Obligation and Substance Abuse Statement. As a basic rule requiring compliance from all Uzmarians and our supply chain, Uzma has an all-encompassing Corporate Safety Rules, known as uzmaSAFE.

We practice zero tolerance and strict consequence management on non-compliance with uzmaSAFE. In FY2019, there were no violations of uzmaSAFE. Throughout the year, we pro-actively engaged with our employees to heighten safety awareness and compliance, which form the building blocks of an excellent safety culture at the workplace. Our HSE programmes are extended to all our stakeholders, in our bid to disseminate the safety culture throughout our value chain.

Figure 1: The uzmaSAFE, Corporate Safety Rules

Our People

A key focus area in our transformation programme, uzma5YP, is to be an employer of choice and to catalyse a passion towards work within our people, whilst maintaining a healthy work-life balance. We recognise the importance of the diversity of our employees, and respect differences, seeing them an important way to harness different perspectives from various backgrounds.

In ensuring that the organisation provides a positive working experience for our people, we have developed corporate and human resources programmes as the catalyst for a balanced passion towards work and life. Realising that the organization is only small part of this world, Uzma aspires to be the employer of choice.

We bank on our people to strive beyond their limits and deliver their best, both in their professional and personal lives. Our human capital management policy is based on the following fundamentals:

- Uzma sources and employs the right people with the right skills, attitude and aptitude matching our human capital objectives;
- Uzma develops our people to possess strategic personal and professional competency and capability according to our business needs;
- Uzma promotes creativity and innovation, without fear of failure, to propel the organisation ahead of the competition;
- Uzma nurtures leadership and teamwork and we make sure that our people are aligned to achieve the common goals;
- Uzma aspires to exude humility so that our stakeholders feel comfortable in exploring and executing business with Uzma;
- Uzma depends on our people to take ownership of their deliverables, to be fully committed to their responsibilities and to be accountable in their actions; and
- Uzma is committed to continually improve the capacity and performance of our people so that they can live their lives to their full potential.

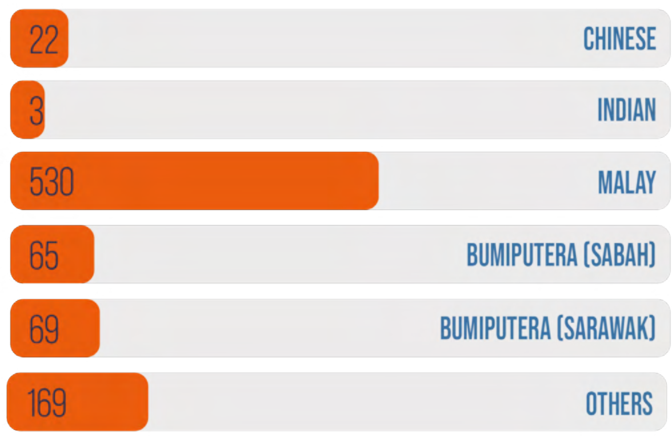
Employee Diversity

We have a diverse workforce on board, forming the valuable human capital that drives our business operations. We believe that employee diversity is an essential component of our success, forming the basis upon which we can draw on different perspectives and ideas to drive through new innovations in our products and services.

FY2019 Group Employee Breakdown by Gender

** The above refers to employees at Uzma Berhad, Uzma Engineering, UIS, Enviro, ULL, PEC, SVP, MECAS, PT UDS, MMSVS and UCL.*

FY2019 Group Employee Breakdown by Ethnicity

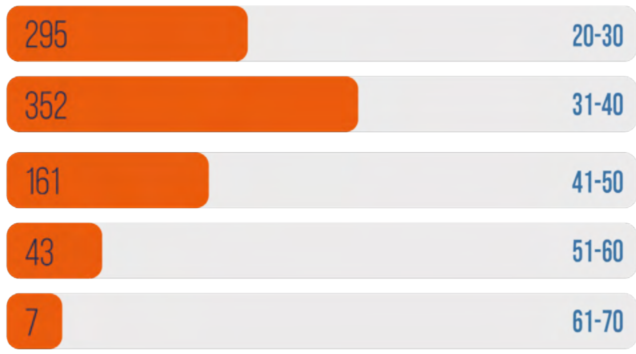


** The above refers to employees at Uzma Berhad, Uzma Engineering, UIS, Enviro, ULL, PEC, SVP, MECAS, PT UDS, MMSVS and UCL.*

FY2019 Group Employee Breakdown by Nationality

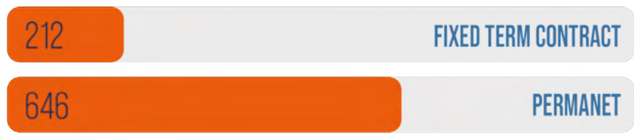
** The above refers to employees at Uzma Berhad, Uzma Engineering, UIS, Enviro, ULL, PEC, SVP, MECAS, PT UDS, MMSVS and UCL.*

FY2019 Group Employee Breakdown by Age



** The above refers to employees at Uzma Berhad, Uzma Engineering, UIS, Enviro, ULL, PEC, SVP, MECAS, PT UDS, MMSVS and UCL.*

FY2019 Group Employee Breakdown by Employment Category



** The above refers to employees at Uzma Berhad, Uzma Engineering, UIS, Enviro, ULL, PEC, SVP, MECAS, PT UDS, MMSVS and UCL.*

Grievance Mechanisms

Uzma's Company Grievance Procedure enables all our employees to have the opportunity to air any reasonable grievances at the workplace. In most cases, issues or problems are resolved through informal discussions within the department with the immediate supervisor or head of department. In more contentious cases, we have in place a formal dispute resolution channel which is stage gated. Each stage allows for the involvement of all parties, from the employee, to the supervisor, as well as a human resources representative and the management. In FY2019, there were no employee grievances recorded.

Employee Benefits and Compensation

We have a comprehensive range of employee benefits in order to attract the best and brightest talent in the industry. In FY2019, we offered our people the following benefits:

Benefit	Our Contribution
Group Hospitalisation and Specialist Treatment	**Plan 1** – Inpatient (RM80,000) Outpatient (RM3,500) **Plan 2** – Inpatient (RM80,000) Outpatient (RM1,200) **Plan 3** – Inpatient (RM50,000) Outpatient (RM1,200)
Group Term Life	**Plan 1** – Basic Salary x 36 months **Plan 2** – Basic Salary x 24 months (maximum of RM500,000) **Plan 3** – Basic Salary x 12 months (maximum of RM500,000)
Group Personal Accident	**Plan 1** – Basic Salary x 36 months **Plan 2** – Basic Salary x 24 months (maximum of RM500,000) **Plan 3** – Basic Salary x 12 months (maximum of RM500,000)

Uzma Berhad Annual Report 2019

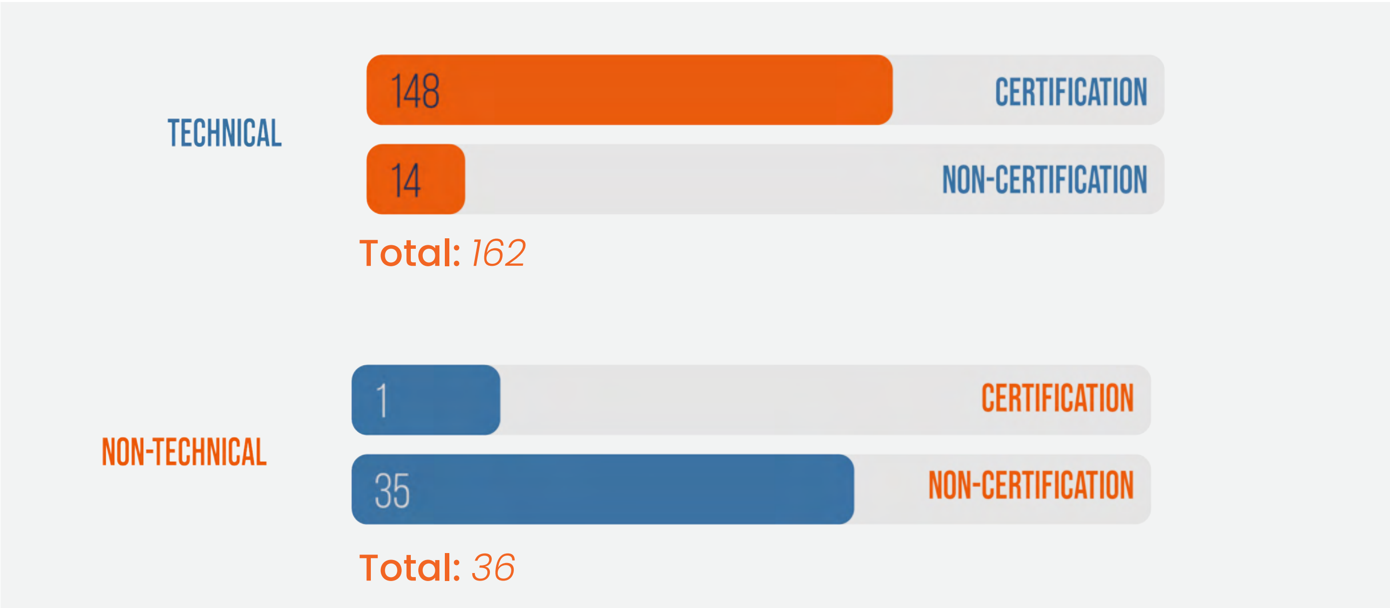
Training and Development

We strongly believe in supporting the continuous professional development of our employees through a comprehensive training and development programme. As the valuable capital effecting our business strategies to achieve our corporate goals, our people are without doubt the most important aspect of our organisation's success.

To drive through our training and development programmes, we have uzmaUNIVERSITY as the centre that facilitates our employees' career development. uzmaUNIVERSITY conducts a various technical and non-technical programmes throughout the year with the aim of providing a structured learning experience for all Uzma employees. Our programmes cut across all aspects of our business operations, including the upstream business of exploration, drilling, development and production. All initiatives and programmes are delivered in the firm belief that our people will be motivated to perform their best on the job through our continuous support. We also hope to develop a driven working environment where employees with a passion for excellence thrive.

In harnessing our employees' true talent and potential, we believe that individual development is crucial to ensure continuous success and growth. We provide our people with clear guidance in their career development path. This is done in tandem with the company's personal performance appraisal which is a rigorous assessment conducted throughout the year to measure how our employees subscribe to our company's unified values, the uzmaWAY, and demonstrate the skills and competencies that are critical for achieving their KPIs. In FY2019, there were a total of 1,443 training days for 808 employees, with an average of 1.6 training days per employee. Our training and development expenditure for the year was RM1,086,496.

FY2019 Training and Development Programmes



Our Vendors

Our vendors form a critical component of the continued success of our business. The products and services they provide us lend to our ability to deliver on the highest quality for all our clients' projects. Towards this end, we have in place a number of vendor development programmes to support our vendor base.

Vendors are registered with Uzma's Approved Vendor List ("AVL") only after they pass a regime of governance assessment following our vendor qualification procedure. This is to ensure our vendors are legal entities with good standing and pose minimal risks to our operation s integrity, quality and safety.

Uzma is one of the two non-Government Linked Companies ("GLC") which was chosen by the Ministry of Finance and the Ministry of International Trade and Industry to create its own Vendor Development Programme ("VDP") to groom Bumiputera vendors. Having been part of the programme since 2018, we have successfully aided in the development of local Bumiputera Small and Medium Enterprises ("SME"). To date, we have assisted 2 Bumiputera SMEs via this programme.

Vendors from Uzma's Innoavtive Partners Program ("uzmaIPP") are provided with training programmes, in cooperation with other industry's VDP enablers to enhance their capabilities. We have Terms of Reference for each of our vendors that lay out how we can aid in their development and conduct ongoing performance monitoring.

In August 2018, we were chosen by one of our major clients, the national O&G company PETRONAS, to be part of their VDPx programme. The programme was launched with the intention of boosting the capabilities of local O&G companies. We have carried forward the knowledge we have obtained from the VDPx programme and shared these with our own vendors to champion the enhancement of quality and delivery standards industry-wide.

Another programme we have in place for our vendors is the Uzma Innovative Partners Programme ("uzmaIPP"). uzmaIPP is a customised programme which supports the national agenda of developing local talents. Among the areas we assist our vendors on is to share our knowledge on supply chain management, as well as technical and engineering know-how. We also assist vendors with financing their business by providing them a business guarantee or a Purchase Order based on identified criteria. Over the past five years, five of our vendors have participated in this programme, with three Bumiputera companies having progressed in the programme in FY2019. One of the components of uzmaIPP is the pursuit of technology through innovations. To date, we have successfully registered two Intellectual Property ("IP") patents under this programme.

Uzma Berhad Annual Report 2019

Our Customers

As a service oriented company, ensuring the satisfaction of our customers is high on our list of priorities. They form the cornerstone of our revenue generation, and thus play a critical role in our success. We have in place a comprehensive customer relationship management process, with a dashboard that incorporates elements such as Service Quality Meetings ("SQM"), iInternal check-points, and self-assessments.

The SQM is a planned business engagement between Uzma and our customers that regularly review key deliverables and performance. These are conducted on a monthly, quarterly, bi-annual or annual basis, depending on project needs. At these meetings, we review a number of items which are critical to our project deliveries, such as HSE performance, KPI and operational performance, and the incorporation of new technology.

As well as that, we conduct the Uzma Customer Survey to gather feedback and any grievances our customers may have. Standard templates are used and questionnaires have been designed to populate customers' perception, satisfaction, dissatisfaction and areas for improvement. The results are then analysed for us to identify areas for improvement. The results and analysis are also presented at the annual QMS Management Review ("QMR").

With regards to Project Delivery Governance, we have a four stage process where we closely analyse various aspects of the project in question, and use the lessons learnt to improve our deliveries. All of our key projects are in compliance with the API-Q2 project management requirements, having been adopting its philosophy in our Integrated Project Execution PLan ("IPEP") implementation. Plans are already under-way to get official certification to API-Q2 by 2022.

We are also in full compliance with the following safety regulations:

- Occupational Safety and Health Act 1994
- Occupational Safety and Health (Safety and Health Officer) Regulations 1997
- Petroleum (Safety Measures) Act 1984
- Environmental Quality Act 1974
- Atomic Energy Licensing Act 1984
- Factories and Machinery Act 1967
- Merchant Shipping Ordinance 1952
- Merchant Shipping (Liability and Compensation for Oil and Oil Bunker Pollution) Act 1994
- Continental Shelf Act 1966
- Exclusive Economic Zone Act 1984

Our Communities

Our engagements with the communities who live within the footprint of our operations is based on our organisational desire to give back to society, especially the underprivileged. In FY2019, we conducted the following Corporate Social Responsibility ("CSR") initiatives:

- **Project**: Baju Raya Project (in collaboration with Persatuan Project Kasih)
  Date: 16 May 2019
  Purpose: Contribution from the Company and staff in the form of Baju Raya which were distributed to selected Non-Governmental Organisations ("NGOs") and Care Centres.

- **Project**: Main Sponsor for Orchid Run & Ride 2018
  Date: 23 September 2018
  Purpose: To raise funds for various charitable causes while promoting a healthy lifestyle. It also aims to raise more awareness on medical conditions affecting children and encourages the public to be involved in charities.

- **Project**: Program Selangkah ke University (In Colaboration with Yayasan Pelajaran Mara)
  Date: 23 June 2019
  Purpose: To sponsor students from the low-income B40 group from SMK Sri Pantai, SMK Sri Aman and SMK Taman Desa.

In FY2019, we invested a total of RM 856,000 on CSR activities.

03

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Uzma Berhad is pleased to present the AC Report for the financial year ended 30 June 2019 ("Financial Year").

1. COMPOSITION AND ATTENDANCE

The AC is established by the Board and comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is a Chartered Accountant and also a member of the Malaysian Institute of Accountants. The AC is in compliance with Paragraphs 15.09 and 15.10 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") as well as Practice 8.4 of the Malaysian Code on Corporate Governance ("MCCG").

