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Creating Winning Business Solutions

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Dear Sirs and Madam

Independent Assessment of the Oil and Gas Supporting Services Industry in Malaysia

The following is an Independent Assessment of the Oil and Gas Supporting Services Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of Carimin Petroleum Berhad (herein together with all or any one or more of its subsidiaries will be referred to as "**Carimin Petroleum Group**" or the "**Group**") in relation to its proposed listing on the Main Market of Bursa Malaysia Securities Berhad.

1. BACKGROUND AND INTRODUCTION

- Carimin Petroleum Group is engaged in the provision of oil and gas supporting services focusing on the following activities:
  - Offshore hook up and commissioning, and production platform system maintenance and upgrading services. The Group usually carries out offshore hook up and commissioning on production platforms typically involving the final installation, testing and commissioning of the facilities' structures, machinery and equipment. The Group also provides production platform system maintenance and upgrading services where the Group rectifies faults that affect production platform systems, and increase the capability of production platforms;
  - Manpower supply services, where the Group assists its customers in sourcing suitable personnel to fulfil specified functions;
  - Minor fabrication services, where the Group produces piping systems, skids and other minor steel structures for its external customers and to support its offshore hook up and commissioning, and production platform system maintenance and upgrading service business.

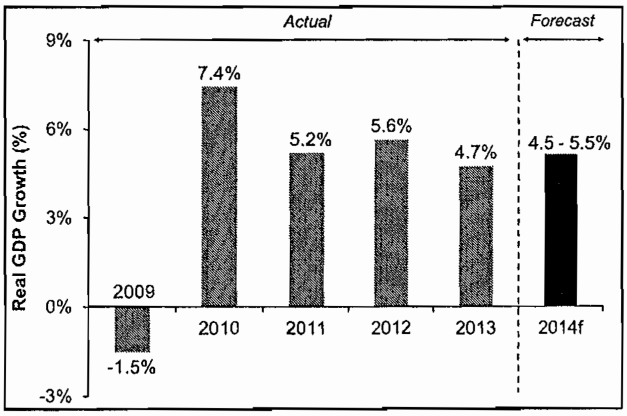
- Carimin Petroleum Group's business activities are focused on the upstream segment of the Oil and Gas Industry. The Group's offshore hook-up and commissioning, and production platform system maintenance and upgrading services, and minor fabrication services serve the development and production segments, while the Group's manpower supply services serve the exploration, development and production segments.
- As the Group primarily provides supporting services to other operators in the upstream segment of the Oil and Gas Industry, this report shall focus on the Oil and Gas Supporting Services Industry. In terms of geographic focus this report focuses on Malaysia, which is the Group's main market.
- Within the context of this report, the term "oil and gas" is used interchangeably with "hydrocarbons".

2. MACROECONOMIC INDICATORS

2.1 Key Macroeconomic Indicators for Malaysia

- In general, a favourable macroeconomic environment provides a conducive platform to sustain businesses as well as provide opportunities for growth.
- Overall, Malaysia's key economic indicators in terms of real GDP grew at an average annual growth rate (AAGR) of 5.7% between 2009 and 2013. An exception to the growth during this period was in 2009, when the economy contracted by 1.5% amidst the slowdown in the global economy.
- In 2013, the Malaysian economy grew at 4.7% driven by continued strong growth in domestic demand, underpinned by robust private sector activity. Private consumption was supported mainly by favourable employment conditions and wage growth while private investment was supported by capital spending in the mining, services and manufacturing sectors.

Malaysia's Real GDP Growth



f = Forecast
(Source: Bank Negara Malaysia)

- During the first quarter of 2014, the Malaysian economy grew by 6.2% where growth was fuelled by stronger expansion in domestic demand as well as turnaround in net exports. Net exports recorded growth as exports of goods and services outpaced the growth of imports.

- Additionally, in the second quarter of 2014, the Malaysian economy registered a stronger growth of 6.4% supported by higher exports and continued strength in private domestic demand. Real exports of goods and services grew at a faster pace while growth of real imports of goods and services moderated, resulting to a significant improvement in net exports. Furthermore, positive growth from construction, manufacturing, services, agricultural and mining sectors attributed to the growth in the second quarter of 2014.

- With strong growth evident in the first half of 2014, Bank Negara Malaysia (BNM) expects the Malaysian economy to exceed the earlier projection of 4.5% to 5.5% for the full year of 2014. Nevertheless, BNM also expects growth in the second half of 2014 to moderate slightly compared to the previous first half of 2014. The growth in the second half of 2014 will likely be supported by private sector activity and exports growth however at a more moderate pace.

3. INDUSTRY OVERVIEW

3.1 The Oil and Gas Industry in Malaysia

- Petroliam Nasional Berhad (PETRONAS), the national petroleum corporation, is the primary regulator and licensing body for the Oil and Gas Industry in Malaysia. It is responsible for managing the industry's long-term development.

- The majority of the upstream exploration, development and production activities of the Oil and Gas Industry in Malaysia are carried out offshore. Historically, activities have been focused in shallow waters (informally defined as water depth of less than 200 metres) offshore of the East Coast of Peninsular Malaysia, Sabah and Sarawak.

- Deepwater areas are becoming increasingly important and are expected to drive future growth and development of the Malaysian Oil and Gas Industry. PETRONAS has also implemented measures to promote marginal oil field development in Malaysia.

- The Oil and Gas Industry plays a significant role in the growth and development of the Malaysian economy, contributing in terms of producing oil and gas and as a major generator of export earnings.

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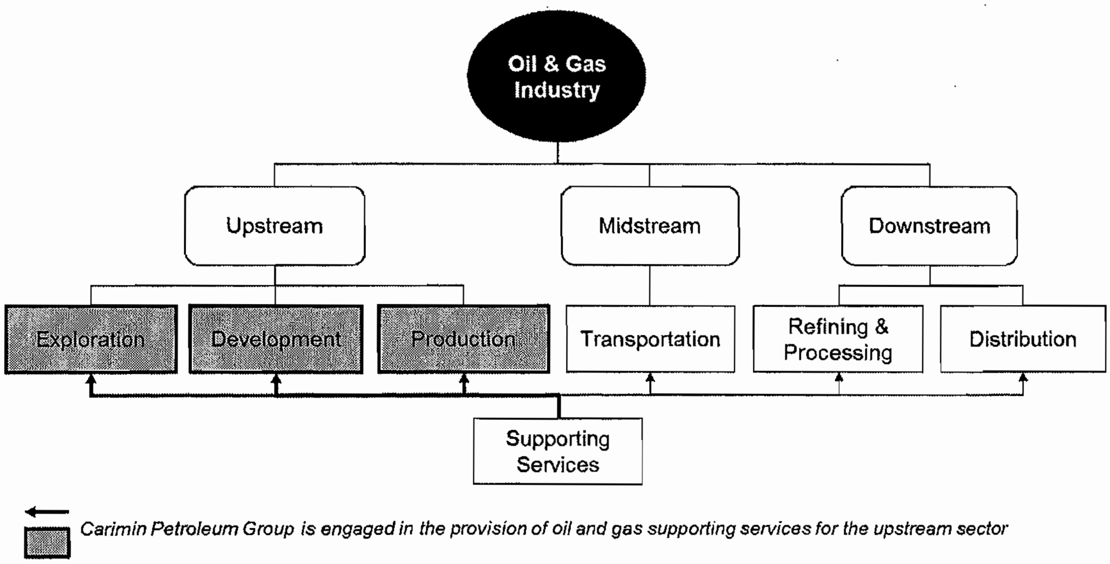
3.2 Overall Oil and Gas Industry

- The Oil and Gas Supporting Services Industry is part of the overall Oil and Gas Industry, which is depicted in the diagram below:

Structure of the Oil and Gas Industry



- In general, the overall Oil and Gas Industry may be segmented into the upstream, midstream and downstream sectors.

- Carimin Petroleum Group's business is focused on the upstream sector of the Oil and Gas Industry. The **Upstream** sector comprises the exploration, development and production segments:

  - **Exploration** activities are those that are related to investigating a specific area to determine if there are hydrocarbon deposits in that area, and to quantify the potential characteristics and size of these deposits. Exploration activities include collecting and interpreting seismic survey data, geoscience and petroleum engineering, drilling exploratory wells, core and fluid sample analysis. Exploration activities also include appraisal, which is concerned with determining the economic and technical viability of discovered hydrocarbon deposits. Deposits that are deemed to be viable are usually described as reserves.

- **Development** refers to activities that are undertaken to bring an economically viable but previously untapped hydrocarbon reserve into production, and to activities undertaken to significantly expand production capacity at an existing production facility. Development activities include development well drilling, and engineering, designing, fabricating, installing and commissioning production facilities.

- **Production** activities are those that are related to extracting hydrocarbons from identified and developed hydrocarbon reserves. Production activities include operating production facilities, field management and field planning.

- The **Midstream** sector comprises the transportation segment:

  - **Transportation** activities are related to the transportation of extracted hydrocarbons from production facilities to storage, refining and processing facilities. Transportation includes the operation of onshore and offshore hydrocarbon pipelines, and the operation of hydrocarbon transport vessels and vehicles.

- The **Downstream** sector comprises the refining and processing, and distribution segments:

  - **Refining and processing** comprises activities that are related to processing extracted hydrocarbons into forms and products that can be used by intermediate and final users. Refining crude petroleum primarily involves fractional distillation to separate the different petroleum fractions that make up crude petroleum. Natural gas processing primarily involves the purification and liquefaction of natural gas to facilitate storage, transport and usage.

  - **Distribution** comprises activities that are related to the transportation and distribution of refined and treated hydrocarbons to end-users. Distribution activities include the operation of tankers, domestic gas networks, and retail outlets such as petrol stations.