The Members of the AC and their attendance at meetings held during the Financial Year are shown as follows:-

Members of the AC	No. of Meetings Attendance
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim - Chairman *(Independent Non-Executive Director)*	5/5
Yahya Bin Razali - Member *(Independent Non-Executive Director)*	4/5
Datuk Abdullah Bin Karim - Member (Independent Non-Executive Chairman)	5/5

Note:-

1. Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee had resigned on 30 August 2018. He attended all meeting held during his tenure in office.
2. Datuk Abdullah Bin Karim was appointed as a member of AC on 25 August 2018.

The Managing Director/Chief Executive Officer and representatives from Management were invited to the meetings to facilitate direct communication and to provide clarifications on unaudited quarterly financial statements, audit issues and the operations of the Group. The Internal Auditors were present at the AC meetings to table the internal audit reports. From time to time, other directors, senior management and employees may also be invited by the AC to attend the AC meetings.

2. ROLES AND RESPONSIBILITIES OF THE AC

The primary objective of the AC is to assist the Board 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.

A detailed terms of reference of the AC has been drawn up and approved by the Board and this is available on the Company's website at www.uzmagroup.com pursuant to Paragraph 15.11 of the MMLR. The terms of reference of the AC is reviewed regularly. Any revision or amendment shall form part of terms of reference and shall be considered reviewed or amended. The terms of reference of AC was last reviewed on 16 October 2019.

3. REVIEW OF PERFORMANCE OF THE AC

The Board through its Nomination and Remuneration Committee had performed an annual review and assessment of the term of office and performance of AC to assess the AC's effectiveness in carrying out its duties as set out in the terms of reference. The Board was satisfied that the AC has effectively discharged its duties in accordance with its terms of reference for the Financial Year.

4. WORK DONE BY THE AC DURING THE FINANCIAL YEAR

During the Financial Year, the AC has carried out its functions and duties in accordance with its Terms of Reference. The works carried out by the AC comprised 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 Year;
- 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) Received from the External Auditors their written assurance confirming their professional independence to the audit engagement.

(5) 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.

(6) 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.

(7) Reviewed the AC 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.

(8) Reported to the Board on matter discussed and addressed at the AC meetings.

(9) 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.

(10) Reviewed the status of compliance of the Company with the MCCG, which are within the scope and function of the AC, for the purposes of disclosure in the Statement of Corporate Governance pursuant to the requirement of paragraph 15.25 of MMLR.

(11) Reviewed the quarterly Debtors' Ageing Report.

(12) Reviewed and approved the Term of Reference of AC aligned with the developments of MMLR and MCCG.

(13) Conducted private session with the external auditors in the absence of the Executive Directors and Management in conjunction with AC meeting.

Uzma Berhad Annual Report 2019

5. 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 AC and assist the AC to discharge its duties and responsibilities.

The Internal Auditor prepare and table the Internal Audit Plan for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operation based on the audit plan approved by the AC. The Internal Auditor report to the AC once yearly and provide the AC 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 AC, comments from the Management are obtained and incorporated into the internal audit findings and reports.

The costs incurred in maintaining the outsourced the internal audit function for the Financial Year is **RM38,000.00.**

NOMINATION AND REMUNERATION COMMITTEE REPORT

1. COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE ("NRC")

On 28 May 2019, the Nomination Committee ("NC") and Remuneration Committee ("RC") had merged into a new committee, known as the Nomination and Remuneration Commitee ("NRC") in order to improve the administrative efficiency in discharging its duties. The Terms of Reference of the NRC have also been revised and updated accordingly.

The NRC comprises three (3) 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)*
	:	**Ikhlas Bin Abdul Rahman** *(Independent Non-Executive Director)*

2. ACTIVITIES OF THE NOMINATION COMMITTEE

The annual principal function of the NC 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 NC during the financial year 2019: -

(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 NC members are also members of the RC and the Audit Committee ("AC"), the assessment of the effectiveness and performances of the NC, RC and the AC 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 NC 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 MMLR 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 NC 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.

4. ACTIVITIES OF THE RC

The RC is responsible for developing the remuneration framework and remuneration packages of Directors and Key Management Personnel having salary of RM30,000.00 per month and above, and recommending the same to the Board for approval.

Following are the summary of the activities carried out by the RC during the financial year 2019:-

(1) Reviewed and recommended the Directors' fees and benefits payable to Directors from 1 January 2017 until 12 December 2018 in excess of the approved limit to the Board for its recommendation for shareholders' approval.

(2) Reviewed and recommended the Directors' fees and benefits payable to Directors from 13 December 2018 until the Annual General Meeting in December 2019 to the Board for its recommendation for shareholders' approval.

(3) Reviewed and recommended the Terms of Reference of RC in alignment with the MMLR and the MCCG to the Board for approval.

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. As at 30 June 2019, the Group had utilized all the proceeds raised from Private Placement as follows:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation up to 30 June 2019 (RM'000)	Intended time frame for Utilisation (Months)	Deviations (RM'000)	Explanation
Capital expeidature	30,000	(30,000)	24	-	-
Working capital	3,748	(3,748)	12	-	-
Repayments of bank overdrafts	15,000	(15,000)	12	-	-
Estimated expenses relating to Private Placements	711	(711)	1	-	-
Total	49,459	(49,459)	-	-	-

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 year ended 30 June 2019 amounted to RM459,000 of which RM115,000 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 year ended 30 June 2019 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 period and/or still subsisting at the end of the financial period.

03

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

AS AT 1 OCTOBER 2019

Issued Shares	:	320,028,500 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Share Capital
Less than 100	31	0.73	532	0.00
100 to 1,000	827	19.41	385,255	0.12
1,001 to 10,000	2,061	48.38	11,616,552	3.63
10,001 to 100,000	1,141	26.78	37,186,716	11.62
100,001 to less than 5% of issued shares	190	4.46	105,081,771	32.83
5% and above of issued shares	10	0.24	165,757,674	51.80
	4,260	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 Issued Shares	% of Issued Share Capital
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGGIRI TUAH SDN. BHD.	109,241,600	34.13
2.	URUSHARTA JAMAAH SDN. BHD.	26,263,200	8.21
3.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	10,320,100	3.22
4.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE LTD FOR ROTATING OFFSHORE SOLUTIONS PTE LTD.	10,000,000	3.12
5.	MAYBANK NOMINEES (TEMPATAN) SDN.BHD. ETIQA LIFE INSURANCE BERHAD (GROWTH)	6,813,200	2.13
6.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	6,260,000	1.96
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	5,434,491	1.70
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	4,789,800	1.50
9.	MAYBANK NOMINEES (TEMPATAN) SDN.BHD. ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	4,545,200	1.42
10.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	4,116,600	1.29
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (BALANCE)	3,642,300	1.14
12.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (002)	3,580,800	1.12
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWANG SM CF)	3,320,000	1.04
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	2,964,900	0.93
15.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR RHB CAPITAL FUND (200189)	2,603,800	0.81
16.	TENGKU AB MALEK BIN TENGKU MOHAMED	2,484,800	0.78
17.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHE NAZAHATUHISAMUDIN BIN CHE HARON	2,438,780	0.76
18.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. SSBT AIFM FUND SAFP FOR LEMBAGA TABUNG HAJI	2,219,700	0.69
19.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AMISLAMIC FD)	2,152,800	0.67
20.	MOHD ZULHAIZAN BIN MOHD. NOOR	2,130,400	0.67
21.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	1,740,700	0.54
22.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	1,716,400	0.54
23.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (MY0951)	1,500,000	0.47
24.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIAU KAM KEONG	1,500,000	0.47
25.	AMANAHRAYA TRUSTEES BERHAD AMITTIKAL	1,472,400	0.46
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. PEMBANGUNAN SUMBER MANUSIA BERHAD	1,284,100	0.40
27.	ABDULLAH GHANIM A ALGHANIM	1,213,000	0.38
28.	LEE KOK HIN	1,102,900	0.34
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG CHIN WOI (E-SPT/MIN)	1,070,000	0.33
30.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN. BHD. SECURITIES ACCOUNT FOR KOON YEW YIN (6000051)(PLEDGED)	1,047,400	0.33
	Total	228,969,371	71.55

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2019

	No. of Shares Held			
Name	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
Urusharta Jamaah Sdn. Bhd.	26,263,200	8.21	-	-
Employees Provident Fund Board	30,167,800	9.43		

Notes :

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

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2019

	No. of Shares Held			
Name	Direct	%	Indirect	%
Datuk Abdullah bin Karim	-	-	-	-
Dato' Kamarul Redzuan Bin Muhamed	-	-	*109,326,674 (1)*	34.16
Dato' Che Nazahatuhisamudin Bin Che Haron	2,438,780	0.76	-	-
Dato' Dr (H) Ab Wahab Bin Haji Ibrahim	-	-	-	-
Yahya Bin Razali	-	-	-	-
Dato' Hajjah Zurainah Binti Musa	-	-	-	-
Ahmad Yunus Bin Abd Talib	103,000	0.03	-	-
Ikhlas Bin Abdul Rahman	-	-	-	-

Notes :

(1) *Deemed interested by virtue of his 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	Date of Acquisition	Age of Building (Years)	Built-Up Area	Tenure	Net Book Value as at 30.06.2019 (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	Semi detached industrial premises / Geological Laboratory	Uzma Engineering Sdn. Bhd.	13/10/2008	20 years	9,601.49 sq ft	Freehold	3,230	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 / Office	Uzma Engineering Sdn. Bhd.	22/11/2013	6 years	38,901 sq ft	Leasehold (expiring on 13/05/2108)	21,783	24,000
H-Cape Biz Sector @ On-Nut Sukhaphiban 2 Rd., Prawet, Prawet, Bangkok, Thailand.	3 and half floor Commercial Building / Office		10/11/2014	4 Years		Freehold		
Room No 22/30		Uzma Consulting Limited			250.80sq.m		1,173	1,245
Room No 22/31		Uzma Consulting Limited			250.80sq.m		1,173	1,245
Room No 22/32		Uzma Consulting Limited			250.80sq.m		1,173	1,245
Room No 22/33		Uzma Consulting Limited			250.80sq.m		1,313	1,388
H.S. (D) 110395/110396 P.T. No.549 & 550 Seksyen 92, Bandar Kuala Lumpur No.68 & No.70 Fraser Business Park, Jalan Metro Pudu 2, Off Jalan Yew, 55100 Kuala Lumpur	Two Adjacent multi-storey building / Office	Setegap Ventures Petroleum Sdn. Bhd.	14/01/2018	10 years	751.12 sq m	Freehold	9,077	9,310

CONTENTS

PERFORMANCE AT A **GLANCE**

PROFIT AFTER TAX

RM28,596 MILLION (FY 2018)

RM33,153 MILLION (FY 2019)

15.94% INCREASE

REVENUE

RM542 MILLION (FY 2018)

RM446 MILLION (FY 2019)

17.57% DECREASE

EARNINGS PER SHARE

8.52 CENTS (FY 2018)

8.84 CENTS (FY 2019)

3.76% INCREASE

Earnings per share is calculated based on the Group's profitable attributable to owners of the company divided by the weighted average number of ordinary shares in issue during the financial year.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year, net of tax	33,153	(732)
Attributable to:		
Owners of the Company	28,279	(732)
Non-controlling interests	4,874	-
	33,153	(732)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2019.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company 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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except for as disclosed in the financial statements,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

Uzma Berhad Annual Report 2019

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

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 August 2018)

Peter Angus Knowles (Resigned on 17 October 2018)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datin Rozita Binti Mat Shah @ Hassan

Faridahanim Binti Hamdan

Goh Soh Koon

Maharon Bin Jadid

Mohd Asrul Bin Abdul Aziz

Rizal Bin Mohd Arifin

Stephen Mark Taylor

Tabratas Tharom

Graham James John Brown

Samrat Knowles

Mohd Shahrin Bin Saad

Andrew James Homes

Liau Seng Tick

Nasri Bin Nasrun

Mohd Zulhaizan Bin Mohd Noor

Ni Ketut Kusmiati (Resigned on 31 December 2018)

Sebastian Lee (Resigned on 18 March 2019)

Bong Leong Sung (Resigned on 30 September 2019)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
Interest in the Company	At 1.7.2018	Bought	Sold	At 30.6.2019
Direct interests				
Dato' Che Nazahatuhisamudin Bin Che Haron	2 ,269,780	-	-	2,269,780
Ahmad Yunus Bin Abd Talib	103,000	-	-	103,000
Indirect interest				
Dato' Kamarul Redzuan Bin Muhamed*	113,175,074	1,000,000	(4,848,400)	109,326,674

* Shares held through company in which the director has substantial financial interests.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Kamarul Redzuan Bin Muhamed is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 26 to the financial statements) 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 year, was the Company a party to any arrangements where the 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for any directors or officers of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' KAMARUL REDZUAN BIN MUHAMED
Director

DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON
Director

Date: 16 October 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Group		Company	
Assets **Non-current assets**	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	5	532,950	452,410	1,126	71
Intangible assets	6	198,611	85,764	-	-
Investment in subsidiaries	7	-	-	233,329	231,329
Investment in associates	8	10,751	9,331	4,392	4,392
Investment in joint ventures	9	-	62,386	-	-
Deferred tax assets	10	2,292	3,421	156	-
Trade and other receivables	11	6,561	80,109	4,891	-
Other investments	12	4,285	16,483	-	-
Total non-current assets		755,450	709,904	243,894	235,792
Current assets					
Inventories	13	30,710	18,186	-	-
Trade and other receivables	11	365,953	199,420	90,601	64,529
Contract assets	14	-	858	-	-
Other investments	12	1,136	143	132	128
Current tax assets		3,014	15,352	164	-
Deposits, cash and bank balances	15	63,617	60,127	13	11
Total current assets		464,430	294,086	90,910	64,668
TOTAL ASSETS		1,219,880	1,003,990	334,804	300,460

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	290,069	194,926	290,069	194,926
Share premium	17	-	95,143	-	95,143
Foreign currency translation reserve	18	26,541	21,937	-	-
Capital reserve	19	426	426	-	-
Merger deficit	20	(29,700)	(29,700)	-	-
Fair value reserve	21	(6,000)	-	-	-
Retained earnings		205,329	177,029	7,241	7,973
		486,665	**459,761**	**297,310**	**298,042**
Non-controlling interests		**54,184**	**20,049**	**-**	**-**
TOTAL EQUITY		**540,849**	**479,810**	**297,310**	**298,042**
Non-current liabilities					
Loans and borrowings	22	405,050	240,663	30,000	-
Deferred tax liabilities	10	14,361	7,689	-	-
Trade and other payables	23	3,646	-	-	-
Post employment benefit liabilities	24	748	918	-	-
Total non-current liabilities		423,805	249,270	30,000	-
Current liabilities					
Loans and borrowings	22	122,633	144,050	6,000	-
Trade and other payables	23	132,274	129,153	1,494	1,341
Current tax liabilities		319	1,707	-	1,077
Total current liabilities		**255,226**	**274,910**	**7,494**	**2,418**
TOTAL LIABILITIES		**679,031**	**524,180**	**37,494**	**2,418**
TOTAL EQUITY AND LIABILITIES		**1,219,880**	**1,003,990**	**334,804**	**300,460**

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group Financial year from 1.7.2018 to 30.6.2019 RM'000	Group Financial year from 1.1.2017 to 30.6.2018 RM'000	Company Financial year from 1.1.2018 to 30.6.2019 RM'000	Company Financial year from 1.1.2017 to 30.6.2018 RM'000
Revenue	25	446,499	541,870	21,033	13,807
Cost of sales		(298,074)	(346,284)	-	-
Gross profit		148,425	195,586	21,033	13,807
Other income		89,900	39,441	2,774	2,811
Administrative expenses		(76,592)	(112,408)	(24,217)	(12,041)
Net impairment losses of financial assets		(41,572)	(4,961)	-	-
Other operating expenses		(54,076)	(64,859)	(27)	(4)
		(172,240)	(182,228)	(24,244)	(12,045)
Profit/(Loss) from operations		66,085	52,799	(437)	4,573
Finance costs		(29,389)	(38,325)	(1,061)	-
Share of results of associates, net of tax		1,620	140	-	-
Share of results of a joint venture, net of tax		3,519	10,391	-	-
Profit/(Loss) before tax	26	41,835	25,005	(1,498)	4,573
Tax (expense)/credit	27	**(8,682)**	**3,591**	**766**	**(1,200)**
Profit/(Loss) for the financial year/period		**33,153**	**28,596**	**(732)**	**3,373**
Other comprehensive loss, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain from employee benefits		23	-	-	-
Fair value loss of equity instrument designated at fair value through other comprehensive income		(6,000)	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences in translation of foreign operations		4,898	(17,599)	-	-
Other comprehensive loss for the financial year/period		(1,079)	(17,599)	-	-
Total comprehensive income/(loss) for the financial year/period		32,074	10,997	(732)	3,373
Profit/(Loss) attributable to:					
Owners of the Company		28,279	26,459	(732)	3,373
Non-controlling interests		4,874	2,137	-	-
		33,153	28,596	(732)	3,373
Total comprehensive income/(loss) attributable to:					
Owners of the Company		26,904	8,856	(732)	3,373
Non-controlling interests		5,170	2,141	-	-
		32,074	10,997	(732)	3,373
Earnings per share (sen):					
- Basic and diluted	28	8.84	8.52		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Group	Note	Attributable to owners of the Company								
		Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2017		145,468	95,853	39,540	176	(29,700)	150,820	402,157	18,546	420,703
Total comprehensive income for the financial period										
Profit for the financial period		-	-	-	-	-	26,459	26,459	2,137	28,596
Foreign currency translation reserve		-	-	(17,603)	-	-	-	(17,603)	4	(17,599)
Total comprehensive income		-	-	(17,603)	-	-	26,459	8,856	2,141	10,997

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (continued)

Group (continued)	Note	Attributable to owners of the Company								
		Share capital RM'000	Share premium Rm'000	Foreign currency translation reserve Rm'000	Capital reserve Rm'000	Merger deficit Rm'000	Retained earnings Rm'000	Sub-total Rm'000	Non-controlling interests Rm'000	Total equity Rm'000
Transactions with owners										
Subscription of shares by non-controlling interests in subsidiaries		-	-	-	-	-	-	-	396	396
Issuance of ordinary shares	16	49,458	(710)	-	-	-	-	48,748	-	48,748
Non-controlling interests arising from acquisition of a subsidiary	7	-	-	-	-	-	-	-	1,216	1,216
Arising from bonus issue by a subsidiary		-	-	-	250	-	(250)	-	-	-
Dividend paid by the subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(2,250)	(2,250)
Total transactions with owners		49,458	(710)	-	250	-	(250)	48,748	(638)	48,110
At 30 June 2018		194,926	95,143	21,937	426	(29,700)	177,029	459,761	20,049	479,810

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (continued)

Group	Note	Attributable to owners of the Company									
		Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Merger deficit RM'000	Fair value reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 July 2018		194,926	95,143	21,937	426	(29,700)	-	177,029	459,761	20,049	479,810
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	28,279	28,279	4,874	33,153
Actuarial gain from employee benefits		-	-	-	-	-	-	21	21	2	23
Fair value loss of equity instrument designated at fair value through other comprehensive income		-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Foreign currency translation reserve		-	-	4,604	-	-	-	-	4,604	294	4,898
Total comprehensive income		-	-	4,604	-	-	(6,000)	28,300	26,904	5,170	32,074

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (continued)

Group (continued)	Note	Attributable to owners of the Company									
		Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Merger deficit RM'000	Fair value reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Transactions with owners											
Non-controlling interests arising from acquisition of subsidiaries	7	-	-	-	-	-	-	-	-	29,835	29,835
Dividend paid by the subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	(870)	(870)
Total transactions with owners		-	-	-	-	-	-	-	-	28,965	28,965
Transfer of share premium to share capital^		95,143	(95,143)	-	-	-	-	-	-	-	-
At 30 June 2019		290,069	-	26,541	426	(29,700)	(6,000)	205,329	486,665	54,184	540,849

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (continued)

Company	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Company			
As at 1 January 2017		145,468	95,853	4,600	245,921
Total comprehensive income for the financial period					
Profit for the financial period		-	-	3,373	3,373
Total comprehensive income		-	-	3,373	3,373
Transaction with owners					
Issuance of ordinary shares	16	49,458	(710)	-	48,748
Total transaction with owners		49,458	(710)	-	48,748
At 30 June 2018		194,926	95,143	7,973	298,042
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(732)	(732)
Total comprehensive loss		-	-	(732)	(732)
Transfer of share premium to share capital^		95,143	(95,143)	-	-
At 30 June 2019		290,069	-	7,241	297,310

^ Refer to Notes 16 and 17 for details.

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group: Financial year from 1.7.2018 to 30.6.2019 RM'000	Group: Financial period from 1.1.2017 to 30.6.2018 RM'000	Company: Financial year from 1.7.2018 to 30.6.2019 RM'000	Company: Financial period from 1.1.2017 to 30.6.2018 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		41,835	25,005	(1,498)	4,573
Adjustments for:					
Amortisation of intangible assets	6	2,998	3,198	-	-
Accretion of interest on:					
- other receivables		(4,490)	3,233	-	-
- trade payable		(487)	-	-	-
Bad debts written off		-	1,845	-	-
Bargain purchase arising from acquisition of a subsidiary	7	-	(10,636)	-	-
Depreciation of property, plant and equipment	5	40,301	50,123	27	4
Dividend income		-	-	(2,030)	(3,691)
Fair value loss on quoted equity securities		12	-	-	-
Gain on derecognition of a joint venture	7	(56,573)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		1,527	(3,579)	-	-
Impairment losses on:					
- trade receivables	11	16,976	5,058	-	-
- other receivables	11	24,596	234	-	-
Interest expense		29,389	38,325	1,061	-
Inventories written down	13	244	152	-	-
Inventories written off	13	87	-	-	-
Inventories written back	13	(59)	(385)	-	-
Interest income		(1,165)	(1,129)	(2,774)	(2,802)
Net unrealised (gain)/loss on foreign exchange		(7,354)	15,205	-	(6)
Share of results of associates	8	(1,620)	(140)	-	-
Share of results of a joint venture	9	(3,519)	(10,391)	-	-
Property, plant and equipment written off	5	49	5	-	-
Provision for post employment benefits	24	124	105	-	-
Reversal of impairment losses on trade receivables	11	-	(331)	-	-
Waiver of debts		-	(16,191)	-	-
Operating profit/(loss) before working capital changes, balances carried forward		82,871	99,706	(5,214)	(1,922)

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (continued)

	Note	Group: Financial year from 1.7.2018 to 30.6.2019 RM'000	Group: Financial period from 1.1.2017 to 30.6.2018 RM'000	Company: Financial year from 1.7.2018 to 30.6.2019 RM'000	Company: Financial period from 1.1.2017 to 30.6.2018 RM'000
Operating profit/(loss) before working capital changes, balances brought forward		82,871	99,706	(5,214)	(1,922)
Contract assets		858	2,388	-	-
Inventories		(3,564)	1,756	-	-
Receivables		(61,541)	109,744	(260)	(1,985)
Payables		(7,490)	(47,649)	154	1,249
Net cash generated from/(used in) operations		11,134	165,945	(5,320)	(2,658)
Interest paid		(1,130)	(3,233)	(1,061)	-
Tax refunded/(paid)		1,857	(12,906)	(631)	(115)
Net cash from/(used in) operating activities		11,861	149,806	(7,012)	(2,773)
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired	7	(31,312)	(619)	-	-
Repayment from/(Advances to) an associate		-	5,116	-	(192)
(Advances to)/Repayment from a joint venture		-	(2,229)	192	-
Advances to subsidiaries		-	-	(32,895)	(51,306)
Change in pledged deposits	15	10,753	(6,488)	-	-
Dividend received		-	-	2,030	3,691
Interest received		1,165	1,129	2,774	2,802
Additional investment in an associate		-	(4,437)	-	(238)
Additional investment in subsidiaries		-	-	-	(577)
Placement of fixed deposits	15	(5,015)	-	-	-
Proceeds from disposal of property, plant and equipment		302,793	9,125	-	-
Purchase of other investments		(1,756)	-	(5)	(92)
Purchase of property, plant and equipment	(a)	(355,562)	(56,262)	(1,082)	(75)
Net cash used in investing activities		(78,934)	(54,665)	(28,986)	(45,987)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (continued)

	Note	Group: Financial year from 1.7.2018 to 30.6.2019 RM'000	Group: Financial period from 1.1.2017 to 30.6.2018 RM'000	Company: Financial year from 1.7.2018 to 30.6.2019 RM'000	Company: Financial period from 1.1.2017 to 30.6.2018 RM'000
Cash flows from financing activities	(b)				
Interest paid		(28,259)	(35,092)	-	-
Repayment to subsidiaries		-	-	-	(27)
Repayments to associates		(2,228)	-	-	-
Net repayment of finance lease payables		(2,497)	(1,172)	-	-
Net repayment of revolving credit		(3,322)	(50,592)	-	-
Net drawdown/(repayment) of invoice financing		4,011	(7,635)	-	-
Net drawdown/(repayment) of term loans		116,176	(69,111)	36,000	-
Net repayment of share issuance expense		-	(710)	-	(710)
Subscription of shares by non-controlling interests in subsidiaries		-	396	-	-
Proceeds from issuance of shares	16	-	49,458	-	49,458
Dividends paid to non-controlling interests by subsidiaries		(870)	(2,250)	-	-
Net cash from/(used in) financing activities		83,011	(116,708)	36,000	48,721
Net increase/(decrease) in cash and cash equivalents		15,938	(21,567)	2	(39)
Cash and cash equivalents at the beginning of the financial year		9,802	33,090	11	50
Effect of exchange rate changes on cash and cash equivalents		(2,575)	(1,721)	-	-
Cash and cash equivalents at the end of the financial year	15	23,165	9,802	13	11

(a) Purchase of property, plant and equipment:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Purchase of property, plant and equipment	355,562	35,284	1,082	75
Financed by way of finance lease arrangements	-	(10,084)	-	-
Cash disbursed for outstanding payables in the previous financial year	-	31,062	-	-
Cash payments on purchase of property, plant and equipment	355,562	56,262	1,082	75

(b) Reconciliation of liabilities arising from financing activities:

			Non-cash		
Group	1.7.2018 RM'000	Cash flows RM'000	Acquisition RM'000	Foreign exchange movement RM'000	30.6.2019 RM'000
Term loans	308,200	116,176	23,926	8,685	456,987
Finance lease liabilities	15,710	(2,497)	126	-	13,339
Revolving credit	24,925	(3,322)	-	-	21,603
Invoice financing	10,251	4,011	-	-	14,262
Amounts owing to associates	2,228	(2,228)	-	-	-
	361,314	112,140	24,052	8,685	506,191
Company					
Term loans	-	36,000	-	-	36,000

			Non-cash		
Group	1.1.2017 RM'000	Cash flows RM'000	Acquisition RM'000	Foreign exchange movement RM'000	30.6.2018 RM'000
Term loans	394,061	(69,111)	-	(16,750)	308,200
Finance lease liabilities	6,798	(1,172)	10,084	-	15,710
Revolving credit	75,517	(50,592)	-	-	24,925
Invoice financing	17,886	(7,635)	-	-	10,251
	494,262	(128,510)	10,084	(16,750)	359,086
Company					
Amounts owing to subsidiaries	27	(27)	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at Uzma Tower, No.2, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 October 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments / Improvements to MFRSs

MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

2 BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 9 Financial Instruments *(continued)*

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 July 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets :

- Trade and other receivables, deposits, cash and bank balances previously classified as loans and receivables under MFRS 139 as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 July 2018.
- Invesments in unquoted equity instruments previously classified as available-for-sale ("AFS") financial assets as at 30 June 2018 are classified and measured as equity instruments designated at fair value through other comprehensive income ("FVOCI") beginning 1 July 2018. The Group elected to classify irrevocably its unquoted equity instruments under this category at the date of initial application as these investments are not held for trading.
- Loans and borrowings, trade and other payables previously classified as other financial liabilities under MFRS 139 as at 30 June 2018 are classified as amortised cost beginning 1 July 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 July 2018 :

MFRS 139 measurement category	RM '000	Amortised cost RM '000	Fair value through profit or loss RM '000	Designated fair value through other comprehensive income RM '000
Financial assets				
Group				
Loans and receivables				
Trade and other receivables, net of GST refundable, advances to sub-contractors and prepayments	267,736	267,736	-	-
Deposits, cash and bank balances	60,127	60,127	-	-
Fair value through profit or loss - Held for trading				
Other investments	143	-	143	-
Available-for-sale financial assets				
Other investments	16,483	-	-	16,483
	344,489	327,863	143	16,483

2 BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 9 Financial Instruments *(continued)*

Impact of the adoption of MFRS 9 *(continued)*

(i) Classification and measurement (continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 July 2018: (continued)

MFRS 139 measurement category	RM '000	Amortised cost RM '000	Fair value through profit or loss RM '000	Designated fair value through other comprehensive income RM '000
Financial assets (continued)				
Company				
Loans and receivables				
Trade and other receivables, net of GST refundable and prepayments	63,809	63,809	-	-
Deposits, cash and bank balances	11	11	-	-
Fair value through profit or loss - Held for trading				
Other investments	128	-	128	-
	63,948	63,820	128	-
Financial assets				
Group				
Other financial liabilities				
Loans and borrowings	384,713	384,713	-	-
Trade and other payables, net of GST payable	128,597	128,597	-	-
	513,310	513,310	-	-
Company				
Other financial liabilities				
Trade and other payables, net of GST payable	1,341	1,341	-	-

In the previous financial years, the Group's investment in unquoted shares classified as AFS financial assets were measured at cost. Upon adoption of MFRS 9, the Group designated its investment in unquoted shares as at FVOCI and measured the investment at fair value at 1 July 2018.

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording impairment losses on all its trade and other receivables, either on a 12-month or lifetime basis. Based on the assessment, the Group and the Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

Other than as disclosed above, the adoption of MFRS 9 did not have any material impact on the financial statements at the date of initial application.

2 BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps :

(i) identify the contracts with a customer;

(ii) identify the performance obligation in the contract;

(iii) determine the transaction price;

(iv) allocate the transaction price to the performance obligations in the contract;

(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15 :

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Impact of the adoption of MFRS 15

The Group and the Company have applied MFRS 15 in accordance with the modified transitional approach, which involves not restating periods prior with the expedient in MFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 July 2018.

In accordance with MFRS 15, the Group and the Company recognise revenue when a performance obligation is satisfied, which is when 'control' of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15 :

- Contract assets recognised in relation to construction contracts which were previously presented as part of amount owing by contract customers.

The adoption of MFRS 15 did not have any material impact on the financial statements of the Group and of the Company.

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective :

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020* 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#

2 BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statements of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group and the Company as a lessee currently accounts for as operating leases. On adoption of this standard, the Group and the Company will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 July 2019 by applying the transitional provisions and include the required additional disclosures in its financial statements of that year. The Group and the Company are likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 July 2019 will be accounted for as lease contracts under MFRS 16.

2 BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements
Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments
Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures
These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes
Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits
Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs
Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures
Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall :

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards
The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

2 BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to References to the Conceptual Framework in MFRS Standards (continued)

The Amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM'000, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following :

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) *Subsidiaries and business combination (continued)*

The accounting policy for goodwill is set out in Note 3.7(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) *Non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) *Associates*

Associates are entities over which the Group and the Company have significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group and the Company cease to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's and the Company's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(d) *Joint arrangements*

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows :

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investments in Associates and Joint Ventures.