- Supporting services comprise a diverse range of services that facilitate operations in the exploration, development, production, transportation, refining and processing, and distribution segments. Examples of supporting services include, among others:

  - Exploration: Chartering and operating ships, and supplying manpower.

- Development: Chartering and operating drilling rigs, workover rigs and ships, hook up and commissioning, engineering and fabricating facilities, and supplying manpower.

- Production: Maintaining and upgrading production platforms, chartering and operating ships, hook up and commissioning, engineering and fabricating facilities, and supplying manpower.

- Transportation: Maintaining hydrocarbon pipelines and storage facilities, chartering and operating transportation vessels, and supplying manpower.

- Refining and processing: Engineering and fabricating facilities, maintaining refining and processing facilities, and supplying manpower.

- Distribution: Chartering and operating ships, maintaining domestic gas networks; providing logistics services, and supplying manpower.

- Carimin Petroleum Group is primarily involved in the provision of the following oil and gas supporting services to other operators in the upstream sector:
  - Offshore hook up and commissioning, and production platform system maintenance and upgrading, which supports operators in the development and production segments;
  - Manpower supply to operators in the exploration, development and production segments;
  - Minor fabrication, which supports operators in the development and production segments.

3.3 Hook Up and Commissioning

- Carimin Petroleum Group is engaged in providing offshore hook-up and commissioning services, which is part of offshore construction activities segment within the upstream sector of the Oil and Gas Industry.

- Once a structure, such as an offshore oil and gas platform, is established at the desired location, and all the required equipment, machinery and other systems are on the structure, these equipment, machinery and other systems will be required to be interconnected or **hooked up**, such that they work together effectively, efficiently and safely. Once they are hooked-up, they will need to be **commissioned**, which entails inspection and testing, and ensuring that all the equipment, machinery and systems are operating effectively, efficiently and safely on the structure.

- Offshore construction activities undertaken in Malaysia are depicted as follows:

Offshore Construction Activities

- Transportation & Installation of Structures/Pipelines
- Maintenance & Repairs of Pipelines/ Subsea Structures
- Hook Up & Commissioning
- Pipeline Dewatering

Carimin Petroleum Group is involved in this category

- There are four main categories of offshore construction activities undertaken in Malaysia's Oil and Gas Industry:
  - Transportation and installation of structures/pipelines;
  - Maintenance and repairs of pipelines/subsea structures;
  - Hook up and commissioning;
  - Pipeline dewatering.

- One of Carimin Petroleum Group's business activities is the provision of offshore hook up and commissioning services.

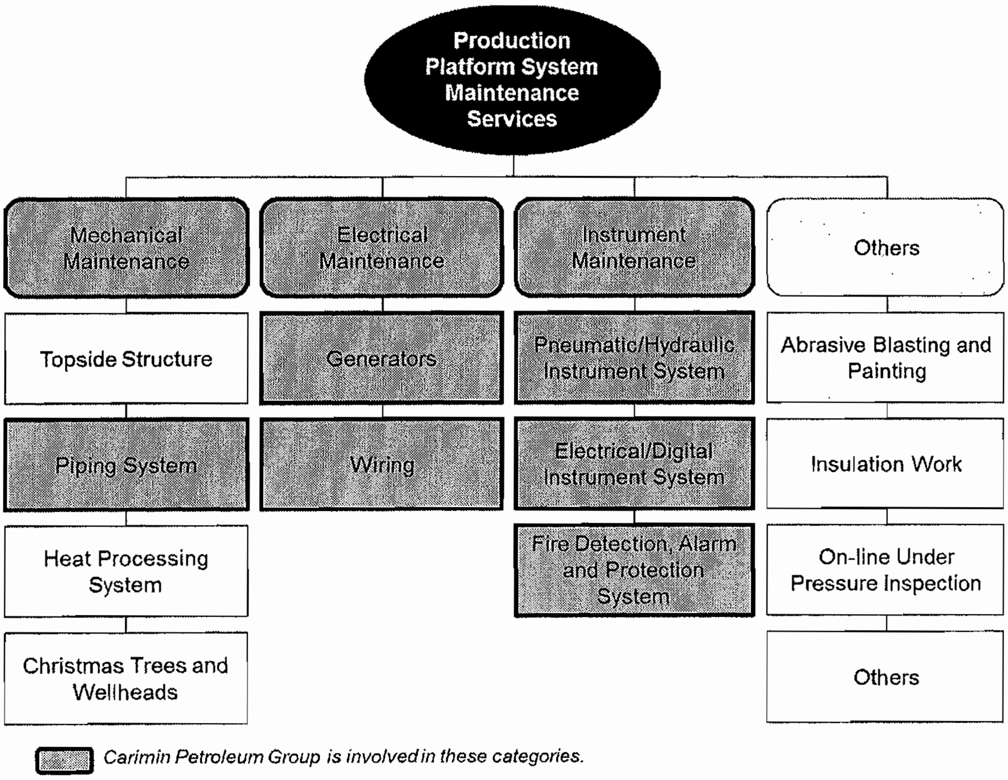
3.4 Production Platform System Maintenance

- One of Carimin Petroleum Group's business activities is the provision of production platform system maintenance and upgrading services to operators in the upstream sector of the Oil and Gas Industry.

- **Production platform system maintenance** is focused on ensuring that all the equipment, machinery and other systems on the platform continue to function effectively, efficiently and safely to prevent downtime for unscheduled repairs or emergencies. **Upgrading** mainly involves adding new or replacing existing systems or structures on the platform. Carimin Petroleum Group is involved in the maintenance of piping, electrical and instrument system maintenance on production platforms.

- In general, a production platform is a structure installed in the marine environment (i.e. offshore) that houses the equipment and systems that are required to produce hydrocarbons.

- A production platform typically consists of a topside and jacket:
  - The topside is the portion of the production platform that is permanently above the surface. It typically houses, among others, wellheads and Christmas trees, gas compressors, piping systems, power systems, production separators, and injection pumps. The topside of a manned production platform may incorporate accommodation facilities for permanently stationed workers. An automated production platform may have only basic accommodation facilities, or lack them entirely.
  - The jacket supports the topside. Jackets may be rigid and permanently installed to the sea floor, or may be floating structures that are held in place by anchors fixed to the sea floor.
- The structure, equipment and systems that are installed on a production platform normally require maintenance to ensure safe and efficient operations. Maintenance services may be provided on a scheduled basis or on an *ad hoc* basis. Production platforms may also be upgraded from time to time.
- Some of the major production platform system maintenance activities that are carried out on production platforms in Malaysia can be segmented into the following categories:



- Mechanical maintenance involves equipment and systems such as a production platform's topside structure, piping system, heat processing system, and Christmas trees and wellheads.

- Electrical maintenance involves maintaining the production platform's electrical systems, which may include generators, control systems, wiring and lighting.

- Instrumental maintenance comprises maintenance services on pneumatic or hydraulic instrument system, electronic or digital instrument systems, and fire detection, alarm and protection systems.

- Other maintenance services for production platforms include maintenance activities such as abrasion blasting and painting, insulation work, on-line under pressure maintenance, and other maintenance works such as risk-based inspection and heating, ventilation and air conditioning system maintenance.

- In some cases, Production Sharing Contract (PSC) contractors and operators, and Risk Service Contract (RSC) contractors and operators will award offshore hook up and commissioning, and production platform maintenance service in the same contract.

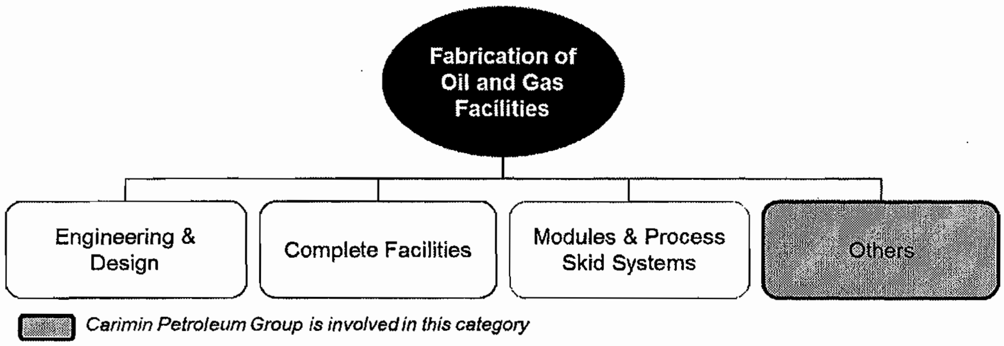
- Within the production platform system maintenance services sector, Carimin Petroleum Group is primarily involved in providing maintenance services for piping systems. The Group also provides maintenance services for electrical systems and instrumentation that are related to a production platform's piping system.

3.5 Fabrication

- The Group is involved in providing minor fabrication services to operators in the development and production segments of the upstream Oil and Gas Industry.

- Fabrication is the term generally applied to the value-added process of constructing machines and structures out of various raw materials, primarily metal. The Group is involved in minor fabrication which is focused on constructing minor steel structures such as skids and piping systems that are then installed on offshore structures such as production platforms.

- The fabrication of facilities for the Oil and Gas Industry may be depicted as follows:



- **Engineering and design** activities encompass the application of various engineering disciplines in fabricating production facilities or oil and gas platforms. These disciplines include mechanical engineering, corrosion protection engineering, electrical engineering and instrumentation engineering.

- **Complete facilities** refer to the fabrication of drilling and production facilities including oil and gas platforms that are substantially complete, which can be brought to operational status once installed on-site.

- **Modules and process skid systems** involve the fabrication of process equipment systems that are intended for use in production facilities. Examples include oil and gas separation systems and chemical injection skids. These systems may be engineered and fabricated away from the production facility but must eventually be integrated with the latter to become fully functional.