An arrangement established through an unincorporated legal entity which enables the parties to have rights to the asset and obligations for the associated liabilities would be considered a joint operation.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) *Translation of foreign currency transactions*

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations (continued)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Accounting policies applied from 1 July 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows :

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in three categories :

- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied from 1 July 2018 (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows : (continued)

(i) Financial assets (continued)

- Fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified 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 a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to :

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied from 1 July 2018 (continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when :

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 30 June 2018

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows :

(i) Financial assets

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 assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied until 30 June 2018 (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows : (continued)

(i) Financial assets(continued)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the two preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is decognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair vale cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

(ii) Financial liabilities

Same accounting policies applied until 30 June 2018 and from 1 July 2018.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified 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 a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 30 June 2018 and from 1 July 2018.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 other comprehensive income 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, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Same accounting policies applied until 30 June 2018 and from 1 July 2018.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land) are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on the straight-line basis by allocating their depreciable ammounts over their remaining useful lives. The principal depreciation rates are as follows:

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

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group and the Company do not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset where there is objective evidence of impairment.

(b) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of the intangible assets of the Group as follows :

	Useful lives
Customer base	7 years
Technical know-how	10 years

Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined on the weighted average cost method and comprise the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Cash and cash equivalents

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

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 July 2018

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit losses :

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when :

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Accounting policies applied from 1 July 2018 (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events :

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 30 June 2018

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Accounting policies applied until 30 June 2018 (continued)

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group uses its judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been decognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset 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 shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

Certain subsidiaries of the Company operate an unfunded defined benefit scheme. Each subsidiary's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees would have earned in return for their service in the current and prior financial years, that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds.

The calculation is performed by an actuarist using the projected unit credit method. In the intervening years, the calculation may be updated by the actuarist based on approximations unless material changes in demographics or business processes have been identified that would cause doubt in the application of approximations, in which case detailed analysis would be necessary at the interim date.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return of plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets, if any.

The Group recognises the following costs in profit or loss :

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.15 Revenue and other income

Accounting policies applied from 1 July 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue and other income (continued)

Accounting policies applied from 1 July 2018 (continued)

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Sales of goods

Revenue is recognised at a point in time when control of the goods is transferred to the customers, generally on the delivery of goods.

(b) Contract income

Contract income comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term ranging from 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(c) Rendering of services

Revenue is recognised at a point in time upon services rendered and customer's acceptance.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(g) Management fees income

Revenue is recognised at a point in time when services are rendered.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue and other income (continued)

Accounting policies applied until 30 June 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Sales 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.

(b) 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.

(c) Rendering of 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 the 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.

(d) Interest income

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

(e) Dividend income

Same accounting policies applied until 30 June 2018 and from 1 July 2018.

(f) Rental income

Same accounting policies applied until 30 June 2018 and from 1 July 2018.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or recoverable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Income Tax (continued)

(b) Deferred tax (continued)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.20 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because :

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following :

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates aand gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 6.

(b) Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calcucation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed defaults rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's trade receivable are disclosed in Note 30(a).

(c) Impairment of other receivable

The Group has significant other receivable in relation to Tanjung Baram Small Field Risk Service Contract ("TB SFRSC") as at 30 June 2019 which include certain amounts which are long outstanding. The directors made significant judgements over assumptions about risk of default and the expected credit loss rate. In making the assumptions, the directors selected inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

The carrying amount of the other receivable is disclosed in Note 11(c).

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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(d) *Impairment of investments in subsidiaries and associates*

The Company assesses impairment of investments in subsidiaries and associates whenever the events or changes in circumstances indicate that the carrying amounts of investments in subsidiaries and associates may not be recoverable i.e. the carrying amounts of investments in subsidiaries and associates are more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including future sales, gross profit margins and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than expected.

The carrying amounts of the investments in subsidiaries and associates are disclosed in Notes 7 and 8.

(e) *Impairment of amounts owing by subsidiaries*

The Company performs impairment review on the amounts owing by subsidiaries whenever the events or changes in circumstances indicate that the amounts by subsidiaries may not be recoverable in accordance with its accounting policy.

Loans that are are part of net investment represents amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Significant judgement is required in the estimation of the present value of estimated future cash flows, which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses. Changes in assumptions could significantly affect the results of the Company's test for impairment of amounts owing by subsidiaries.

The carrying amounts of amounts owing by subsidiaries are disclosed in Note 11.

5 PROPERTY, PLANT AND EQUIPMENT

Group

		Freehold properties	Leasehold properties	Leasehold improvement	Operating equipment	Returnable shipping containers	Furniture, fitting and renovation	Motor vehicles	Office equipment	Capital work-in-progress	Total
2019	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost											
At 1 July 2018		8,257	29,973	1,501	504,835	956	11,346	11,514	15,670	-	584,052
Additions		-	-	-	338,516	7	33	259	1,935	14,812	355,562
Disposals		-	-	-	(333,463)	-	(14)	(657)	(77)	-	(334,211)
Written off		-	-	(919)	(68)	-	(155)	-	(643)	-	(1,785)
Reclassifications		-	-	-	4,195	-	74	12	23	(4,304)	-
Aquisition of subsidiaries	7(a)	-	9,514	-	46,153	-	1,665	121	1,417	1,903	60,413
Exchange differences		490	-	114	14,338	-	234	671	255	(43)	16,059
At 30 June 2019		8,747	39,127	696	574,506	963	13,183	11,920	18,580	12,368	680,090
Accumulated depreciation											
At 1 July 2018		551	920	1,038	100,824	402	7,860	8,210	11,837	-	131,642
Depreciation charge for the financial year	26	110	1,698	105	33,075	100	1,965	1,376	1,872	-	40,301
Disposals		-	-	-	(29,178)	-	(14)	(626)	(73)	-	(29,891)
Written off		-	-	(919)	(27)	-	(155)	-	(635)	-	(1,736)
Exchange differences		24	-	70	5,790	-	132	614	194	-	6,824
At 30 June 2019		685	2,618	294	110,484	502	9,788	9,574	13,195	-	147,140
Carrying amount											
At 30 June 2019		8,062	36,509	402	464,022	461	3,395	2,346	5,385	12,368	532,950

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Group

2018	Note	Freehold properties	Leasehold properties	Leasehold improvement	Operating equipment	Returnable shipping containers	Furniture, fittings and renovation	Motor vehicles	Office equipment	Capital work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost											
At 1 January 2017		14,246	29,973	1,542	490,259	956	12,733	9,659	14,710	9,462	583,540
Additions		-	-	-	29,823	-	27	2,121	828	2,485	35,284
Disposals		(5,860)	-	-	-	-	(1,720)	(83)	(198)	-	(7,861)
Written off		-	-	-	-	-	-	-	(5)	-	(5)
Reclassifications		-	-	-	11,872	-	-	-	-	(11,947)	(75)
Aquisition of a subsidiary	7(a)	-	-	-	10,776	-	366	-	408	-	11,550
Exchange differences		(129)	-	(41)	(37,895)	-	(60)	(183)	(73)	-	(38,381)
At 30 June 2018		8,257	29,973	1,501	504,835	956	11,346	11,514	15,670	-	584,052
Accumulated depreciation											
At 1 January 2017		779	535	801	61,427	253	6,644	5,663	9,367	75	85,544
Depreciation charge for the financial period	26	209	385	266	40,792	149	2,937	2,713	2,672	-	50,123
Disposals		(430)	-	-	-	-	(1,708)	-	(177)	-	(2,315)
Reclassifications		-	-	-	-	-	-	-	-	(75)	(75)
Exchange differences		(7)	-	(29)	(1,395)	-	(13)	(166)	(25)	-	(1,635)
At 30 June 2018		551	920	1,038	100,824	402	7,860	8,210	11,837	-	131,642
Carrying amount											
At 30 June 2018		7,706	29,053	463	404,011	554	3,486	3,304	3,833	-	452,410

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Company

Cost	Note	Office equipment
		RM'000
At 1 January 2017		-
Additions		75
At 30 June 2018		75
Additions		1,082
At 30 June 2019		1,157
Accumulated depreciation		
At 1 January 2017		-
Depreciation charge for the financial period	26	4
At 30 June 2018		4
Depreciation charge for the financial year	26	27
At 30 June 2019		31
Carrying amount		
At 30 June 2018		71
At 30 June 2019		1,126

(a) The carrying amount of property, plant and equipment of the Group held under finance lease arrangements as at end of the financial year/period are as follows :

	Group 2019	Group 2018
	RM'000	RM'000
Motor vehicles	1,348	1,496
Operating equipment	9,631	11,249
	10,979	12,745

(b) The carrying amount of property, plant and equipment of the Group pledged to the licensed banks for credit facilities granted to subsidiaries are as follows (Note 22) :

	Group 2019	Group 2018
	RM'000	RM'000
Freehold properties	8,062	7,706
Leasehold properties	36,509	29,053
Operating equipment	314,838	324,398
	359,409	361,157

6 INTANGIBLE ASSETS

	Group		
	Goodwill	Other intangible assets	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2017	61,368	2,789	64,157
Acquisition of subsidiaries (Note 7(a))	-	26,000	26,000
At 30 June 2018	61,368	28,789	90,157
Acquisition of subsidiaries (Note 7(a))	115,845	-	115,845
At 30 June 2019	177,213	28,789	206,002
Accumulated amortisation			
At 1 January 2017	-	1,195	1,195
Amortisation charge for the financial period	-	3,198	3,198
At 30 June 2018	-	4,393	4,393
Amortisation charge for the financial year	-	2,998	2,998
At 30 June 2019	-	7,391	7,391
Net carrying amount			
At 30 June 2018	61,368	24,396	85,764
At 30 June 2019	177,213	21,398	198,611

(a) Goodwill

During the financial year, the Company's wholly-owned subsidiary, Tenggara Analisis Sdn. Bhd. ("TASB") had required additional equity interests in Setegap Ventures Petroleum Sdn. Bhd. ("SVP") and a new subsidiary, Uzma Artificial Lift Sdn. Bhd. ("UAL") as disclosed in Note 7(a). The acquisition of the subsidiaries resulted in the recognition of provisional goodwill of RM115,845,000. The Group is in the process of finalising the purchase price allocation ("PPA") on these companies. The provisional goodwill may be adjusted upon completion of the initial accounting as disclosed in Note 7(a).

The carrying amounts of goodwill allocated to the CGUs are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Services - CGU 1	166,940	51,095
Trading - CGU 2	10,273	10,273
	177,213	61,368

6 INTANGIBLE ASSETS (continued)

(a) Goodwill (continue)

CGU 1

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts. The estimated recoverable amount of the CGU 1 exceeds the carrying amount of the CGU 1. As a result of the analysis, management did not identify an impairment for this CGU.

CGU 2

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts. The estimated recoverable amount of the CGU 2 exceeds the carrying amount of the CGU 2. As a result of the analysis, management did not identify an impairment for this CGU.

For each of the CGUs with significant amount of goodwill, the value-in-use calculation is most sensitive to the following key assumptions:

	Group	
	CGU 1	CGU 2
2019		
Average gross profit margin	20%-47%	18%
Average revenue growth rate	15%-48%	6%-18%
Pre-tax discount rate	9.9%-10.3%	8.7%-13.3%

	Group	
	CGU 1	CGU 2
2018		
Average gross profit margin	37%	16%-20%
Average revenue growth rate	3%-9%	4%-10%
Pre-tax discount rate	12.5%	12.5%

These key assumptions have been used for the analysis of each CGU within the operating segments. The values assigned to the key assumptions represent management's assessment of future trends in the respective industry and are based on both external sources and internal sources (historical data).

Average gross profit margin is based on past performance and the management's expectation of market development.

Average revenue growth rate is based on the expected projection of the respective operating segments.

Discount rate is estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

(b) Other intangible assets

Other intangible assets represent customer base and technical know-how arising from acquisition of Premier Enterprise Corporation (M) Sdn. Bhd. ("PEC") and PT Uzma Development Services ("PTUDS") (formerly known as PT Cougar Drilling Solutions Indonesia) respectively. Subsequent to the acquisition, PEC has transferred all its other intangible assets to its fellow subsidiary, Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS").

Technical know-how is related to manuals, licenses, knowledge of its employees and experience in the industry.

An amortisation amounting to RM2,998,000 (2018: RM3,198,000) relating to the customer base and technical know-how are included other operating expenses.

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7 INVESTMENT IN SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
At cost		
Unquoted shares	231,329	230,752
Addition	-	577
	231,329	231,329
Loans that are part of net investment	2,000	-
	233,329	231,329

Loans that are part of net investment represents amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated inpairment loss, if any.

The details of the subsidiaries are as follows :

Name of company	Principal place of business/country of incorporation	Proportion equity interest 2019	Proportion equity interest 2018	Principal activites
Direct subsidiaries :				
Uzma Engineering Sdn. Bhd.	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 # ~	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.	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
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.	Malaysia	94%	94%	Dormant
Uzma Resource Solutions Sdn. Bhd.	Malaysia	100%	100%	Provision of consultancy and resource solution business services

7 INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/country of incorporation	Proportion equity interest 2019	Proportion equity interest 2018	Principal activites
Direct subsidiaries : (continued)				
Uzma Environergy Sdn. Bhd. (formerly known as Environergy Sdn. Bhd.)	Malaysia	100%	100%	Dormant
Uzma Integrasi Padu Berhad	Malaysia	100%	100%	Dormant
Subsidiaries of Uzma Engineering Sdn. Bhd.				
PT Uzma @	Indonesia	95%	95%	Investment holding
Uzma Tracer Sdn. Bhd.	Malaysia	70%	70%	Provision of chemical tracer services to the oil and gas sector. The subsidiary has ceased operations in the previous financial period
Uzma Integrated Solution Sdn. Bhd.	Malaysia	60%	60%	Provision of geocomputing and geophysical software development, testing and maintenance services
SVJ Holding Limited @	British Virgin Island	100%	100%	Investment holding
Uzma Well Services (Thailand) Co., Ltd # ~	Thailand	49%	49%	Investment holding
Uzma Archaeological Research Sdn. Bhd.	Malaysia	100%	100%	Dormant
Subsidiary of PT Uzma				
PT Uzma Development Services * (formerly known as PT Cougar Drilling Solutions Indonesia)	Indonesia	90%	90%	Provision of supporting services in oil and gas mining
Subsidiary of SVJ Holding Limited and Uzma Well Services (Thailand) Co., Ltd.				
MMSVS Group Holding Co., Ltd #	Thailand	100%	100%	Invesment holding and provides repair and maintenance petroluem exploration and production wells
Subsidiaries of Tenggara Analisis Sdn. Bhd.				
Setegap Ventures Petroleum Sdn. Bhd.	Malaysia	64%	-	Providing support services including consumables, parts and letting out of machineries and equipment used in the oil and gas industry
Uzma Artificial Lift Sdn. Bhd.	Malaysia	85%	-	Dormant

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7 INVESTMENT IN SUBSIDIARIES (continued)

* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.

Audited by an independent member firm of Baker Tilly International.

~ Uzma Consulting Limited and Uzma Well Services (Thailand) Co. Ltd. are considered subsidiaries although the Company does not own more than 50% of its equity because the Company has the power to appoint and remove majority of the Board of Directors and therefore control the Board.

^ Consolidated using unaudited management financial statements, auditors' report is not available.

@ Consolidated using unaudited management financial statements, no statutory requirement for the financial statements to be audited at financial year end.

(a) Acquisition of subsidiaries

2019

On 31 January 2019, the Company's wholly-owned subsidiary, Tenggara Analisis Sdn. Bhd. ("Tenggara") had acquired additional 694,350 ordinary shares in Setegap Ventures Petroleum Sdn. Bhd. ("SVP"), representing additional 15% equity interest in SVP for a cash consideration of RM36,000,000. Consequently, SVP became a 64% owned indirect subsidiary of the Company.

On 13 June 2019 the Company's wholly-owned subsidiary, Tenggara Analisis Sdn. Bhd. ("Tenggara") had acquired 85 ordinary shares in Uzma Artificial Lift Sdn. Bhd. ("UAL"), representing 85% equity interest in UAL for a total purchase consideration of RM10,256,000, to be satisfied via cash and share swap of investment in Pumptek Holdings Ltd..

The initial accounting for business combination of SVP and UAL in the consolidated financial statements of the Company involves identifying and determining the fair values to be assigned to these companies' identified assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements authorised for issue, the fair value of these companies' identified assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of a purchase price allocation ("PPA") on these companies' identified assets, liabilities and contingent liabilities. The business combination of SVP and UAL have been accounted for using provisional values. The Group shall recognise any adjustments to these provisional values upon completion of the PPA exercise within 12 months from the acquisition date.

i) The provisional fair value of the identifiable assets and liabilities of SVP and UAL as at the date of acquisition were as follows:

	SVP	UAL	Total
	RM'000	RM'000	RM'000
Assets			
Property, plant and equipment (Note 5)	60,413	-	60,413
Inventories	9,232	-	9,232
Trade and other receivables	49,222	-	49,222
Other investments	105	-	105
Cash and bank balances	7,288	-	7,288
	126,260	-	126,260
Liabilities			
Deferred tax liabilities	(5,746)	-	(5,746)
Loans and borrowings	(24,052)	-	(24,052)
Current tax liabilities	(2,541)	-	(2,541)
Trade and other payables	(16,076)	-	(16,076)
Total identifiable net assets acquired	77,845	-	77,845
Provisional goodwill arising from the acquisition of the subsidiaries (Note 6)	103,779	12,066	115,845
Amount previously accounted as joint venture	(61,026)	-	(61,026)
Gain on derecognition of joint venture (Note 26)	(56,573)	-	(56,573)
Non-controlling interests at fair value	(28,025)	(1,810)	(29,835)
Fair value of consideration transferred	36,000	10,256	46,256

7 INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

2019 (Continued)

i) The provisional fair value of the identifiable assets and liabilities of SVP and UAL as at the date of acquisition were as follows : (continued)

Acquisition-related costs

Acquisition-related costs of the business combination amounted to RM113,324 was recognised in statements of comprehensive income as administrative expense.

ii) Effects of acquisition on cash flows :

	SVP	UAL	Total
	RM'000	RM'000	RM'000
Fair value of consideration transferred	36,000	10,256	46,256
Less: Non-cash consideration	-	(7,656)	(7,656)
Consideration paid in cash	36,000	2,600	38,600
Less: Cash and bank balances of the subsidiaries acquired	(7,288)	-	(7,288)
Net cash outflows on acquisition	28,712	2,600	31,312

iii) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiaries' contributed revenue and profit net of tax are as follows :

	SVP	UAL	Total
	RM'000	RM'000	RM'000
Revenue	73,031	-	73,031
Profit/(Loss) for the financial period	12,025	(479)	11,546

If the acquisition had occurred on 1 July 2018, the consolidated results for the financial year ended 30 June 2019 would have been as follows :

	SVP	UAL	Total
	RM'000	RM'000	RM'000
Revenue	142,577	-	142,577
Profit/(Loss) for the financial year	21,277	(479)	20,798

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7 INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

2018

a) On 12 April 2017, the Company's 95% owned subsidiary, PT Uzma had acquired 95% equity interest in PT Uzma Development Services ("PTUDS") (formerly known as PT Cougar Drilling Solutions Indonesia) for a total cash consideration of USD142,500 (equivalent to RM619,000).

i) The fair value of the identifiable assets and liabilities of PTUDS as at the date of acquisition was as follows :

	PTUDS RM'000
Assets	
Property, plant and equipment (Note 5)	11,550
Intangible assets (Note 6)	26,000
Inventories	1,437
Trade and other receivables	1,519
Tax assets	750
	41,256
Liabilities	
Trade and other payables	(22,545)
Deferred tax liabilities	(6,240)
Total identifiable net assets acquired	12,471
Bargain purchase arising from the acquisition (Note 26)	(10,636)
Non-controlling interest at fair value	(1,216)
Fair value of consideration transferred	619

Acquisition-related costs

Acquisition-related costs of the business combination amounted to RM153,000 was recognised in statements of comprehensive income as administrative expense.

ii) Effects of acquisition on cash flows:

	PTUDS RM'000
Fair value of consideration transferred	619
Less: Cash and cash equivalent of the subsidiary acquired	-
Net cash outflows on acquisition	619

iii) Effects of acquisition in statements of comprehensive income:

From the date of acquisition, the subsidiaries' contributed revenue and profit net of tax are as follows:

	PTUDS RM'000
Revenue	14,643
Profit for the financial period	2,845

7 INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

2018(continued)

a) (continued)

iii) Effects of acquisition in statements of comprehensive income (continued):

If the acquisition had occurred on 1 January 2017, the consolidated results for the financial period from 1 January 2017 to 30 June 2018 would have been as follows :

	PTUDS RM'000
Revenue	542,618
Profit for the financial period	27,508

b) On 18 April 2017, the Company subscribed for 94 ordinary shares in Uzma Laboratory Sdn. Bhd. ("ULSB"), representing 94% of ULSB's issued and paid-up share capital for a total consideration of RM94. Consequently, 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 Uzma Environergy Sdn. Bhd. ("ENV")(formerly known as Environergy Sdn. Bhd.), representing 100% of ENV's issued and paid-up share capital for a total consideration of RM1. Consequently, ENV became a wholly-owned subsidiary of the Company.

d) On 19 September 2017, the Company acquired 1 ordinary share of RM1 in Uzma Resource Solutions Sdn. Bhd. ("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 additional 199,999 ordinary shares for a total consideration of RM199,999. Consequently, URSSB became a wholly-owned subsidiary of the Company.

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

7 INVESTMENT IN SUBSIDIARIES (continued)

(b) *Non-controlling interests in subsidiaries*

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

	Malaysian Energy Chemical Services Sdn. Bhd.	Uzma Integrated Solution Sdn. Bhd.	Uzma Consulting Limited	PT Uzma Development Services	Setegap Ventures Petroleum Sdn. Bhd.	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019							
NCI percentage of ownership interest and voting interest	30%	40%	51%	10%	36%		
Carrying amount of NCI	15,690	2,011	1,043	1,255	34,163	22	54,184
Profit/(Loss) allocated to NCI	1,505	51	(598)	(80)	4,329	(333)	4,874
Total comprehensive income/(loss) allocated to NCI	1,505	51	(465)	(87)	4,329	(163)	5,170
2018							
NCI percentage of ownership interest and voting interest	30%	40%	51%	10%	-		
Carrying amount of NCI	15,054	1,960	1,508	1,342	-	185	20,049
Profit/(Loss) allocated to NCI	2,425	(98)	(138)	87	-	(139)	2,137
Total comprehensive income/(loss) allocated to NCI	2,425	(98)	(186)	126	-	(126)	2,141

7 INVESTMENT IN SUBSIDIARIES (continued)

(c) *Summarised financial information of material non-controlling interests*

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	Malaysian Energy Chemical Services Sdn. Bhd.	Uzma Integrated Solution Sdn. Bhd.	Uzma Consulting Limited	PT Uzma Development Services	Setegap Ventures Petroleum Sdn. Bhd.
	RM'000	RM'000	RM'000	RM'000	RM'000
2019					
Summarised statements of financial position					
Non-current assets	4,020	454	8,437	14,185	75,751
Current assets	60,048	6,032	10,923	11,559	88,581
Non-current liabilities	-	(377)	(896)	(165)	(21,016)
Current liabilities	(11,771)	(1,081)	(16,387)	(30,457)	(53,445)
Net assets/(liabilities)	52,297	5,028	2,077	(4,878)	89,871
Summarised statements of comprehensive income					
Revenue	67,570	3,870	11,136	12,652	73,031
Profit/(Loss) for the financial year	5,018	128	(1,173)	(801)	12,025
Total comprehensive income/(loss)	5,018	128	(914)	(867)	12,025
Summarised cash flows information					
Cash flows from/(used in) operating activities	5,547	361	3,076	(1,159)	28,694
Cash flows (used in)/from investing activities	(3,109)	1,669	(2,883)	(4,254)	(19,995)
Cash flows (used in)/from financing activities	(5,723)	(106)	(728)	4,278	(11,480)
Net (decrease)/increase in cash and cash equivalents	(3,285)	1,924	(535)	(1,135)	(2,781)
Dividends paid to non-controlling interests	870	-	-	-	-

7 INVESTMENT IN SUBSIDIARIES (continued)

(c) *Summarised financial information of material non-controlling interests (continued)*

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows: (continued)

2018	Malaysian Energy Chemical Services Sdn. Bhd. RM'000	Uzma Integrated Solution Sdn. Bhd. RM'000	Uzma Consulting Limited RM'000	PT Uzma Development Services RM'000
Summarised statements of financial position				
Non-current assets	4,640	643	6,265	34,414
Current assets	59,693	5,288	9,052	9,894
Non-current liabilities	-	(493)	(1,809)	(5,616)
Current liabilities	(14,154)	(538)	(10,517)	(24,919)
Net assets	50,179	4,900	2,991	13,773
Summarised statements of comprehensive income				
Revenue	92,848	4,811	16,592	14,643
Profit/(Loss) for the financial period	9,661	(244)	(271)	869
Total comprehensive income/(loss)	9,661	(244)	(365)	1,301
Summarised cash flows information				
Cash flows from/(used in) operating activities	10,479	1,635	(1,004)	2,398
Cash flows (used in)/from investing activities	(7,742)	(1,021)	(287)	293
Cash flows used in financing activities	(4,673)	(179)	(23)	(696)
Net (decrease)/increase in cash and cash equivalents	(1,936)	435	(1,314)	1,995
Dividends paid to non-controlling interests	1,350	340	560	-

8. INVESTMENT IN ASSOCIATES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares, at cost				
At beginning of the financial year/period	8,791	4,354	4,392	4,154
Additions	-	4,437	-	238
At end of the financial year/period	8,791	8,791	4,392	4,392
Share of post-acquisition results				
At beginning of the financial year/period	540	400	-	-
Share of profits	1,620	140	-	-
Dividend received from an associate	(200)	-	-	-
	1,960	540	-	-
At end of the financial year/period	**10,751**	**9,331**	**4,392**	**4,392**

The associates are accounted for using the equity method in the consolidated financial statements.

Details of the associates are as follows:

Name of company	Principal place of business/ country of incorporation	Proportion equity interest 2019	Proportion equity interest 2018	Principal activities/ Nature of relationship
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%	48%	Provision of onshore and offshore engineering, procurement, construction, installation and commissioning services for non-metallic reinforced thermoplastic pipes and pipelines and to capture nonmetallic pipe and flexible pipeline. The associate had become dormant since December 2017

* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.

^ Disclosed using unaudited management financial statements, auditors' report is not available.

@ Disclosed using unaudited management financial statements, no statutory requirement for the financial statements to be audited at financial year end.

8. INVESTMENT IN ASSOCIATES (continued)

The following table illustrates the summarised financial information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates:

Group 2019	Sazma Aviation Sdn. Bhd. RM000	Rockwash Prep and Store Limited RM'000	Aerosun Uzma Malaysia Sdn. Bhd. RM'000	Total RM'000
Assets and liabilities:				
Non-current assets	1,552	3,537	466	5,555
Current assets	16,379	3,130	16,488	35,997
Non-current liabilities	(114)	(5)	-	(119)
Current liabilities	(4,344)	(886)	(20,153)	(25,383)
Net assets/(liabilities)	13,473	5,776	(3,199)	16,050
Results:				
Revenue	33,315	8,032	-	41,347
Profit for the financial year	4,057	1,106	-	5,163
Total comprehensive income	4,057	1,106	-	5,163
Reconciliation of net assets/(liabilities) to carrying amount:				
Share of net assets/(liabilities) at the acquisition date	3,967	1,560	(1,536)	3,991
Goodwill on acquisition	94	3,571	-	3,665
Cost of investment	4,061	5,131	(1,536)	7,656
Share of post-acquisition profits	1,284	336	-	1,620
Share of unrecognised profits	139	-	1,536	1,675
Dividend received	(200)	-	-	(200)
Carrying amount in the statements of financial position	5,284	5,467	-	10,751
Group's share of results				
Group's share of profits, representing Group's share of total comprehensive income	1,284	336	-	1,620

8. INVESTMENT IN ASSOCIATES (continued)

The following table illustrates the summarised financial information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates: (continued)

Group 2018	Sazma Aviation Sdn. Bhd. RM'000	Rockwash Prep and Store Limited RM'000	Aerosun Uzma Malaysia Sdn. Bhd. RM'000	Total RM'000
Assets and liabilities:				
Non-current assets	1,278	2,291	466	4,035
Current assets	12,630	2,836	16,488	31,954
Non-current liabilities	(827)	(355)	-	(1,182)
Current liabilities	(3,164)	(141)	(20,153)	(23,458)
Net assets/(liabilities)	9,917	4,631	(3,199)	11,349
Results:				
Revenue	44,825	7,666	31,584	84,075
Profit/(Loss) for the financial period	6,533	1,234	(3,699)	4,068
Total comprehensive income/(loss)	6,533	1,234	(3,699)	4,068
Reconciliation of net assets/(liabilities) to carrying amount:				
Share of net assets/(liabilities) at the acquisition date	3,967	1,560	(1,536)	3,991
Goodwill on acquisition	94	3,571	-	3,665
Cost of investment	4,061	5,131	(1,536)	7,656
Share of unrecognised profits	139	-	1,536	1,675
Carrying amount in the statements of financial position	4,200	5,131	-	9,331
Group's share of results				
Group's share of profit or loss, representing Group's share of total comprehensive income/(loss)	-	377	(237)	140

8. INVESTMENT IN ASSOCIATES (continued)

(a) The Group has not recognised its share of losses of Sazma Aviation Sdn. Bhd. and Aerosun Uzma Malaysia Sdn. Bhd. because the Group's cumulative share of losses has exceeded its interest in these associates and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM139,000 (2018: RM139,000) and RM1,536,000 (2018: RM1,536,000) respectively.

(b) The financial year end of Sazma Aviation Sdn. Bhd. is 31 December. For the purpose of applying equity method of accounting, the financial statements of Sazma Aviation Sdn. Bhd. for the financial year ended 31 December 2018 have been used and appropriate adjustments have been made to account for significant transactions from Sazma Aviation Sdn. Bhd.'s financial year end to 30 June 2019.

9. INVESTMENT IN JOINT VENTURES

	Group	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	-	37,568
Share of post-acquisition reserves	-	24,818
	-	62,386

Details of joint ventures are as follows:

Name of company	Principal place of business/ country of incorporation	Proportion equity interest 2019	Proportion equity interest 2018	Principal activities/ Nature of relationship
Setegap Ventures Petroleum Sdn. Bhd.	Malaysia	-	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%	50%	Dormant

* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.

On 31 January 2019, the Company's wholly-owned subsidiary, Tenggara Analisis Sdn. Bhd. ("Tenggara") had acquired additional 694,350 ordinary shares in Setegap Ventures Petroleum Sdn. Bhd. ("SVP"), representing additional 15% equity interest in SVP for a cash consideration of RM36,000,000. Consequently, SVP became a 64% owned indirect subsidiary of the Company.

9. INVESTMENT IN JOINT VENTURES (continued)

Summarised financial information of a material joint venture

The following table illustrates the summarised financial information of a Group's material joint venture, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures:

	Setegap Ventures Petroleum Sdn. Bhd. 2018 RM'000
Assets and liabilities	
Non-current assets	63,560
Current assets	70,742
Non-current liabilities	(23,185)
Current liabilities	(34,149)
Net assets	76,968
Results:	
Revenue	150,021
Profit for the financial period	25,751
Total comprehensive income	25,751
Reconciliation of net assets to carrying amount:	
Share of net assets at the acquisition date	37,699
Fair value adjustments	-
Share of net assets at fair value	37,699
Goodwill on consolidation	24,687
Carrying amount in the statements of financial position	62,386
Group's share of results	
Group's share of profit, representing Group's shares of total comprehensive income	10,391

The Group has not recognised its share of losses of Khausar Energy Sdn. Bhd. because the Group's cumulative share of losses has exceeded its interest in that joint venture and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM340,255 (2018: RM3,240).