- **Others** refer to the fabrication of other structures and equipment, such as piping systems, cranes and vessel landing structures.

- Carimin Petroleum Group is involved in the provision of minor fabrication services focusing on the fabrication of other structures and piping systems.

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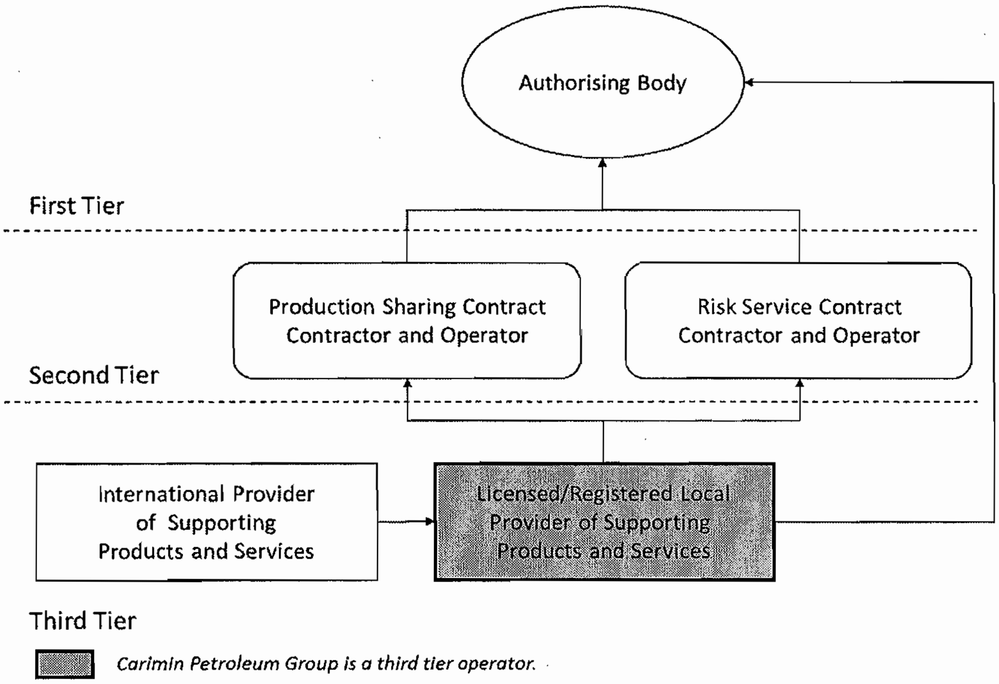
3.6 Operators in the Upstream Oil and Gas Industry

- Operators in the upstream sector of the Oil and Gas Industry in Malaysia may be segmented into several different tiers as depicted in the following diagram:



- Operators in the upstream Oil and Gas Industry in Malaysia may be segmented in the following manner:
  - The first tier operator, comprising an authorising body, which is PETRONAS;
  - Second tier operators, comprising PSC contractors and operators, and RSC contractors and operators;
  - Third tier operators, comprising local and international providers of supporting products and services.

3.6.1 First Tier

- PETRONAS, the national petroleum corporation, is the authorising body and the first tier operator in the Oil and Gas Industry in Malaysia. PETRONAS is the primary regulator and licensing body for the Oil and Gas Industry in Malaysia, and is the organisation responsible for the industry's long-term development.

- Through its subsidiaries, PETRONAS is also involved in a wide range of Oil and Gas Industry activities, including:
  - exploration, development, production and refining of hydrocarbons;
  - marketing and distributing of petroleum products;
  - trading;
  - gas processing and liquefaction;
  - gas transmission pipeline network operations;
  - marketing liquefied natural gas.

3.6.2 Second Tier

- The second tier operators in the Oil and Gas Industry in Malaysia are the PSC and RSC contractors and operators.

- PSC contractors are oil and gas companies that have entered into a PSC with PETRONAS. These companies have the financial and technical ability to bear the cost and risk of undertaking hydrocarbon exploration, development and production.

- PETRONAS Carigali Sdn Bhd, a wholly owned subsidiary of PETRONAS, is a PSC contractor. Examples of large multinational oil and gas companies that are PSC contractors currently operating in Malaysia include ExxonMobil Exploration and Production Malaysia Inc, Sabah Shell Petroleum Company Limited and Sarawak Shell Berhad, while examples of smaller independent PSC contractors include Murphy Sarawak Oil Co Ltd, Petrofac (Malaysia PM304) Limited, and Talisman Malaysia Limited.

- The PSC contractor is given the right to explore, develop and produce hydrocarbons in a specified area (commonly referred to as a "block") for a specified period of time. The PSC contractor bears all of the risks and initial costs involved in discovering hydrocarbons and initiating hydrocarbon production. Revenue from the sale of any produced hydrocarbons first goes towards covering a specified proportion of the costs involved (including exploration, development and production costs). Any revenue in excess of this is shared between the PSC contractor and PETRONAS.

- In addition to their involvement in the upstream sector of the Oil and Gas Industry, some PSC contractors are also involved in transportation, refining and distribution.

- It should be noted that in some cases, several oil and gas companies will jointly enter into a PSC with PETRONAS for an individual block. This is normally done to share the cost and risk associated with exploration, development and production activities in that Block. In this case, there will be more than one PSC contractor for that Block. One PSC contractor, typically the PSC contractor with the largest equity stake, will be nominated as the PSC operator with overall responsibility for the development of the Block. In situations where the PSC is awarded to a sole PSC contractor, the PSC contractor is also the PSC operator.

- PETRONAS introduced RSC as a means of developing and producing small or marginal fields in Malaysia. In a RSC, PETRONAS assumes the role of project manager, while the RSC contractor is paid a fixed fee for services rendered in relation to hydrocarbon development and production.

- PETRONAS' current policy is to appoint Malaysian oil and gas companies that are listed on Bursa Malaysia Securities Berhad as RSC contractors in order to promote the development of Malaysian operators. As at end August 2014, PETRONAS has awarded six RSC to consortiums/company comprising:
  - SapuraKencana Petroleum Bhd and Petrofac Ltd;
  - Dialog Group Bhd and ROC Oil Co. Ltd;
  - Petra Energy Bhd and Coastal Energy Co.;
  - Vestigo Petroleum Sdn Bhd (a fully owned subsidiary of PETRONAS);
  - Uzma Bhd and EnQuest Plc;
  - Octanex Pte Ltd, Scomi D&P Sdn Bhd and Vestigo Petroleum Sdn Bhd.

3.6.3 Third Tier

- Companies in the third tier of the Oil and Gas Industry in Malaysia comprise local and international companies that provide supporting products and services to PETRONAS, PSC and RSC contractors and operators.

- Both local and international companies of supporting products and services are required to obtain the appropriate licence or registration for a particular product or service from PETRONAS before they are allowed to supply the first and second tier operators.

- International providers of supporting products and services are usually required to establish partnership arrangements with a Malaysian party before they are allowed to provide supporting products and services to first tier and second tier operators in Malaysia.

- Carimin Petroleum Group is third tier operator in the Oil and Gas Industry in Malaysia. The Group is licensed by PETRONAS to provide products and services related to offshore hook up and commissioning, and production platform system maintenance and upgrading, manpower supply, and minor fabrication.

4. DEMAND AND SUPPLY CONDITIONS

4.1 Oil and Gas Fields

- Growth in the number of oil and gas fields in operation would create demand for oil and gas supporting services such as offshore hook up and commissioning, and production platform system maintenance and upgrading, and manpower supply services.

Number of Oil and Gas Fields

	March					December		AAGR
	2007	2008	2009	2010	2011	2011	2012	(%)
Oil and Gas Fields in Operation....	85	88	104	106	117	124	132	8.3

Note:
PETRONAS has changed their financial year end from 31 March to 31 December, starting in 2012;
AAGR between March 2007 and March 2011.
(Source: PETRONAS)

- The number of oil and gas fields in operation grew by an AAGR of 8.3% between March 2007 and March 2011.

- The number of oil and gas fields operating in Malaysia increased to 132 as at December 2012, which included 77 oil fields and 55 gas fields.

  (Source: PETRONAS)

- The continuing increase in the number of oil and gas fields in operation would provide the impetus for on-going demand for oil and gas supporting services.

4.2 Investment in Exploration, Development and Production of Oil and Gas

- The level of investment made in the upstream sector is one of the factors used to assess the demand for oil and gas supporting services. This is because part of the investment is channelled to the engagement of services rendered by oil and gas supporting services providers.

Investment in Exploration, Development and Production of Oil and Gas

	March					December		AAGR
	2007	2008	2009	2010	2011	2011	2012	(%)
Expenditure for Exploration	2.2	1.5	2.5	10.4	5.2	2.4	3.7	24.0
Expenditure for Development and Production	10.3	12.0	12.0	14.7	17.1	16.4	22.9	13.5
Operational Expenditure	7.3	8.0	7.8	3.6	1.8	11.3	13.4	-29.5
Total	**19.8**	**21.5**	**22.3**	**28.7**	**24.0^**	**30.1**	**40.0**	**4.9**

Note:
^ Total does not add-up due to rounding;
All units in RM billion, except percentages;
PETRONAS has changed their financial year end from 31 March to 31 December, starting in 2012;
AAGR between March 2007 and March 2011.
(Source: PETRONAS)

- The overall level of investment made in the upstream sector increased at an AAGR of 4.9% between March 2007 and March 2011. The 50% decline in the level of expenditure for exploration activities between March 2011 and December 2011 were due to investments being channelled towards development and production activities after the successful drilling of two exploratory wells, namely NC3 and Spaoh-1, which led to new oil and gas discoveries in Malaysia.