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10. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax (liabilities)/assets				
At beginning of the financial year/period	(4,268)	(7,816)	-	-
Acquisition of subsidiaries (Note 7(a))	(5,746)	(6,240)	-	-
Recognised in profit or loss (Note 27)	(2,130)	9,688	156	-
Exchange differences	75	100	-	-
At end of the financial year/period	(12,069)	(4,268)	156	-

(a) Presented after appropriate off-setting as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets	2,292	3,421	156	-
Deferred tax liabilities	(14,361)	(7,689)	-	-
	(12,069)	(4,268)	156	-

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets				
Unutilised tax losses	1,888	3,032	156	-
Provisions	404	389	-	-
	2,292	3,421	156	-
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(9,369)	(1,688)	-	-
Deferred tax liabilities arising from acquisition of a subsidiary	(4,992)	(5,616)	-	-
Others	-	(385)	-	-
	(14,361)	(7,689)	-	-

10. DEFERRED TAX (LIABILITIES)/ASSETS (continued)

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses	14,137	8,030	72	-

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2019 can be carried forward for another 6 years consecutive years of assessment (i.e. from year of assessments 2020 to 2025).

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
Non-current: Other receivables	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- Amounts owing by subsidiaries	(d)	-	-	4,891	-
- Third parties	(c)	9,516	80,109	-	-
- Deposits		154	-	-	-
		9,670	80,109	4,891	-
Less: Impairment losses for non-current other receivables					
- Third parties	(b)	(3,109)	-	-	-
		6,561	80,109	4,891	-
Current: Trade receivables					
- Third parties:					
- billed		89,941	48,560	-	-
- unbilled		92,672	58,368	-	-
- Related parties		3,253	-	-	-
		185,866	106,928	-	-
Less: Impairment losses for trade receivables					
- Third parties		(17,023)	(6,112)	-	-
Total trade receivables, net	(a)	168,843	100,816	-	-

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11. TRADE AND OTHER RECEIVABLES (continued)

Current: (continued) Other receivables	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
- Third parties	(c) (g)	132,465	81,015	-	1,416
- Amounts owing by subsidiaries	(d)	-	-	88,187	62,183
- Amounts owing by related parties	(f)	3,192	-	-	-
- Amount owing by a joint venture	(e)	-	2,229	-	192
		135,657	83,244	88,187	63,791
Less: Impairment losses for other receivables					
- Third parties	(b)	(22,578)	(944)	-	-
Total other receivables, net		113,079	82,300	88,187	63,791
Deposits		6,145	4,511	880	18
Advances to sub-contractors		54,983	984	-	-
GST refundable		3,916	604	-	257
Prepayments	(h)	18,987	10,205	1,534	463
		197,110	98,604	90,601	64,529
Total trade and other receivables (current)		365,953	199,420	90,601	64,529
Total trade and other receivables (non-current and current)		372,514	279,529	95,492	64,529

(a) Credit term of trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms extended to customers ranging from 30 to 60 days (2018: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The movement in the impairment of trade receivables is as follows:

Trade receivables	Group 2019 RM'000	Group 2018 RM'000
At beginning of the financial year/period	6,112	1,833
Charge for the financial year (Note 26)		
- individually assessed	16,678	5,058
- collectively assessed	298	-
Reversal of impairment losses (Note 26)	-	(331)
Written off	(6,066)	(440)
Exchange differences	1	(8)
At end of the financial year/period	17,023	6,112

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement.*

11. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables

The movement in the impairment of other receivables is as follows:

Other receivables	Group 2019 RM'000	Group 2018 RM'000
At beginning of the financial year/period	944	710
Charge for the financial year (Note 26)		
- individually assessed	24,596	234
Exchange differences	147	-
At end of the financial year/period	25,687	944

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement.*

(c) Included in other receivables of the Group are amounts owing by Petroliam Nasional Berhad ("PETRONAS") in relation to the Tanjong Baram Small Field Risk Service Contract ("TB SFRSC") as follows:

	Group 2019 RM'000	Group 2018 RM'000
Non-current:		
Capital expenditure	-	68,373
Remuneration fee	-	14,969
	-	83,342
Less: Accretion of receivables	-	(3,233)
	-	80,109
Current:		
Capital expenditure	92,163	28,116
Operating expenditure	3,358	4,151
Remuneration fee	15,442	-
	110,963	32,267
Less: Allowance for impairment loss	(21,633)	-
	89,330	32,267
Total non-current and current	89,330	112,376

(d) Amounts owing by subsidiaries are non-trade in nature, unsecured, bearing interest at 5.5% per annum and repayable upon demand in cash except for amounts of RM4,891,000 which are not expected to be settled within the next twelve months.

In the previous financial period, amounts of owing by subsidiaries are non-trade in nature, unsecured, interest-free and repayable upon demand in cash except for an amount of RM51,555,000 which bears interest at 5.5% per annum.

(e) Amount owing by a joint venture is non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(f) Amounts owing by related parties are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(g) Included in other receivables of the Group is an amount of approximately RM33,611,000 (2018: RM23,881,000) which represents materials purchased in advance for customers. The installation services had yet to be performed at the end of the reporting period.

(h) Included in prepayments of the Group is a down payment of RM7,630,000 (2018: RM6,510,000) for the purchase of equipment.

(i) The information about the credit exposures are disclosed in Note 30(a).

12. OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current:				
Financial assets at designated fair value through other comprehensive income ("DFVOCI")				
At fair value:				
- Unquoted equity securities	4,285	-	-	-
Available-for-sale financial assets ("AFS")				
At cost:				
- Unquoted equity securities	-	16,483	-	-
Total non-current other investments	4,285	16,483	-	-
Current:				
Financial assets at fair value through profit or loss ("FVPL")				
At fair value:				
- Quoted equity securities	1,136	143	132	128
Total current other investments	1,136	143	132	128
Total other investments (non-current and current)	5,421	16,626	132	128

Investments in unquoted equity securities of the Group previously classified as available-for-sale ("AFS") financial assets are stated at cost as their fair value cannot be measured reliably. It represents investment in ordinary shares of companies which are not quoted on any market and information on any comparable industry peer is not available.

The Group holds non-controlling interests in unquoted equity securities designated at fair value through other comprehensive income. These investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments as strategic long term investments.

13. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Raw materials	3,476	3,817
Finished goods	11,850	10,688
Consumable goods	15,384	3,681
	30,710	18,186

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year is RM267,594,000 (2018: RM298,927,000). In addition, the expenses recognised in the profit or loss include the following:

	Group	
	2019 RM'000	2018 RM'000
Inventories written down	244	152
Inventories written off	87	-
Inventories written back	(59)	(385)
	272	(233)

14. CONTRACT ASSETS

	Group	
	2019 RM'000	2018 RM'000
Contract assets relating to service contracts	-	858

Significant changes in contract balances

	2019 Contract assets increase/ (decrease) RM'000	2018 Contract assets increase/ (decrease RM'000
Group		
Increases as a result of changes in the measure of progress	-	8,796
Transfers from contract assets recognised at the beginning of the period to receivables	(858)	(11,184)

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	25,534	34,914	13	11
Cash deposits placed with licensed banks	32,951	20,752	-	-
Short-term cash investments	7	4,351	-	-
Fixed deposits with tenure more than 3 months	5,125	110	-	-
Cash and cash equivalents as reported in the statements of financial position	63,617	60,127	13	11
Less: Fixed deposits with tenure more than 3 months	(5,125)	(110)	-	-
Less: Pledged deposits	(13,835)	(24,588)	-	-
Less: Bank overdrafts	(21,492)	(25,627)	-	-
Cash and cash equivalents as reported in the statements of cash flows	23,165	9,802	13	11

(a) Cash deposits placed with licensed banks are placement made for a period of three months or less, depending on the immediate cash requirements of the Group and bear interest at rates ranging from 2.50% to 4.00% (2018: 0.85% to 5.00%) per annum.

(b) Fixed deposits with tenure more than 3 months bear interest at rates ranging from 2.50% to 3.71% (2018: 0.90% to 3.10%) per annum and mature within one year.

(c) Cash deposits placed with licensed banks amounting of RM13,835,000 (2018: RM24,588,000) of the Group are pledged as security for banking facilities granted to subsidiaries as disclosed in Note 22.

(d) Short-term cash investments comprise money market funds placed with licensed financial institutions which are highly liquid and subject to insignificant risk of changes in value.

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16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid up:				
At beginning of the financial year/period	320,029	290,936	194,926	145,468
Issued during the financial period	-	29,093	-	49,458
Transfer from share premium	-	-	95,143	-
At end of the financial year/period	320,029	320,029	290,069	194,926

The Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM95,143,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In the previous financial period, the Company had issued 29,093,500 new ordinary shares at a price of RM1.70 per ordinary share through private placement for a total cash consideration of RM49,458,950, net of share issuance expenses for working capital purposes.

The new ordinary shares issued in the previous financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

17. SHARE PREMIUM

	Group and Company	
	2019 RM'000	2018 RM'000
At beginning of the financial year/period	95,143	95,853
Share issuance expenses	-	(710)
Transfer to share capital	(95,143)	-
	(95,143)	(710)
At end of the financial year/period	-	95,143

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM95,143,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 16.

18. FOREIGN CURRENCY TRANSLATION RESERVE

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity of the foreign operation or another currency.

19. CAPITAL RESERVE

	Group	
	2019 RM'000	2018 RM'000
Statutory reserve	76	76
Other capital reserve	350	350
	426	426

The foreign subsidiary is required under provision 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 is related 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.

20. 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.

21. FAIR VALUE RESERVE

This reserve comprises the cumulative net change in fair value of financial asset at fair value through other comprehensive income ("FVOCI") until the investment is derecognised or impaired.

The Group has elected to recognise changes in the fair value of an investment in equity securities in other comprehensive income, as disclosed in Note 12. These changes are accumulated within the fair value reserve of financial asset at FVOCI. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

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22. LOANS AND BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current:					
Term loans	(a)	395,289	228,481	30,000	-
Finance lease liabilities	(b)	9,761	12,182	-	-
		405,050	240,663	30,000	-
Current:					
Term loans	(a)	61,698	79,719	6,000	-
Finance lease liabilities	(b)	3,578	3,528	-	-
Revolving credit	(c)	21,603	24,925	-	-
Invoice financing	(d)	14,262	10,251	-	-
Bank overdrafts	(e)	21,492	25,627	-	-
		122,633	144,050	6,000	-
		527,683	384,713	36,000	-

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Total loans and borrowings:					
Term loans	(a)	456,987	308,200	36,000	-
Finance lease liabilities	(b)	13,339	15,710	-	-
Revolving credit	(c)	21,603	24,925	-	-
Invoice financing	(d)	14,262	10,251	-	-
Bank overdrafts	(e)	21,492	25,627	-	-
		527,683	384,713	36,000	-

22. LOANS AND BORROWINGS (continued)

a) Term loans

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Term loan 1	-	340	-	-
Term loan 2	1,422	3,534	-	-
Term loan 3	15,817	17,063	-	-
Term loan 4	43,697	56,612	-	-
Term loan 5	1,146	1,474	-	-
Term loan 6	555	677	-	-
Term loan 7	-	146,666	-	-
Term loan 8	63,201	68,696	-	-
Term loan 9	8,430	15,451	-	-
Term loan 10	16,000	-	-	-
Term loan 11	250,000	-	-	-
Term loan 12	36,000	-	36,000	-
Term loan 13	2,656	-	-	-
Term loan 14	6,076	-	-	-
Term loan 15	4,965	-	-	-
Term loan 16	8,011	-	-	-
Term loan 17	1,665	-	-	-
	459,641	310,513	36,000	-

The term loans are repayable as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current liabilities:				
- due more than 1 year but not later than 5 years	304,113	218,635	30,000	-
- due after 5 years	93,768	11,142	-	-
	397,881	229,777	30,000	-
Current liabilities:				
- due within 1 year	61,760	80,736	6,000	-
	459,641	310,513	36,000	-
Less: Transaction costs	(2,654)	(2,313)	-	-
	456,987	308,200	36,000	-

22. LOANS AND BORROWINGS (continued)

(a) Term loans (continued)

The term loans bear interest at rates ranging from 4.27% to 7.85% (2018: 4.88%) per annum and are supported as follows:

(i) Legal charge over the freehold properties of a subsidiary (Note 5);
(ii) Fixed deposits of a subsidiary (Note 15);
(iii) Corporate guarantees from the Company;
(iv) Legal charge over the operating equipment of a subsidiary (Note 5);
(v) Legal charge over the leasehold properties of a subsidiary (Note 5);
(vi) Pledge over the shares of a subsidiary;
(vii) Joint and several guarantee by a director of the Company;
(viii) Fresh assignment of future income as per Schedule A, C, F of Water Injection Facility ("WIF") contract;
(ix) Assignment of insurance proceeds of a subsidiary;
(x) Assignment and a fixed charge over receivables of a subsidiary; and
(xi) Assignment and a fixed charge over the designated Escrow account of a subsidiary.

(b) Finance lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group	
	2019 RM'000	2018 RM'000
Future minimum lease payments	15,426	18,576
Less: Future finance charges	(2,087)	(2,866)
Total present value of minimum lease payments	13,339	15,710
Payable within one year		
Future minimum lease payments	4,198	4,012
Less: Future finance charges	(640)	(743)
Present value of minimum lease payments	3,558	3,269
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	7,837	10,445
Less: Future finance charges	(1,094)	(1,523)
Present value of minimum lease payments	6,743	8,922
Payable more than 5 years		
Future minimum lease payments	3,391	4,119
Less: Future finance charges	(353)	(600)
Present value of minimum lease payments	3,038	3,519
Total present value of minimum lease payments	13,339	15,710

The finance lease liabilities of the Group bear effective interest rates at rates ranging from 2.57% to 7.32% (2018: 4.66% to 6.95%) per annum.

22. LOANS AND BORROWINGS (continued)

(c) Revolving credit

The revolving credit is secured by way of:

(i) Corporate guarantee from the Company;
(ii) First legal charge in favour of the bank over the designated Escrow account;
(iii) Second legal charge over the freehold properties of a subsidiary (Note 5);
(iv) Assignment and a fixed charge over receivables; and
(v) A fixed charge over the Designated Collections Account.

The revolving credit bears effective interest rates ranging from 5.15% to 5.56% (2018: 4.78% to 5.75%) per annum.

(d) Invoice financing

The invoice financing is secured by way of:

(i) Corporate guarantee from the Company;
(ii) First legal charge in favour of the bank over the designated Escrow account; and
(iii) Assignment and a fixed charge over receivables.

The invoice financing bears effective interest rate of 4.90% (2018: 5.15%) per annum.

(e) Bank overdrafts

The bank overdrafts are secured by way of:

(i) Corporate guarantee from the Company;
(ii) First legal charge in favour of the bank over the designated Escrow account;
(iii) Assignment and a fixed charge over receivables;
(iv) Legal charge over the freehold properties of a subsidiary (Note 5);
(v) Fixed deposits of a subsidiary (Note 15);
(vi) Legal charge over the operating equipment of a subsidiary (Note 5); and
(vii) Legal charge over the leasehold properties of a subsidiary (Note 5).

The bank overdrafts bear effective interest rates at rates ranging from 6.62% to 7.70% (2018: 8.10%) per annum.

23. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current:					
Trade payables					
- Third party		3,646	-	-	-
Current:					
Trade payables					
Third parties		76,557	60,664	-	-
Related parties		4,641	-	-	-
Accruals		26,462	20,079	-	-
	(a)	107,660	80,743	-	-
Other payables					
Other payables	(b)	10,440	29,010	878	223
Accruals		4,046	16,616	359	1,118
GST payable		6,476	556	257	-
Amounts owing to associates	(c)	-	2,228	-	-
Amounts owing to related parties	(d)	3,652	-	-	-
		24,614	48,410	1,494	1,341
Total trade and other payables (current)		132,274	129,153	1,494	1,341
Total trade and other payables (non-current and current)		135,920	129,153	1,494	1,341

(a) Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranging from 7 to 120 days (2018: 7 to 120 days).

(b) Included in other payables is an amount RM1,802,000 (2018: RM26,952,000) in relation to the construction costs payable for operating equipment.

(c) In the previous financial period, amounts owing to associates of the Group are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(d) Amounts owing to related parties of the Group are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(e) For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 30(b).

24. POST EMPLOYMENT BENEFIT LIABILITIES

	Group 2019 RM'000	Group 2018 RM'000
At beginning of the financial year/period	918	116
Recognised in profit or loss (Note 26)	124	105
Paid during the financial year/period	(353)	(13)
Actuarial gain recognised in other comprehensive income	(23)	-
Translation differences	82	710
At end of the financial year/period	748	918

(a) This is in respect of provision for employees' benefits related to retirement, separation fee, service fee, compensation payments and other benefits recognised.

(b) The provision is made based on the actuarial valuation performed by an independent actuarist using the projected unit credit method.

(c) Principal actuarial assumptions used at the reporting date are as follows:

	Group 2019	Group 2018
Discount rate	7.97%	8.31%
Normal retirement age	55 years	55 years
Salary increase rate	5%	5%

Assumptions on future mortality are determined based on the published past statistics and actual experience. The measurements assume an average life expectancy of 37 years for an employee retiring at age 55.

Sensitivity analysis

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions at the end of the reporting period are shown below:

	Reasonably possible change in assumption	Effect on defined benefit obligation Increase RM'000	Effect on defined benefit obligation Decrease RM'000
Group			
2019			
Discount rate	1.0%	(21)	25
Future salary growth	1.0%	26	(22)
2018			
Discount rate	1.0%	(27)	17
Future salary growth	1.0%	18	(28)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

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25. REVENUE

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
At a point in time:				
Sales of goods	72,636	104,042	-	-
Consultancy fee	2 ,002	3 ,946	-	-
Dividend income	-	-	2,030	3,691
	74,638	107,988	2,030	3,691
Over time:				
Services rendered	276,056	280,254	1,246	485
Contract revenue	3,050	1,392	-	-
Management fee	-	111	17,757	9,631
Rental income	92,755	152,125	-	-
	371,861	433,882	19,003	10,116
	446,499	541,870	21,033	13,807

26. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Auditors' remuneration:				
- statutory audit				
- current year	459	382	115	131
- under provision in prior years	31	52	19	25
- non-statutory audit				
- current year	7	7	7	-
- under provision in prior years	7	-	7	-
Accretion of interest on:				
- other receivables	(4,490)	3,233	-	-
- trade payable	(487)	-	-	-
Amortisation of intangible assets	2,998	3,198	-	-
Bad debts written off	-	1 ,845	-	-
Bargain purchase arising from acquisition of a subsidiary	-	(10,636)	-	-
Depreciation of property, plant and equipment	40,301	50,123	27	4
Directors' remuneration (Note (a))	8,797	11,235	6,484	3,409
Employee benefits expense (Note (b))	68,732	71,371	13,552	4,947
Fair value loss on quoted equity securities	12	-	-	-

26. PROFIT BEFORE TAX (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax: (continued)

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Gain on derecognition of a joint venture	(56,573)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	1,527	(3,579)	-	-
Impairment losses on:				
- trade receivables	16,976	5 ,058	-	-
- other receivables	24,596	234	-	-
Interest expense:				
- bank overdrafts	1,677	2,760	-	-
- bank guarantee	784	1,169	-	-
- invoice financing	1,252	1,404	-	-
- finance lease liabilities	732	797	-	-
- revolving credit	700	4,568	-	-
- term loans	23,114	24,394	1,061	-
- others	1,130	3,233	-	-
Interest income:				
- deposits	(1,165)	(1,038)	-	-
- inter-company loans	-	-	(2,769)	(2,711)
- others	-	(91)	(5)	(91)
Inventories written down	244	152	-	-
Inventories written off	87	-	-	-
Inventories written back	(59)	(385)	-	-
Net (gain)/loss on foreign exchange:				
- realised	(1,114)	(1,445)	-	(4)
- unrealised	(7,354)	15,205	-	(6)
Property, plant and equipment written off	49	5	-	-
Provision for post employment benefits	124	105	-	-
Rental expenses:				
- office equipment	256	416	106	46
- premises	387	367	40	25
- office	762	1,337	1,502	750
- forklift and cranes	11,703	376	10	-
- car park	149	126	113	37
- yacht	-	6	-	-
- warehouse	1,281	2,273	20	-
Rental income	-	(612)	-	-

26. PROFIT BEFORE TAX (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax: (continued)

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Reversal of impairment losses on trade receivables	-	(331)	-	-
Share of results in associates, net of tax	(1,620)	(140)	-	-
Share of results in a joint venture, net of tax	(3,519)	(10,391)	-	-
Waiver of debts	-	(16,191)	-	-

(a) The aggregate amount of emoluments received and receivable by the directors of the Group and the Company during the financial year are as follows:

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Directors of the Company				
Executive Directors:				
- fees	144	-	144	-
- salaries, bonus and other benefits	2,879	4,255	2,879	1,327
- defined contribution plans	319	459	319	155
	3,342	4,714	3,342	1,482
Non-executive Directors:				
- fees	587	858	587	858
- salaries, bonus and other benefits	16	34	16	34
	603	892	603	892
Directors of the subsidiaries				
Executive Directors:				
- fees	454	-	294	-
- salaries, bonus and other benefits	3,992	5,031	1,972	894
- defined contribution plans	406	598	273	141
	4,852	5,629	2,539	1,035
Total directors' remuneration	8,797	11,235	6,484	3,409

26. PROFIT BEFORE TAX (continued)

(b) Employee benefits expense are:

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Salaries, wages, bonuses, allowances and other benefits	63,892	65,665	12,158	4,444
Defined contribution plans	4,840	5,706	1,394	503
	68,732	71,371	13,552	4,947

27. TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial years ended 30 June 2019 and 30 June 2018 are as follows:

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	7,033	6,766	-	1,200
- Adjustment in respect of prior years	(481)	(669)	(610)	-
	6,552	6,097	(610)	1,200
Deferred tax (Note 10):				
- Reversal of temporary differences	464	(6,313)	(156)	-
- Adjustment in respect of prior years	1,666	(3,375)	-	-
	2,130	(9,688)	(156)	-
	8,682	(3,591)	(766)	1,200

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

27. TAX EXPENSE/(CREDIT) (continued)

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Profit/(Loss) before tax	41,835	25,005	(1,498)	4,573
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	10,040	6,001	(360)	1,098
Tax effects arising from:				
- non-deductible expenses	12,999	11,610	675	1,012
- non-taxable income	(16,481)	(7,396)	(488)	(910)
Effect of different tax rates in foreign jurisdictions	(1,761)	973	-	-
Tax incentive for cost on acquisition of a foreign owned company	-	(8,119)	-	-
Deferred tax assets not recognised during the financial year	1,466	593	17	-
Utilisation of deferred tax assets not recognised in the previous financial years	-	(682)	-	-
Share of results of associates	389	(33)	-	-
Share of results of joint ventures	845	(2,494)	-	-
Adjustments in respect of prior years:				
- income tax	(481)	(669)	(610)	-
- deferred tax	1,666	(3,375)	-	-
Tax expense/(credit)	8,682	(3,591)	(766)	1,200

28. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Profit attributable to owners of the Company	28,279	26,459
Weighted average number of ordinary shares for basic earnings per share	320,029	290,936
Effect of private placement	-	19,448
Weighted average number of ordinary shares for basic earnings per share	320,029	310,384
Basic earnings per ordinary share (sen)	8.84	8.52

Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group for the financial year ended 30 June 2019 and financial period ended 30 June 2018 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 July 2018:

(i) Amortised cost ("AC")

(ii) Fair value through profit or loss ("FVPL")

(ii) Designated fair value through other comprehensive income ("DFVOCI")

On or before 30 June 2018:

(i) Loans and receivables ("L&R")

(ii) Fair value through profit or loss ("FVPL")

  - Held for trading ("HFT")

(iii) Available-for-sale financial assets ("AFS")

(iv) Other financial liabilities ("FL")

	Carrying amount RM'000	AC RM'000	FVPL RM'000	DVOCI RM'000
2019				
Financial Assets				
Group				
Trade and other receivables, net of GST refundable, advances to sub-contractors and prepayments	294,628	294,628	-	-
Other investments	5,421	-	1,136	4,285
Deposits, cash and bank balances	63,617	63,617	-	-
	363,666	358,245	1,136	4,285
Company				
Trade and other receivables, net of GST refundable, advances to sub-contractors and prepayments	93,958	93,958	-	-
Other investments	132	-	132	-
Deposits, cash and bank balances	13	13	-	-
	94,103	93,971	132	-
Financial liabilities				
Group				
Loans and borrowings	527,683	527,683	-	-
Trade and other payables, net of GST payable	129,444	129,444	-	-
	657,127	657,127	-	-
Company				
Loans and borrowings	36,000	36,000	-	-
Trade and other payables, net of GST payable	1,237	1,237	-	-
	37,237	37,237	-	-

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29. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

2018	Carrying ammount RM'000	L&R RM'000	FVPL-HFT RM'000	AFS RM'000	FL RM'000
Financial assets					
Group					
Trade and other receivables, net of GST refundable, advances to sub-contractors and prepayments	267,736	267,736	-	-	-
Other investments	16,626	-	143	16,483	-
Deposits, cash and bank balances	60,127	60,127	-	-	-
	344,489	327,863	143	16,483	-
Company					
Trade and other receivables, net of GST refundable, and prepayments	63,809	63,809	-	-	-
Other investments	128	-	128	-	-
Deposits, cash and bank balances	11	11	-	-	-
	63,948	63,820	128	-	-
Financial liabilities					
Group					
Loans and borrowings	384,713	-	-	-	384,713
Trade and other payables, net of GST payable	128,597	-	-	-	128,597
	513,310	-	-	-	513,310
Company					
Trade and other payables, net of GST payable	1,341	-	-	-	1,341

29. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments

The carrying amounts of deposits, cash and bank balances, short term receivables and payables are reasonable approximation to their fair values due to relatively short term nature of these financial instruments.

The fair values of long term receivables are estimated using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

The carrying amount of long term and short term floating rate borrowings approximates their fair value as the borrowings will be re-priced to market interest rate on or near reporting date. The fair value of finance lease liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The fair values of other investments are determined by reference to the redemption price at the end of the reporting period.

There have been no transfers between Level 1 and Level 2 during the financial year (2018: no transfer in either directions).

29. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group									
2019									
Financial assets									
Other investments	5,421	1,136	-	4,285	5,421	-	-	-	-
Financial liabilities									
Finance lease liabilities	13,339	-	-	-	-	-	13,168	-	13,168
2018									
Financial assets									
Other investments	143	143	-	-	143	-	-	-	-
Financial liabilities									
Finance lease liabilities	15,710	-	-	-	-	-	15,024	-	15,024
Company									
2019									
Financial assets									
Other investments	132	132	-	-	132	-	-	-	-
2018									
Financial assets									
Other investments	128	128	-	-	128	-	-	-	-

29. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

Level 2 fair value

Fair value of financial instruments not carried at fair value

The fair value of finance lease payables is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rates as at the end of the reporting period.

Level 3 fair value

Fair value of financial instruments carried at fair value

The fair value of unquoted investments has been estimated based on adjusted net assets. This method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities with appropriate adjustment and is used in the management's estimate of fair value for these unquoted equity instruments.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below.

(a) Credit risk

Credit risk is the risk of financial loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to the credit risk arises primarily from trade and other receivables. For cash and bank balances and deposits with licensed bank, the Group and the Company minimise credit risk by dealing exclusively with high credit rating financial institutions.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an on-going basis with the result that the Group's and the Company's exposure to bad debt is not significant.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting period, approximately 21% (2018: 32%) of the Group trade receivables was due from two (2018: two) major customers.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on the days past due.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables using the provision matrix are as follows :

Group 2019 Trade receivables	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
Current	0%	126,233	-
1 to 30 days past due	0%	27,604	-
31 to 60 days past due	0%	8,815	-
61 to 90 days past due	0%	2,485	-
91 to 120 days past due	0%	1,424	-
More than 121 days past due	0%	2,580	298
	0%	169,141	298
Impaired - individually	9%	16,725	16,678
	9%	185,866	16,976

As at 30 June 2018, the ageing analysis of the Group's trade receivables were as follows:

	Group 2018 RM'000
Neither past due nor impaired	84,625
1 to 30 days past due not impaired	5,229
31 to 60 days past due not impaired	3,035
61 to 90 days past due not impaired	743
91 to 120 days past due not impaired	707
More than 121 days past due not impaired	6,477
	16,191
Individually impaired	6,112
	106,928

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are incorporated, amongst others:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due from the credit term in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is representing by the maximum amount the Company could pay if the guarantee is called on is disclosed in Note 30(b). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its trade and other payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual undiscounted cash flows			
	Carrying ammount RM'000	On demand or within 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2019					
Group					
Financial liabilities					
Trade and other payables	129,444	129,444	-	-	129,444
Term loans	456,987	86,634	430,505	103,584	620,723
Finance lease liabilities	13,339	4,198	7,837	3,391	15,426
Revolving credit	21,603	21,603	-	-	21,603
Invoice financing	14,262	14,262	-	-	14,262
Bank overdrafts	21,492	21,492	-	-	21,492
	657,127	277,633	438,342	106,975	822,950
Company					
Financial liabilities					
Trade and other payables	1,237	1,237	-	-	1,237
Term loans	36,000	8,333	33,207	-	41,540
Financial guarantee contracts	-	527,683	-	-	527,683
	37,237	537,253	33,207	-	570,460
2018					
Group					
Financial liabilities					
Trade and other payables	128,597	128,597	-	-	128,597
Term loans	308,200	90,998	231,041	12,617	334,656
Finance lease liabilities	15,710	4,012	10,445	4,119	18,576
Revolving credit	24,925	24,925	-	-	24,925
Invoice financing	10,251	10,251	-	-	10,251
Bank overdrafts	25,627	25,627	-	-	25,627
	513,310	284,410	241,486	16,736	542,632
Company					
Financial liabilities					
Trade and other payables	1,341	1,341	-	-	1,341
Financial guarantee contracts	-	384,713	-	-	384,713
	1,341	386,054	-	-	386,054

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases, deposits with licensed banks and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The foreign currency in which these transactions are denominated is mainly United States Dollar ("USD").

The Group does not use any forward contracts to hedge against its exposure to foreign currency risk as the foreign exchange exposure in transactional currencies other than functional currency of the Group are kept to an acceptable level.

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group USD RM'000
2019	
Trade and other receivables	152,619
Cash and cash equivalents	3,863
Loans and borrowings	(106,899)
Trade and other payables	(31,461)
	18,122
2018	
Trade and other receivables	124,213
Cash and cash equivalents	7,423
Loans and borrowings	(128,965)
Trade and other payables	(59,444)
	(56,773)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all the variables held constant on the Group's profit for the financial year.

	Group Effect on profit for the financial year	
	2019 RM'000	2018 RM'000
USD/RM - strengthen by 10% (2018: 10%)	1,377	(4,315)
- weaken by 10% (2018: 10%)	(1,377)	4,315

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from:

(i) Interest bearing financial assets

Cash deposits are short term in nature and are not held for speculative purposes.