- For the whole of 2012, the overall level of investment made in the upstream sector grew by 32.9% to RM40.0 billion. This was due to improved exploration efforts, which led to an increase in oil and gas discovered resources from 21.3 billion barrels of oil equivalent (BOE) in 2011 to 22.2 billion BOE in 2012.

  (Source: PETRONAS)

4.3 Manpower Resources

- The statistics depicted below are used to represent the demand for manpower resources, which include those that are provided by oil and gas supporting services providers.

Number of Workers Employed in the Oil and Gas Mining Sector

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Total Workers Employed*	10,458	12,184	12,919	13,304	15,015	9.5

*Note: * Include full-time and part-time employees, working proprietors, active business partners, and unpaid family workers. (Source: Department of Statistics)*

- Between 2008 and 2012, the total number of workers employed in the oil and gas mining sector increased at an AAGR of 9.5%.

Breakdown of Workers Employed in the Oil and Gas Mining Sector in 2012

	Persons
Managerial and Professional	7,590
Technical and Supervisory	4,352
Clerical and Related Occupations	997
Production/Operative Workers Directly Employed	1,321
Production/Operative Workers Employed Through Labour Contractors	421
General Workers	334
Total	**15,015**

(Source: Department of Statistics)

5. DEMAND DEPENDENCIES

- In general, demand for oil and gas supporting services is dependent on the performance of the overall Oil and Gas Industry.

5.1 Production Sharing Contract and Risk Service Contract

- A PSC is a contractual agreement between a company, referred to as PSC contractor or operator, and the Malaysian Government. PSC contractors and operators have the financial and technical ability to bear the cost and risk of undertaking hydrocarbon exploration, development and production.

- A RSC is a contract between PETRONAS and appointed contractors, where PETRONAS assumes the role of project manager while the contractors are paid a fixed fee for services rendered with regards to hydrocarbon development and production. In general, RSC are focused on the development of small or marginal fields, which are fields with reserves totalling 30 million barrels of oil equivalent (BOE) or less.

  (Source: PETRONAS)

- PSC and RSC contractors and operators are target customers of oil and gas supporting services providers.

Number of Production Sharing Contracts (PSC)

	March				December	AAGR
	2008	**2009**	**2010**	**2011**	**2012**	***(%)***
PSC in Operation.................	67	71	72	82	95	7.0
New PSC Awarded..............	4	6	4	11	9	40.1

Note: PSC = Production Sharing Contract; PETRONAS has changed their financial year end from 31 March to 31 December, starting in 2012; AAGR between March 2008 and March 2011.
(Source: PETRONAS)

- Growth in the number of PSC in operation and new PSC awarded indicates an expanding potential customer base for oil and gas supporting services providers.

- In addition to the PSC discussed above, six RSC have been awarded as at August 2014. The first RSC was awarded in January 2011 for the development and production of the Berantai field. In August 2011, a second RSC was awarded to develop and produce from the Balai Cluster. In June 2012, a third RSC was awarded for a cluster of three marginal fields, namely Kapal, Banang and Meranti. The fourth and fifth RSC were awarded in March 2014 for the Tembikai and Tanjung Baram marginal fields while the sixth RSC was awarded in June 2014 for the Ophir small field. *(Source: PETRONAS)*

- The development of marginal fields is intended to sustain the local upstream sector, which is expected to have a positive impact on the Oil and Gas Supporting Services Industry.

5.2 Oil and Gas Reserves and Production

- Growth in hydrocarbon reserves and production indicates a continuing effort by PETRONAS and PSC operators and contractors to carry out exploration, development and production activities, which should continue to provide opportunities for oil and gas supporting services providers that serve the upstream sector.

Oil and Gas Reserves in Malaysia

	1 Jan 2009	1 Jan 2010	1 Jan 2011	1 Jan 2012	1 Jan 2013	AAGR 2009-13 (%)
Total Reserves	20.2	20.6	20.9	21.3	22.2	2.5
- Crude Oil and Condensates	5.5	5.8	5.9	6.0	5.9	1.5
- Natural Gas	14.7	14.8	15.0	15.4	16.4	2.8

Note: BOE = Barrels of Oil Equivalent; All units in billion BOE, except percentages.
(Source: PETRONAS)

- The increase in Malaysia's oil and gas reserves during this period indicates that the sustained exploration effort by operators in the upstream sector have been fruitful. In particular, the discovery of gas reserves from Malaysia's first High Pressure High Temperature (HPHT) well during the financial year ended 31 March 2009 in the Kinabalu field offshore Sabah is expected to open up new exploration prospects for deeper reserves in Malaysia.

Oil and Gas Production in Malaysia

	March					December		AAGR 2007-11
	2007	2008	2009	2010	2011	2011	2012	(%)
Average Production	1,611	1,673	1,659	1,631	1,614	1,558	1,587	#
- Crude Oil and Condensates	661	691	679	657	627	569	586	-1.3
- Natural Gas	950	982	980	974	987	989	1,001	1.0

Notes: BOE = Barrels of Oil Equivalent; All units in thousand BOE per day, except percentages; # Less than 0.1%; PETRONAS has changed their financial year end from 31 March to 31 December, starting in 2012; AAGR between March 2007 and March 2011.
(Source: PETRONAS)

- The decline in the average production of hydrocarbons between 31 March 2008 and 31 March 2011 was mainly attributed to maturing fields, poor reservoir performance and scheduled shutdowns of facilities for maintenance and reservoir management. However, the average production of hydrocarbons grew by 1.9% during the full year of 2012 compared to 2011. Growth was led by optimisation of production activities, acceleration of new hydrocarbon development projects, and addition of new resources via aggressive exploration and enhanced hydrocarbon recovery efforts.

- The continuing addition of new oil and gas fields into operation by PETRONAS and PSC operators and contractors should serve to sustain hydrocarbon production moving forward. In addition, the production of hydrocarbons by RSC operators from small and marginal fields should also help to sustain production.

  (Source: PETRONAS)

5.3 Local Production of Oil and Gas Products

- The demand for refined petroleum products has an impact on upstream activities. As demand for refined petroleum products increases, demand for upstream activities will grow. In return, this will provide opportunities for oil and gas supporting services providers servicing the upstream sector.

Refined Petroleum Product Indicator

	2009	2010	2011	2012	2013	AAGR 2009-13 (%)
Sales Value of the Manufacture of Refined Petroleum Products............	84.7	99.9	137.9	155.4	151.8	15.7

Note: All units in RM billion, except percentage. (Source: Department of Statistics)

- Generally, local production of refined petroleum products in terms of sales value grew between 2009 and 2013, with an AAGR of 15.7%.

5.4 Exports of Oil and Gas Products

- External demand, via exports, for oil and gas products would also have an impact on the demand for upstream activities, which in turn would affect the demand for oil and gas supporting services.

Export Value of Selected Oil and Gas Products

	2009	2010	2011	2012	2013	AAGR 2009-13 *(%)*
Petroleum Crude Oils and Crude Oils Obtained from Bituminous Minerals	25.6	31.0	32.9	32.3	32.2	5.9
Refined Petroleum Products	19.4	25.5	33.0	47.6	61.3	33.3
Residual Petroleum Products (Not Elsewhere Specified) and Related Materials	1.0	1.6	1.3	2.2	2.1	20.7
Natural Gas (Whether or Not Liquefied)	31.2	38.7	50.0	56.1	59.2	17.4
Petroleum Gases and Other Gaseous Hydrocarbons (Not Elsewhere Specified)	2.7	3.2	3.5	3.9	4.1	11.3

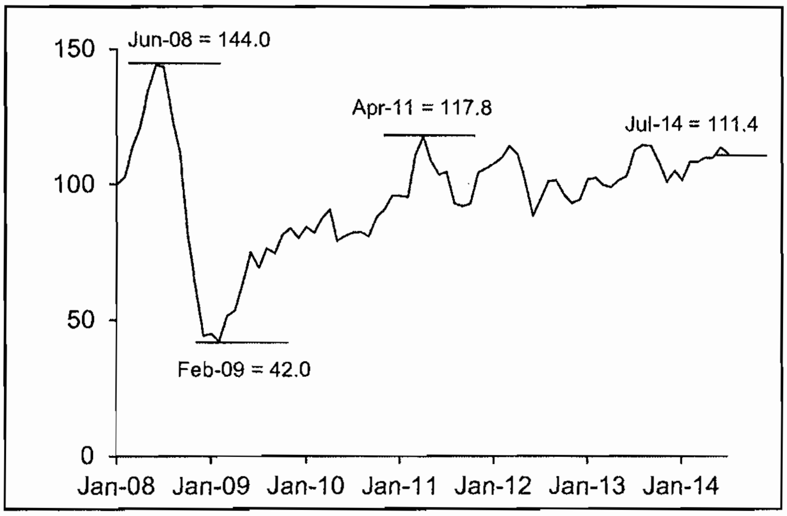
Note: All units in RM billion, except percentages. (Source: Department of Statistics)

- The continuing development of the Oil and Gas Industry through the growth in exports of hydrocarbons will create and stimulate demand for oil and gas supporting services.

5.5 Market Price of Crude Oil

- Crude oil is a globally traded commodity whose price is determined by the market. The market price of crude oil would, among others, affect the level of exploration, development and production activity, which would in turn affect demand for oil and gas supporting services.

Global Monthly Crude Oil Spot Price Index (January 2008 = 100)



(Source: United States (U.S.) Energy Information Administration, computed by Vital Factor Consulting Sdn Bhd)

- The global monthly crude oil spot price index reached a peak of 144.0 points in June 2008. The index then declined sharply, driven by the global economic crisis, and reached a low of 42.0 points in February 2009. The global monthly crude oil spot price index has since recovered somewhat, attributed mainly to supply concerns stemming from crises in Libya and Ukraine, and fear of disruption in exports from the Middle East region. The index stood at 111.4 points as at July 2014.