The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

(ii) Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

As at the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM3,316,000, (2018: RM2,359,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

31. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditure:

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment	20,726	10,126

The commitments relating to the Group's interest in a joint venture is as follows:

	Group	
	2019 RM'000	2018 RM'000
Share of capital commitment of a joint venture	-	2,305

32. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

The Group and the Company have related party relationship with their subsidiaries, associates, joint ventures, related parties, directors of the Company and key management personnel. Related parties of the Group are as follows:

Related parties	Relationship
Ecolab Pte. Ltd.	A company in which a director of a subsidiary (Malaysian Energy Chemical & Services Sdn. Bhd.) is a director and has substantial financial interest
Ecolab Asia Pacific Pte. Ltd.	A company in which a director of a subsidiary (Malaysian Energy Chemical & Services Sdn. Bhd.) is a director and has substantial financial interest
CTI Chemicals Asia Pacific Pte. Ltd.	A company in which a director of a subsidiary (Malaysian Energy Chemical & Services Sdn. Bhd.) is a director and has substantial financial interest

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Subsidiaries				
Dividend income received/receivable	-	-	(2,030)	(3,691)
Management fees received/receivable	-	-	(17,757)	(9,520)
Interest income received/receivable	-	-	(2,769)	(2,711)
Rental expenses paid/payable	-	-	1,440	-
Joint ventures				
Purchases paid/payable	-	106	-	-
Sales received/receivable	(337)	-	-	-
Dividend income received/receivable	(3,065)	(2,205)	-	-
Management fees received/receivable	(130)	(290)	-	-
Secondment income received/receivable	(322)	(741)	-	-
Rental income received/receivable	(28)	(597)	-	-
Disposal of property received/receivable	-	(9,000)	-	-
An entity in which a Director have substantial interests				
Purchases paid/payable	29,793	-	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 11 and 23 to the financial statements.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 30(b).

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32. RELATED PARTIES (continued)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Directors of the Company Executive Directors:				
- fees	144	-	144	-
- salaries, bonus and other benefits	2,879	4,255	2,879	1,327
- defined contribution plans	319	459	319	155
	3,342	4,714	3,342	1,482
Non-executive Directors:				
- fees	587	858	587	858
- salaries, bonus and other benefits	16	34	16	34
	603	892	603	892
Directors of the subsidiaries Executive Directors:				
- fees	454	-	294	-
- salaries, bonus and other benefits	3,992	5,031	1,972	894
- defined contribution plans	406	598	273	141
	4,852	5,629	2,539	1,035
	8,797	11,235	6,484	3,409
Total directors' remuneration				
Other key management personnel				
Short-term employee benefits	3,148	4,334	2,626	302
Defined contribution plans	402	202	313	35
	3,550	4,536	2,939	337
	12,347	15,771	9,423	3,746

33. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal management reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Products and services
Services	Provision of geoscience and reservoir engineering, drilling, project and operation services, and other specialised services within oil and gas industry.
Trading	Manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.
Investment holding	Investment in subsidiaries.

Inter-segment pricing is determined at arm's length basis.

Segment profit

Segment performance is used to measure performance as Group's Chief Executive Officer believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measure differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment assets is measured based on all assets (excluding investment in associates and joint ventures) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment liabilities

The total of segment liabilities is measured based on all liabilities (excluding deferred tax liabilities) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

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33. SEGMENT INFORMATION (continued)

Group 2019	Note	Services RM'000	Trading RM'000	Investment holding RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Revenue:						
Revenue from external customers		371,391	73,862	1,246	-	446,499
Inter-segment revenue	(a)	30,998	5,644	22,852	(59,494)	-
		402,389	79,506	24,098	(59,494)	446,499
Results:						
Included in the measure of segment profit/(loss) are:						
Interest income	(a)	14,988	403	12,608	(26,834)	1,165
Finance costs	(a)	(41,549)	(436)	(14,501)	27,097	(29,389)
Depreciation and amortisation		(39,601)	(892)	(125)	(2,681)	(43,299)
Other non-cash expense/(income)	(b)	23,636	570	(3)	(49,551)	(25,348)
Not included in the measure of segment profit/(loss) but provided to Group's CEO are:						
Share of results in associates, net of tax		-	-	-	1,620	1,620
Share of results in a joint venture, net of tax		-	-	-	3,519	3,519
Segment profit/(loss) after tax	(c)	(15,979)	4,547	(2,279)	46,864	33,153
Assets:						
Investment in associates		-	-	-	10,751	10,751
Additions to non-current assets	(d)	354,318	162	1,082	-	355,562
Segment assets	(e)	1,457,246	76,388	668,983	(982,737)	1,219,880
Liabilities:						
Segment liabilities	(f)	1,100,826	23,671	361,232	(806,698)	679,031

33. SEGMENT INFORMATION (continued)

Group 2018	Note	Services RM'000	Trading RM'000	Investment holding RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Revenue:						
Revenue from external customers		432,234	109,040	596	-	541,870
Inter-segment revenue	(a)	64,678	5,411	13,211	(83,300)	-
		496,912	114,451	13,807	(83,300)	541,870
Results:						
Included in the measure of segment profit/(loss) are:						
Interest income	(a)	34,284	590	2,803	(36,548)	1,129
Finance costs	(a)	(70,987)	(164)	(1,898)	34,724	(38,325)
Depreciation and amortisation		(49,121)	(1,355)	(151)	(2,694)	(53,321)
Other non-cash expense/(income)	(b)	(2,058)	1,059	(6)	(4,280)	(5,285)
Not included in the measure of segment profit/(loss) but provided to Group's CEO are:						
Share of results in associates, net of tax		-	-	-	140	140
Share of results in a joint venture, net of tax		-	-	-	10,391	10,391
Segment profit/(loss) after tax	(c)	25,998	9,863	2,741	(10,006)	28,596
Assets:						
Investment in associates		-	-	-	9,331	9,331
Investment in joint ventures		-	-	-	62,386	62,386
Additions to non-current assets	(d)	33,978	423	76	807	35,284
Segment assets	(e)	789,402	73,167	275,320	(133,899)	1,003,990
Liabilities:						
Segment liabilities	(f)	494,806	18,098	2,670	8,606	524,180

33. SEGMENT INFORMATION (continued)

(a) Inter-segment revenue and interest are eliminated on consolidation.

(b) Other material non-cash expense/(income) consists of the following items as presented in the respective notes:

	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Accretion of interest on:		
- other receivables	(4,490)	3,233
- trade payable	(487)	-
Bad debts written off	-	1,845
Bargain purchase arising from acquisition of a subsidiary	-	(10,636)
Impairment losses on trade and other receivables	41,572	5,292
Inventories written down	244	152
Inventories written off	87	-
Inventories written back	(59)	(385)
Fair value loss on quoted equity securities	12	-
Gain on derecognision of a joint venture	(56,573)	-
(Loss)/Gain on disposal of property, plant and equipment	1,527	(3,579)
Net unrealised (gain)/loss on foreign exchange	(7,354)	15,205
Property, plant and equipment written off	49	5
Provision for post employment benefits	124	105
Reversal of impairment losses on trade and other receivables	-	(331)
Waiver of debts	-	(16,191)
	(25,348)	(5,285)

(c) Inter-segment transactions eliminated on consolidation.

(d) Additions to non-current assets (excluding financial instruments, intangible assets and deferred tax assets) consist of:

	2019 RM'000	2018 RM'000
Property, plant and equipment	355,562	35,284

(e) The following items are deducted from segment assets to arrive at total assets reported in the statements of financial position:

	2019 RM'000	2018 RM'000
Investment in associates	10,751	9,331
Investment in joint ventures	-	62,386
Inter-segment assets	(993,488)	(205,616)
	(982,737)	(133,899)

33. SEGMENT INFORMATION (continued)

(f) The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	2019 RM'000	2018 RM'000
Deferred tax liabilities	6,558	7,182
Inter-segment liabilities	(813,256)	1,424
	(806,698)	8,606

(g) Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	Financial year from 1.7.2018 to 30.6.2019 RM'000	Financial period from 1.1.2017 to 30.6.2018 RM'000
Malaysia	410,436	476,773
Thailand	24,194	50,454
Indonesia	11,869	14,643
	446,499	541,870

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical location:

	Non-current assets	
	2019 RM'000	2018 RM'000
Malaysia	621,411	485,682
Thailand	86,730	89,083
Indonesia	34,171	35,126
	742,312	609,891

(h) Major customers

Revenue from a major customer (2018: one) in services segment represents approximately RM255,357,000 (2018: RM187,374,000) or 57% (2018: 35%) of the Group's revenue.

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34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal structure so as to support its business and maximise shareholders' value. To achieve this objective, the Group and the Company 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 and the Company manage its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include 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 interests. The debt-to-equity ratio of the Group and the Company at the end of the reporting period was as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans and borrowings	527,683	384,713	36,000	-
Less: Deposits, cash and bank balances	(63,617)	(60,127)	(13)	(11)
Net debt/(cash)	464,066	324,586	35,987	(11)
Total equity	540,849	479,810	297,310	298,042
Gearing ratio	86%	68%	12%	*

The Group is not subject to any externally imposed capital requirements.

* Not meaningful as the Company is in net cash position.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 31 January 2019, the Company's wholly-owned subsidiary, Tenggara Analisis Sdn. Bhd. ("Tenggara") had acquired 694,350 ordinary shares in Setegap Ventures Petroleum Sdn. Bhd. ("SVP"), representing additional 15% equity interest in SVP for a cash consideration of RM36,000,000. Consequently, SVP became a 64% owned indirect subsidiary of the Company.

(b) On 13 June 2019, the Company's wholly-owned subsidiary, Tenggara Analisis Sdn. Bhd. ("Tenggara") had acquired 85 ordinary shares in Uzma Artificial Lift Sdn. Bhd. ("UAL"), representing 85% equity interest in UAL for a total purchase consideration of RM10,256,000, to be satisfied via cash and share swap of investment in Pumptek Holdings Ltd..

36. COMPARATIVE FIGURES

(i) The following comparative figures have been reclassified to conform with current year presentation:

	As previously classified RM	Reclassification RM	As reclassified RM
Group **2018** **Statements of financial position**			
Current assets			
Current tax assets	15,475	(123)	15,352
Non-current liabilities			
Post employment benefit liabilities	-	(918)	(918)
Current liabilities			
Trade and other payables	(130,071)	918	(129,153)
Current tax liabilities	(1,830)	123	(1,707)
Company **2018** **Statements of financial position**			
Current assets			
Current tax assets	123	(123)	-
Current liabilities			
Current tax liabilities	(1,200)	123	(1,077)

(ii) The comparative figures are stated for the financial period from 1 January 2017 to 30 June 2018. Accordingly, comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not of comparable periods.

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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, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 127 to 219 are drawn up in accordance with the 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 at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' KAMARUL REDZUAN BIN MUHAMED
Director

DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON
Director

Kuala Lumpur

Date: 16 October 2019

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **POOK KIM NYEAN**, being the officer primarily responsible for the financial management of Uzma Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 127 to 219 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

POOK KIM NYEAN
MIA Membership No.: CA35845

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 16 October 2019.

Before me,

Uzma Berhad Annual Report 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UZMA BERHAD

(INCORPORATED IN MALAYSIA)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Uzma Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 127 to 219.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (continued)

Group

Goodwill (Note 4(a) and Note 6 to the financial statements)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- assessing the valuation methodology adopted by the Group;
- comparing the cash flow projections of the respective CGU to available business plans;
- comparing the actual results with previous cash flow projections to assess the performance of the business of the respective CGU and historical accuracy of the projections;
- assessing the reasonableness of the Group's assumptions in relation to key inputs such as discount rates, forecast growth rates and gross profit margins;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the respective CGU.

Trade receivables (Note 4(b) and Note 11 to the financial statements)

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding trade receivables and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by the Group;
- obtaining confirmation of balances from selected samples of the receivables;
- checking subsequent receipts, customer correspondence, and considering explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit loss as at the end of the reporting period.

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Key Audit Matters (continued)

Group (continued)

Other receivable (Note 4(c) and Note 11(c) to the financial statements)

The Group has significant other receivable in relation to Tanjung Baram Small Field Risk Service Contract ("TB SFRSC") as at 30 June 2019 which include certain amounts which are long outstanding. The directors made significant judgements over assumptions about risk of default and the expected credit loss rate. In making the assumptions, the directors selected inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- reviewing the TB SFRSC agreement;
- reviewing the claims submission to Petronas;
- reviewing quarterly audited accounts of TB SFRSC;
- reviewing correspondences between EnQuest Petroleum Developments Malaysia Sdn. Bhd. ("EQ"), Petronas and the Group; and
- making inquiries with management regarding the action plans to recover the capital expenditure incurred.

Company

Investments in subsidiaries and associates (Note 4(d), Note 7 and Note 8 to the financial statements)

The Company assesses impairment of investments in subsidiaries and associates whenever the events or changes in circumstances indicate that the carrying amounts of investments in subsidiaries and associates may not be recoverable i.e. the carrying amounts of investments in subsidiaries and associates are more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including future sales, gross profit margins and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than expected.

Our response:

Our audit procedures focused on evaluating the cash flows projections which included, among others:

- comparing the actual results with previous budgets to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessments; and
- performing a sensitivity analysis around the key assumptions.

Key Audit Matters (continued)

Company (continued)

Amounts owing by subsidiaries (Note 4(e) and Note 11 to the financial statements)

The Company performs impairment review on the amounts owing by subsidiaries whenever the events or changes in circumstances indicate that the amounts by subsidiaries may not be recoverable in accordance with its accounting policy.

Loans that are part of net investment represents amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Significant judgement is required in the estimation of the estimated future cash flows, which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses. Changes in assumptions could significantly affect the results of the Company's test for impairment of amounts owing by subsidiaries.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to our assessment in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

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 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 the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UZMA BERHAD (CONTINUED)

Other Matters

1. The financial statements of the Group and of the Company for the financial period ended 30 June 2018 were audited by another firm of chartered accountants whose report dated 25 October 2018 expressed an unmodified opinion on those financial statements.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2020 J
Chartered Accountant

Kuala Lumpur

Date: 16 October 2019

Uzma Berhad Annual Report 2019

PROXY FORM

UZMA BERHAD
200701011861 (769866-V)
(Incorporated in Malaysia)

No. of Shares Held	
CDS Account No.	

I/We*, ______________________________ NRIC No./Passport No./Company No. * ______________
[FULL NAME OF SHAREHOLDER, IN CAPITAL LETTERS] [SHAREHOLDER'S ID NO.]

of ____
[FULL ADDRESS]

being a member / members* of UZMA BERHAD, hereby appoint ______________________________
[NAME OF PROXY AS PER NRIC, IN CAPITAL LETERS]

NRIC No. ______________ of ____
[PROXY'S NRIC] [FULL ADDRESS]

or failing him/her * ______________________________ NRIC No. ______________
[NAME OF PROXY AS PER NRIC, IN CAPITAL LETERS] [PROXY'S NRIC]

of ____
[FULL ADDRESS]

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twelfth Annual General Meeting 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 , Malaysia on Monday, 16 December 2019 at 10.00 a.m. or at any adjournment therof in respect of my/our shareholding in the manner indicated below:

No.	Resolutions	For	Against
Resolution 1	To approve the payments of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM 692,000.00 for their services from 17 December 2019 until the next Annual General Meeting ("AGM") of the Company.		
Resolution 2	To re-elect Datuk Abdullah Bin Karim who is retiring pursuant to Article 77 of the Articles of Association of the Company.		
Resolution 3	To re-elect Dato' Kamarul Redzuan Bin Muhamed who is retiring pursuant to Article 77 of the Articles of Association of the Company.		
Resolution 4	To re-elect Encik Yahya Bin Razali who is retiring pursuant to Article 77 of the Articles of Association of the Company.		
Resolution 5	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 6	Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares.		
Resolution 7	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.		
Special Resolution	Proposed Adoption of a New Constitution of the Company.		

*Strike out whichever is not desired.
[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstance as he/she thinks fit.]

____
[SIGNATURE/COMMON SEAL OF MEMBER(S)]

Number of Shares Held: ______________

Date: ______________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. 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 ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll Adminstrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 6 December 2019 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 December 2019.

Fold this flap for sealing

Then fold here

Affix
Stamp

The Share Registrar
UZMA BERHAD 200701011861 (769866-V)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here

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