- Sustained high market price for crude oil should continue to drive hydrocarbon producers in Malaysia and other producing countries to maintain production by developing new fields, including marginal oil fields. Efforts to maintain and increase production are also likely to encourage continued exploration activity and the development of new fields. This increase in activity is likely to sustain demand for oil and gas supporting services.

- Conversely, a sustained drop in market prices may lead to a decline in exploration, development and production activities, which is likely to reduce demand for oil and gas supporting services.

5.6 Oil and Gas Mining Activity

- The gross output value of the oil and gas mining sector measures the value of crude oil and condensates, and natural gas extracted, which may be used to assess the level of upstream activities.

Gross Output Value of the Oil and Gas Mining Sector

	2008	2009	2010	2011	2012	AAGR 2008-12 *(%)*
Gross Output Value *(RM billion)* ..	130.4	91.2	98.1	109.2	109.4	-4.3

(Source: Department of Statistics)

- Between 2008 and 2012, gross output value declined at an average annual rate of 4.3%, from RM130.4 billion in 2008 to RM109.4 billion in 2012.

- The gross output value of the oil and gas mining sector is reflective of the performance of the average production of hydrocarbons (as depicted in Section 5.2 of this report) and market price of crude oil (as depicted in Section 5.5 of this report). For instance, the significant increase in gross output value of the oil and gas mining sector in 2008 was in line with the growth in average production of hydrocarbons and market price of crude oil during the year.

6. COMPETITIVE ANALYSIS

6.1 Nature of Competition in the Industry

- In general, operators in the Oil and Gas Supporting Services Industry in Malaysia face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:
  - There are no undue Government regulations or licensing requirements;
  - The industry is not dominated by a single or small number of operators;
  - Operators may enter and leave the industry freely;
  - No single or small group of operators is large enough to dictate pricing.

- However, operators in the Oil and Gas Supporting Services Industry are subjected to the following conditions:
  - Only operators that are licensed or registered by PETRONAS are allowed to bid directly for work provided by PETRONAS and PSC operators and contractors in the Oil and Gas Industry;
  - Operators that wish to carry out any construction work in Malaysia must be registered with the Construction Industry Development Board (CIDB).

6.2 Factors of Competition

- As with most free enterprise environment, the factors that are used to compete and to differentiate one operator from another include the following:
  - PETRONAS licensing and registration;
  - Access to qualified personnel;
  - Technical expertise;
  - Product and service quality;
  - Compliance with customers' specifications and requirements;
  - Market reputation and track record.

- **PETRONAS Licensing and Registration**

  Companies wishing to participate in the Oil and Gas Industry in Malaysia are required to obtain PETRONAS licences, or to be successfully registered with PETRONAS, as providers of specified products and services. The possession of these licences or registrations is a fundamental requirement for direct entry and participation.

- **Access to Qualified Personnel**

  Oil and gas supporting services providers with an extensive database of qualified personnel including engineers and technicians have an advantage over other operators. The provision of oil and gas supporting services such as offshore hook up and commissioning, and production platform system maintenance services, and the fabrication of structures and equipment require personnel with the relevant technical expertise, experience and qualifications.

- **Technical Expertise**

  The provision of oil and gas supporting services such as offshore hook up and commissioning, production platform system maintenance and upgrading services, and fabrication of structures and equipment require a certain level of technical knowledge and skill. Having the necessary technical knowledge and skills is essential and they include product design and development, and quality inspection to ensure compliance to customers' requirements.

- **Product and Service Quality**

  Product and service quality is an important factor of competition, which affects the reputation of oil and gas supporting services providers. The quality of the work is assessed based on factors such as timely delivery of the project, absence of faults or defects in the work carried out, adherence to safety requirements, and the reliability and competency of the qualified engineers, technicians and other personnel.

- **Compliance with Customers' Specifications and Requirements**

  Operators must comply with their customers' specifications and requirements in supplying supporting products and services to fulfil a particular contract. Participation in projects within the Oil and Gas Industry in Malaysia is generally based on tenders. A tender bid must firstly comply with the technical specifications and requirements of the project before its commercial bid is considered.

- **Market Reputation and Track Record**

  Track record and market reputation are important for operators in the Oil and Gas Supporting Services Industry. Customers need assurance of service quality, and would normally select operators with an established market reputation and track record.

6.3 Operators in the Industry

6.3.1 Offshore Hook Up and Commissioning

- The main operators engaged in the provision of **offshore hook up and commissioning** services for the Oil and Gas Industry in Malaysia are listed in the following table and segmented by tier ranked by their total company/group revenue. The table also summarises their capabilities.

Main Operators in the Provision of Offshore Hook up and Commissioning Services Segmented by Tier and Ranked by Total Revenue

Ranked by Total Company/ Group Revenue		Offshore Hook Up and Commissioning Services					Involved in Other Activities
		Own OSV	Struc-tural	Mecha-nical	Elect-rical	Instrumen-tation and Control	
	Tier 1 Operators						
1	SapuraKencana Petroleum Berhad	√	√	√	√	√	√
2	Dayang Enterprise Holdings Bhd	√	√	√	√	√	√
3	Petra Energy Berhad	√	√	√	√	√	√
	Tier 2 Operators						
4	Dialog Group Berhad		√	√	√	√	√
5	Shapadu Energy and Engineering Sdn Bhd	√	√	√	√	√	√
6	Uzma Berhad			√	√	√	√
7	PBJV Group Sdn Bhd*	√	√	√	√	√	√
8	TH Heavy Engineering Berhad^		√	√	√	√	√
9	**Carimin Petroleum Group**	√	√	√	√	√	√
10	Sigur Ros Sdn Bhd		√	√	√	√	√
11	Oceancare Corporation Sdn Bhd	√			√	√	√
12	Coral Alliance Sdn Bhd	√	√	√	√	√	√
13	Pioneer Engineering Sdn Bhd		√	√	√	√	√

*Notes: OSV = Offshore Support Vessel; * Now part of the Barakah Offshore Petroleum Berhad;*
^ Formerly known as Ramunia Holdings Berhad.

The table above provides a list of the main operators that are engaged in the provision of offshore hook up and commissioning services for the Oil and Gas Industry in Malaysia, and is not an exhaustive list of all operators.

All the operators listed above also undertake other activities in addition to hook up and commissioning. Tier 1 operators are the leading operators in the sector, and Tier 2 operators are other main operators. The ranking of operators within each tier is based on the latest available total company or group revenue. Total revenue comprises revenue derived from the provision of offshore hook up and commissioning services, as well as revenue from other activities. The tiers and ranking by total revenue provides an indication of the relative size of Carimin Petroleum Group compared to other operators in the sample.

6.3.2 Production Platform System Maintenance

- The main operators engaged in the provision of **production platform system maintenance** services for the Oil and Gas Industry in Malaysia are listed in the following table and segmented by tier ranked by their total company/group revenue. The table also summarises their capabilities.

Main Operators in the Provision of Production Platform System Maintenance Services Segmented by Tier and Ranked by Total Revenue

Ranked by Total Company/ Group Revenue		Production Platform System Maintenance Services				Involved in Other Activities
		Mechanical	Electrical	Instrumentation and Control	Wellhead	
	Tier 1 Operators					
1	SapuraKencana Petroleum Berhad	√	√	√	√	√
2	Dayang Enterprise Holdings Bhd	√	√	√		√
3	Petra Energy Berhad	√	√	√	√	√
	Tier 2 Operators					
4	Shapadu Energy and Engineering Sdn Bhd	√	√	√		√
5	Uzma Berhad	√	√	√	√	√
6	Tanjung Offshore Berhad	√	√	√	√	√
7	PBJV Group Sdn Bhd*	√	√	√	√	√
8	TH Heavy Engineering Berhad^	√	√	√	√	√
9	**Carimin Petroleum Group**		√	√		√
10	Coral Alliance Sdn Bhd	√	√	√		√
11	Pioneer Engineering Sdn Bhd	√	√	√		√

*Notes: * Now part of the Barakah Offshore Petroleum Berhad; ^ Formerly known as Ramunia Holdings Berhad.*

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The table above provides a list of the main operators that are engaged in the provision of production platform system maintenance services for the Oil and Gas Industry in Malaysia, and is not an exhaustive list of all operators. All the operators listed above also undertake other activities in addition to production platform system maintenance services. Tier 1 operators are the leading operators in the sector, and Tier 2 operators are other main operators. The ranking of operators within each tier is based on the latest available total company or group revenue. Total revenue comprises revenue derived from the provision of production platform system maintenance services, as well as revenue from other activities. The tiers and ranking by total revenue provides an indication of the relative size of Carimin Petroleum Group compared to other operators in the sample.

6.3.3 Manpower Supply

- The main operators engaged in the provision of **manpower supply** services for the Oil and Gas Industry in Malaysia are listed in the following table and segmented by tier ranked by their total company/group revenue. The table also summarises their capabilities.

Main Operators in the Provision of Manpower Supply Services Segmented by Tier and Ranked by Total Revenue

Ranked by Total Company/ Group Revenue		Manpower Supply			Involved in Other Activities
		Project Development	Exploration and Engineering Personnel	Production and Operational Personnel	
	Tier 1 Operators				
1	Uzma Berhad	√	√	√	√
2	**Carimin Petroleum Group**	√	√	√	√
	Tier 2 Operators				
3	Tanjung Offshore Berhad		√	√	√
4	Duta Marine Sdn Bhd	√		√	
5	EP Engineering Sdn Bhd	√	√	√	
6	Petronnic Sdn Bhd	√			
7	Oceancare Corporation Sdn Bhd			√	
8	Cekap Technical Services Sdn Bhd	√	√	√	
9	Awatra Sdn Bhd	√	√	√	
10	Brunel Energy Malaysia Sdn Bhd	√	√	√	
11	K-Frontiers Sdn Bhd		√	√	
12	SPJ Engineering Sdn Bhd			√	

The table above provides a list of the main operators that are engaged in the provision of manpower supply services for the Oil and Gas Industry in Malaysia, and is not an exhaustive list of all operators. Some the operators listed above also undertake other activities in addition to manpower supply services. Tier 1 operators are the leading operators in the sector, and Tier 2 operators are other main operators. The ranking of operators within each tier is based on the latest available total company or group revenue. Total revenue comprises revenue derived from the provision of manpower supply services, as well as revenue from other activities. The tiers and ranking by total revenue provides an indication of the relative size of Carimin Petroleum Group compared to other operators in the sample.

6.3.4 Minor Fabrication

- The fabrication sector of the Oil and Gas Industry in Malaysia is segmented into two tiers, namely major and minor fabricators. Major fabricators are operators that are licensed by PETRONAS to carry out Major Offshore Fabrication – Offshore Facilities. The major fabricators in Malaysia include the following (listed in alphabetical order):
  - Boustead Heavy Industries Corporation Bhd (through subsidiary Boustead Penang Shipyard Sdn Bhd);
  - Brooke Dockyard and Engineering Works Corporation;
  - Malaysia Marine and Heavy Engineering Sdn Bhd;
  - Muhibah Engineering (M) Bhd;
  - SapuraKencana Petroleum Berhad (through subsidiary HL Engineering (M) Sdn Bhd);
  - Sime Darby Berhad (through subsidiary Sime Darby Engineering Sdn Bhd);
  - TH Heavy Engineering Berhad (formerly known as Ramunia Holdings Berhad).
- There are many minor fabricators for the Oil and Gas Industry, and many of them also undertake fabrication for non-oil and gas applications such as fabricating palm oil processing plants.
- Carimin Petroleum Group is a small player in the minor fabrication sector. Many of its fabrication works are to support its own in-house services especially in the provision of production platform system maintenance services.

7. GOVERNMENT REGULATIONS

7.1 Government Legislations and Policies

- Some of the regulations and policies applicable to oil and gas supporting services providers are as follows:

7.1.1 PETRONAS Licensing and Registration

- All rights related to the exploration and extraction of petroleum in Malaysia is vested in PETRONAS under the Petroleum Development Act 1974. PETRONAS was also granted control over the carrying on of downstream activities and development relating to petroleum and its products under the Petroleum Development Act 1974.

- All companies wishing to participate in the Oil and Gas Industry in Malaysia are required to obtain the necessary licences or successfully register with PETRONAS before they are allowed to participate in any oil and gas activities.

- Companies that have obtained a licence to supply any products or services specified under the Standardised Work and Equipment Categories (SWEC) are allowed to participate in the upstream sector, downstream sector and maritime sector of the Oil and Gas Industry.

- Companies that are registered in a SWEC are only allowed to participate in the downstream sector and maritime sector of the Oil and Gas Industry. Registered companies are not allowed to participate in the upstream sector.

  (Source: PETRONAS)

7.1.2 Registration with the Construction Industry Development Board

- It is mandatory under the Act of Parliament Act 520 (Act 520) for all builders, contractors and sub-contractors, whether local or foreign, to be registered with the Construction Industry Development Board Malaysia (CIDB) before undertaking or executing any construction work in Malaysia. *(Source: Construction Industry Development Board)*

7.2 Environmental Regulations

- The fabrication activities carried out by Carimin Petroleum Group do not result in any material environmental impact in terms of generating effluent.

- The Group generates bulk waste in the form of scrap steel during the normal course of its fabrication activities. This does not result in any material environmental impact, as scrap steel may be collected and sold to scrap dealers for eventual recycling.

8. THREAT OF SUBSTITUTES

8.1 Offshore Hook Up and Commissioning, Production Platform System Maintenance and Upgrading Services

- In general, there are no practical substitutes for offshore hook up and commissioning, production platform system maintenance and upgrading services. Offshore production platforms are installed on-site, and hook up and commissioning services are required before they can become operational.

- The structure, machinery and equipment found on production platforms require maintenance to ensure safe and efficient operations, and to minimise the risk of failure. Operators may also upgrade production platform systems from time to time to maintain or enhance production.

8.2 Manpower Supply

- A potential substitute for the provision of manpower supply services exists, whereby operators in the Oil and Gas Industry source and hire the manpower resources on their own without engaging the services of third party manpower suppliers.

- However, operators that engage third parties for the provision of manpower supply may be able to benefit from the following advantages:
  - These service providers usually have access to a large database, and can identify the relevant personnel required for a particular project;
  - Cost effective as relevant personnel are engaged on a project to project basis, and not employed on a permanent basis;
  - Provides flexibility to operators that require manpower resources on a short-term basis;
  - Minimise deviation from the operator's core competencies as the search for manpower resources is undertaken by the service provider;
  - Minimise delays in completing a particular project due to lack of manpower resources as these service providers are usually able to provide fast hiring capabilities.

8.3 Minor Fabrication

- In general, there are no practical substitutes for minor fabrication services. In many instances, the structures and equipment used in the Oil and Gas Industry have to be designed and fabricated as they have to meet specific requirements in terms of, for example, dimensions, function and performance characteristics.

9. RELIANCE ON AND VULNERABILITY TO IMPORTS

9.1 Offshore Hook Up and Commissioning, and Production Platform System Maintenance and Upgrading Services

- The main materials used in the provision of offshore hook up and commissioning mainly comprise iron and steel products, and tools and equipment. Although most of these items are locally available, there are certain iron and steel products for which grades and specifications are not produced locally. As a result, operators in the Oil and Gas Supporting Services Industry are reliant on imports for the supply of specialised steel products that are not available locally. Nevertheless, these products can usually be obtained from a number of overseas suppliers, which reduces the risk of a supply disruption.

- In general, production platform system maintenance and upgrading services are not vulnerable to competition from imports or overseas suppliers as the provision of these services are tied to a specific location. It is typically not practical to send machinery, equipment or components that require maintenance to overseas service providers due to the time involved. These items are usually only sent to overseas service providers if there are no facilities to maintain them in Malaysia. Production platform system upgrading usually involves the installation of equipment or components at the production platform, which reduces the practicability of sending items to overseas service providers.

- Operators involved in providing production platform system maintenance and upgrading services are, to a certain extent, reliant on imports, particularly for the supply of machinery, equipment, parts and components that are not manufactured in Malaysia.

- In some cases, the origin of replacement parts and components for some machinery and equipment are specified by the machinery and equipment's original manufacturer. Equipment and components used in upgrading may also be specified by the production platform operator. In some cases, these equipment, parts and components are not manufactured in Malaysia.

- Local operators who have long business relationships with international suppliers can mitigate their vulnerability to a disruption in imports.

9.2 Manpower Supply

- In general, the Oil and Gas Industry requires professionals with specialised technical expertise, knowledge, skills and experience that are able to perform specific tasks such as geoscience and petroleum engineering, core and fluid sample analysis, engineering design and offshore installation.
- Currently, Malaysia does not have a large pool of locally trained professionals to undertake these specialised tasks. As such, a large proportion of the manpower resources employed by local oil and gas companies are foreign nationals. Thus, oil and gas operators in Malaysia are dependent on specialised skilled foreign workers.
- Nevertheless, due to the diversity of skills required for the full spectrum of the Oil and Gas Industry, it is common for oil and gas companies to source specialised skilled personnel from other countries to complement their local workforce. Thus, there are pools of skilled workers who are available to work virtually anywhere in the world.

9.3 Minor Fabrication

- Steel products are the main materials used by providers of minor fabrication services for the Oil and Gas Industry. Although many steel products are produced locally, there are certain grades and specifications that are not produced locally. As such, operators have to rely on imports for the supply of these grades and specifications.
- These steel products are generally available for a number of different countries and suppliers, which reduces the risk of a supply disruption and reliance on a single supplier or country.

10. INDUSTRY PROSPECTS AND OUTLOOK

- The prospects and outlook of the Oil and Gas Supporting Services Industry is expected to be generally **favourable**. This is based on the following factors:
  - Performance of the Oil and Gas Industry;
  - Economic conditions;
  - Development of marginal oil fields;
  - Global market price of hydrocarbons.

10.1 Performance of the Oil and Gas Industry

- The overall performance of the Oil and Gas Industry will have a direct impact on operators providing supporting services to the Oil and Gas Industry.

- The performance of the Oil and Gas Industry in recent years was as follows:

Growth Rate of Selected Oil and Gas Industry Indicators

	Growth *(%)*
Oil and Gas Fields in Operation(1)	6.5
Total Investment in Upstream Activities(1)....	32.9
Average Production of Oil and Gas(1)...........	1.9
Oil and Gas Reserves(2)................................	4.4

Notes: (1) As at 31 December 2012; (2) As at 1 January 2013.
(Source: PETRONAS)

10.2 Economic Conditions

- A growing economy provides the impetus for private and public spending, which will have a positive flow-on effect to the Oil and Gas Supporting Services Industry.
  - Between 2009 and 2013, real GDP of the Malaysian economy grew by an AAGR of 5.7%;
  - In 2013, the Malaysian economy registered a real GDP growth of 4.7%;
  - As for 2014, real GDP for Malaysia is forecasted to grow between 4.5% and 5.5%.

  (Source: Bank Negara Malaysia)

10.3 Development of Marginal Oil Fields

- The development of marginal oil fields would spur the growth in upstream activities. In turn, this would have a positive impact on the Oil and Gas Supporting Services Industry.

- Under the Economic Transformation Programme (ETP), the Government had identified the development of small or marginal oil fields, which are fields that contain reserves of 30 million BOE or less, as one of the strategies for combating the decline in oil and gas production in Malaysia.

- Some of the measures that PETRONAS plans to implement to promote marginal oil field development include:
  - Introducing new petroleum agreements such as RSC to provide economic incentives to the contracted party;
  - Attracting exploration and production operators that specialise in marginal oil fields.

  (Source: Economic Transformation Programme)

- As at August 2014, six RSC have been awarded for the development and production of the Berantai field, Balai Cluster, the Kapal, Banang and Meranti cluster, Tembikai marginal field, Tanjung Baram marginal field, and Ophir small field.

10.4 Global Market Price of Hydrocarbons

- In general, the level of exploration, development and production activity in the Oil and Gas Industry are affected by the global market price of hydrocarbons. This in turn will affect the level of demand for oil and gas supporting services.

- Between January 2009 and July 2014, the global monthly crude oil spot price index had increased by 148.4%, to 111.4 points. During this period the global monthly crude oil spot price index reached a high of 117.8 points in April 2011. *(Source: U.S. Energy Information Administration, computed by Vital Factor Consulting Sdn Bhd)*

- Global market prices for hydrocarbons that are sustained at a relatively high level are likely to encourage exploration, development and production activities. Consequently, this will help to drive demand for oil and gas supporting services such as offshore hook up and commissioning, and production platform system maintenance and upgrading, manpower supply services, and minor fabrication services.

11. THREATS AND RISK ANALYSIS

11.1 Global Economic Slowdown

- Any widespread and/or prolonged economic slowdown would affect consumer and business confidence, and subsequently their propensity to spend. The uncertainty over the global economies, particularly resulting from the euro zone debt problem, may also impact on the local economy. This slowdown would ultimately affect the demand for oil and gas supporting services.

Mitigating Factors

- Various initiatives introduced by the Government such as the ETP, particularly the implementation of various entry point projects (EPP) under the oil, gas and energy banner, will continue to provide opportunities for the Oil and Gas Supporting Services Industry.

- These initiatives are expected to generate domestic business activities and domestic consumption, which will in turn help counter the slowdown in the local economy.

11.2 Sustained Fall in the Market Price of Hydrocarbons

- Hydrocarbons, including crude petroleum and natural gas, are internationally traded commodities that are subject to price fluctuations. Geopolitical factors, economic conditions and unforeseen supply disruptions may also influence the market price of hydrocarbons.

- Activities in the Oil and Gas Industry are, to some degree, affected by fluctuations in the market price of hydrocarbons, for instance:
  - Activities tend to increase during periods of sustained high hydrocarbon prices. This is due to elevated production activity, as well as increased activity in exploration and development;
  - Activities tend to decline during periods of sustained low hydrocarbon prices. This is due to lower production activity, as well as temporarily reducing or shutting down production from reserves that are no longer commercially viable. Exploration activity, however, will still continue.

- There is a risk that sustained low price of hydrocarbons will negatively affect activities in the Oil and Gas Industry, leading to lower demand for oil and gas supporting services.

Mitigating Factor

- The Organization of the Petroleum Exporting Countries (OPEC), a grouping that includes many of the world's largest oil producing nations, has some influence on the price of oil through their control of a sizeable proportion of the world's production capacity and reserves.

- Although the influence of OPEC over the market price of oil is not absolute, the grouping has a vested interest in ensuring that oil prices do not collapse, and as such are likely to actively attempt to sustain oil prices at an "acceptable" level.

11.3 Depletion of Hydrocarbon Resources

- All hydrocarbon deposits are non-renewable where it is not possible to regenerate hydrocarbons within a reasonable timeframe once they have been extracted. As such, hydrocarbon resources in all hydrocarbon-producing regions, including Malaysia, will eventually be depleted.

- It is likely that demand for oil and gas supporting services in Malaysia will be affected should there be a decline in upstream activities brought about by the depletion of hydrocarbon resources.

Mitigating Factors

- The National Depletion Policy in Malaysia, which was introduced in 1980 to conserve oil and gas resources by imposing production limits, will ensure that extraction is carefully managed and sustainable over the long term.

- The relatively long period of time before current reserves of hydrocarbons in Malaysia are expected to be completely depleted enables operators in the Oil and Gas Industry, including oil and gas supporting services providers, to continue to provide their services locally and pursue new areas of growth including other industries and overseas markets.

- In addition, current reserve estimates generally tend to be conservative and may underestimate the actual amount of hydrocarbons that are ultimately extracted, as they do not take into account the following:
  - The existence of currently undiscovered hydrocarbon reserves;
  - Technological advances that increases the amount of hydrocarbons that may be commercially extracted from existing reserves;
  - Technological advances that enable production from previously inaccessible regions.

- As such, activities in the overall Oil and Gas Industry may very well continue beyond the current estimated date of complete hydrocarbon reserve depletion.

11.4 Change in PETRONAS' Policy

- A fundamental change in PETRONAS' policy with regards to regulating the Oil and Gas Industry in Malaysia may come about through the liberalisation of the Oil and Gas Industry.

- PETRONAS may liberalise the Oil and Gas Industry in Malaysia by:
  - Removing licensing requirements for the provision of supporting products and services;
  - Loosening licensing requirements such that it becomes easier to obtain a licence;
  - Allowing foreign suppliers to operate in Malaysia without the need to operate with a local partner and other restrictions.

- Liberalising the Oil and Gas Industry in this manner will negatively impact incumbent service providers by increasing competition in the industry.

Mitigating Factors

- Currently, operators that meet the licensing and registration requirements compete with other operators based on commercial, technological and other factors. In the event of any liberalisation, existing service providers would not be significantly worse off as they are already operating in a competitive environment.

12. DRIVERS OF GROWTH

- Some of the drivers of growth for the Oil and Gas Supporting Services Industry are as follows:

  - **PETRONAS' policy** of promoting and encouraging the participation of local operators in the Oil and Gas Industry in Malaysia and overseas markets, where PETRONAS has exploration and production ventures, would provide opportunities to these operators to service the local market and support PETRONAS' foreign operations.

  - **Government initiatives** such as the development of marginal oil fields and rejuvenation of existing fields through enhanced oil recovery (EOR) techniques as reflected in the ETP will continue to provide growth opportunities for operators within the Oil and Gas Supporting Services Industry.

  - **Technological advances** that contribute to the discovery of new reserves, enhance and optimise production efficiency, improve hydrocarbon recovery from marginal fields, or enable production to take place in previously inaccessible areas are likely to increase demand for oil and gas supporting services.

- **On-going discovery of new reserves** including the development of deepwater resources will stimulate demand for products and services to support exploration, development and production activities.

- **Sustained good market price for hydrocarbons** would encourage hydrocarbon producers to maintain production at a high level, or even to increase production by developing new fields. Consequently, these efforts are likely to drive growth in the demand for oil and gas supporting services.

13. CRITICAL SUCCESS FACTORS

- **PETRONAS licensing and registration:** Companies that wish to operate in the Oil and Gas Industry in Malaysia are required to obtain PETRONAS licences, or to be successfully registered with PETRONAS, as providers of specified products and services.

- **Quality of products and services:** To ensure business sustainability, operators must be able to continually meet and deliver quality products and services to their customers. Operators that have obtained formal quality accreditations are able to provide proof of product or service quality, which would provide assurance to their customers.

- **Range of supporting services:** Operators that are able to provide various supporting services to the Oil and Gas Industry such as offshore hook up and commissioning, and production platform system maintenance and upgrading services, manpower supply, and fabrication services are in a better position to cater to diverse customer requirements.

- **Health, safety and environment (HSE) management:** HSE management is one of the key factors for operating in the Oil and Gas Industry in general. Oil and gas supporting services providers that possess a good HSE record in terms of low occurrence of work-related accidents, injuries and lost-time incidents are more likely to secure projects from their customers.

- **Track record and market reputation:** Operators with an established track record and market reputation would be in a better position to win the confidence and trust of potential customers and, at the same time, create customer loyalty to sustain and grow their business.

14. MARKET SIZE AND SHARE

14.1 Market Size

- In 2012, the overall level of investment made in exploration, development and production activities in Malaysia was **RM40.0 billion**. The breakdown of the investment is as follows:
  - RM22.9 billion for development and production activities;
  - RM3.7 billion for exploration activities;
  - RM13.4 billion as operational expenditure.

  (Source: PETRONAS)

- In 2013, the overall level of investment made in exploration, development and production activities in Malaysia was estimated at **RM42.5 billion**. *(Source: Estimated by Vital Factor Consulting Sdn Bhd)*

14.2 Market Share

- In 2013, Carimin Petroleum Group had an estimated market share of **approximately one percent** of the total investment made in exploration, development and production activities in Malaysia. The Group's market share was estimated by dividing the Group's total revenue for the financial year ended 30 June 2014 (which amounted to RM245.6 million) by the estimated overall investment of RM42.5 billion. *(Source: Computed by Vital Factor Consulting Sdn Bhd)*

We, Vital Factor Consulting Sdn Bhd, have prepared this report in an independent and objective manner and have taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The profiles of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after our IPO are set out below.

8.1.1 Shareholdings

		Before IPO				After IPO#			
		Direct		Indirect		Direct		Indirect	
Name	**Nationality/ Place of Incorporation**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**
Mokhtar Bin Hashim	Malaysian	77,064,634	44.50	-	-	74,424,634	31.82	-	-
Cipta Pantas	Malaysia	40,710,128	23.51	-	-	40,710,128	17.41	-	-
Shatar Bin Abdul Hamid	Malaysian	15,903,238	9.18	-	-	16,153,238	6.91	-	-
Platinum Castle Sdn Bhd	Malaysia	32,500,000	18.77	-	-	30,000,000	12.83	-	-
Tan Sri Dato' Kamaruzzaman Bin Shariff	Malaysian	7,000,000	4.04	-	-	7,050,000	3.01	-	-
Wong Kong Foo^	Malaysian	-	-	40,710,128	23.51	-	-	40,710,128	17.41
Estate of Datuk Yahya Bin Ya'acob^	Malaysian	-	-	40,710,128	23.51	-	-	40,710,128	17.41
WHE Bina Sdn Bhd@	Malaysia	-	-	32,500,000	18.77	-	-	30,000,000	12.83
Wan Hamdan Bin Wan Embong*	Malaysian	-	-	32,500,000	18.77	-	-	30,000,000	12.83

Notes:

^ *Deemed interest by virtue of his substantial shareholdings in Cipta Pantas.*
@ *Deemed interest by virtue of its substantial shareholdings in Platinum Castle Sdn Bhd.*
* *Deemed interest by virtue of his substantial shareholdings in Platinum Castle Sdn Bhd via WHE Bina Sdn Bhd.*
# *Assuming all the Pink Form Allocations have been fully subscribed by our eligible Directors.*

8.1.2 Profiles

8.1.2.1 Promoters

The profiles of our Promoters are as follows:

(a) Mokhtar Bin Hashim

Mokhtar Bin Hashim, aged 55, is our Managing Director. He is also a member of our Remuneration Committee. In 1975, he obtained a Malaysian Certificate of Education from the Royal Military College, Sungai Besi, and completed his A-Levels at Llandrillo Technical College, United Kingdom in 1979. In 1982, he graduated with a Bachelor of Science Degree in Civil Engineering from the University of Salford, United Kingdom and in the same year, he started his career with the Public Works Department as a Road Design Engineer. In 1984, he left the Public Works Department and joined Esso Malaysia where he held various positions including Project Construction Supervisor, Senior Contracts Engineer/Administrator, Senior Construction Engineer, Senior Off-Take and Structures Engineer, Lead Construction Supervisor and Senior Fabrication Supervisor. Subsequently in 1994, he left Esso Malaysia and joined our Group. Since then, he has been instrumental in the growth and development of our Group. As Managing Director, he is currently responsible for the overall management and charting the strategic directions of our Group.

(b) Cipta Pantas

Cipta Pantas was incorporated in Malaysia as a private limited company on 24 May 2004 and is principally an investment holding company. As at the LPD, the authorised share capital of Cipta Pantas is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM3,000 comprising 3,000 ordinary shares is fully issued and paid-up.

The Directors of Cipta Pantas and their respective shareholdings in Cipta Pantas as at the LPD are as follows:

		<----- Direct ---->		<---- Indirect -->	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Tan Sri Dato' Kamaruzzaman Bin Shariff	Malaysian	30	1.00	-	-
Wan Hamdan Bin Wan Embong	Malaysian	-	-	-	-
Wong Kong Foo	Malaysian	2,460	82.00	-	-

The substantial shareholders and their respective shareholdings in Cipta Pantas as at the LPD are as follows:

		<----- Direct ---->		<---- Indirect -->	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Estate of Datuk Yahya Bin Ya'acob	Malaysian	510	17.00	-	-
Wong Kong Foo	Malaysian	2,460	82.00	-	-

(c) Shatar Bin Abdul Hamid

Shatar Bin Abdul Hamid, aged 48, is our Executive Director. He obtained a Diploma in API 653 Above Ground Tank Management from the Singapore Welding Society in 1998. He started his career with Sime Sembawang Engineering Sdn Bhd (now known as Sime Darby Engineering Sdn Bhd) as a Quality Assurance/Quality Control Inspector in 1984. In 1987, he left Sime Sembawang Engineering Sdn Bhd and joined Velosi (M) Sdn Bhd as a Welding and Barge Inspector. In 1991, he left Velosi (M) Sdn Bhd and joined Atkins Inspection Services Sdn Bhd as a General Inspector. He left Atkins Inspection Services Sdn Bhd in 1992 and joined EMS Engineering Services (M) Sdn Bhd as Senior General Welding Inspector. Through the company, he was seconded to various companies including Intelsma Co Sdn Bhd, DSD Construction Co (M) Sdn Bhd, Teknispek Sdn Bhd, Arashin Sdn Bhd and OGP Consultancy. He left EMS Engineering Services (M) Sdn Bhd and joined our Group in 1998 as a Construction Site Supervisor and was later promoted to Senior Construction Engineer in 2003. In 2005, he left our Group and joined Petronas Carigali as Senior Construction Engineer and Project Manager. He left Petronas Carigali in 2007 and joined Carimin Engineering as Project Director and Project Manager, and currently holds the position of Technical Director of our Group. He is currently responsible for overseeing our project management activities including cost control, performance, asset management, procurement, manpower, quality, safety and negotiations.

(d) Platinum Castle Sdn Bhd

Platinum Castle Sdn Bhd was incorporated in Malaysia as a private limited company on 11 August 2001 and is principally an investment holding company. As at the LPD, the authorised share capital of Platinum Castle Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares is fully issued and paid-up.

The Directors of Platinum Castle Sdn Bhd and their respective shareholdings in Platinum Castle Sdn Bhd as at the LPD are as follows:

		<----- Direct ---->		<---- Indirect -->	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Fauziah Binti Mohd Arof	Malaysian	-	-	2^	100.00
Wan Hamdan Bin Wan Embong	Malaysian	-	-	2*	100.00

Notes:

^ *Deemed interest by virtue of her spouse, Wan Hamdan Bin Wan Embong's substantial shareholdings in WHE Bina Sdn Bhd.*

* *Deemed interest by virtue of his substantial shareholdings in WHE Bina Sdn Bhd.*

Platinum Castle Sdn Bhd is a wholly-owned subsidiary of WHE Bina Sdn Bhd, of which the details are set out at Section 8.1.2.2(c) below.

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(e) Tan Sri Dato' Kamaruzzaman Bin Shariff

Tan Sri Dato' Kamaruzzaman Bin Shariff, aged 73, is our Non-Independent Non-Executive Chairman. He graduated with a Bachelor of Arts Degree from the University of Malaya in 1964 and obtained a Diploma in Public Administration from Carleton University, Canada in 1969. Later in 1979, he obtained a Master's in Public Administration from Syracuse University, United States. In 1964, his career started as a Government Service Officer with the Ministry of Education. He then joined the Public Service Department in 1972 as an Assistant Secretary. He then served in the Prime Minister's Department from 1980 to 1988, where he was the Director of External Assistance and General Affairs for the Economic Planning Unit from 1980 to 1983, and the Secretary of the Cabinet Division from 1983 to 1988. He was then appointed as the Penang State Secretary later that same year. Subsequently in 1992, he returned to the Public Service Department as Deputy Director General and, in the same year, he was appointed as Secretary General of the Ministry of Defence. He was Mayor of Kuala Lumpur from 1995 to 2001. He was appointed as a Director of our Group in 2004. He is currently the Executive Chairman of Emas Kiara Industries Berhad, Non-Executive Chairman of Bintai Kinden Corporation Berhad and Director of Kontena Nasional Berhad.

8.1.2.2 Substantial shareholders

The profiles of Mokhtar Bin Hashim, Ciptas Pantas, Shatar Bin Abdul Hamid, Platinum Castle Sdn Bhd and Tan Sri Dato' Kamaruzzaman Bin Shariff are set out above and our other substantial shareholders are as follows:

(a) Wong Kong Foo

Wong Kong Foo, aged 54, is our substantial (indirect) shareholder. He is a businessman and has more than 20 years of experience in the fields of marketing, management and manufacturing. He obtained his Malaysian Certificate of Education in 1978 and continued his sixth form education at Tunku Abdul Rahman College from 1979 to 1980. In 1981, he started his career in marketing as an Advertising Representative with Malayan Thung Pau Daily News Sdn Bhd. From 1983, he left Malayan Thung Pau Daily News Sdn Bhd and joined Leong Jin Corporation Sdn Bhd as a Sales Representative and subsequently joined CMCM Perniagaan Sdn Bhd as a Sales Representative in 1984. He left CMCM Perniagaan Sdn Bhd in 1988 and joined United Engineers (Malaysia) Bhd as a Sales Executive and was subsequently transferred to its wholly-owned subsidiary, Hydron (M) Sdn Bhd, as a Product Executive. He left the company in 1992 to venture into his own business under Intan Kuala Lumpur Sdn Bhd. In 1994, he pioneered the Emas Kiara Group of Companies which was successfully listed on Bursa Malaysia in 2004 and he is currently the Deputy Executive Chairman of Emas Kiara Industries Bhd.

(b) Estate of Datuk Yahya Bin Ya'acob

The Estate of Datuk Yahya Bin Ya'acob is our substantial (indirect) shareholder.

(c) WHE Bina Sdn Bhd

WHE Bina Sdn Bhd was incorporated in Malaysia as a private limited company on 18 October 2002 and is principally engaged in the civil engineering and building construction works. As at the LPD, the authorised share capital of WHE Bina Sdn Bhd is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which RM1,000,000 comprising 1,000,000 ordinary shares is fully issued and paid-up.

The Directors and substantial shareholders of WHE Bina Sdn Bhd as at the LPD are as follows:

		<------ Direct ------>		**<----- Indirect --->**	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Fauziah Binti Mohd Arof	Malaysian	50,000	5.00	* 950,000	95.00
Wan Hamdan Bin Wan Embong	Malaysian	950,000	95.00	* 50,000	5.00

Note:

* *Deemed interest pursuant to his/her spouse's shareholding in WHE Bina Sdn Bhd.*

(d) Wan Hamdan Bin Wan Embong

Wan Hamdan Bin Wan Embong, aged 45, is our substantial shareholder (indirect shareholder). He graduated with a Bachelor's Degree in Business Administrative (Hons) from Universiti Utara Malaysia in 1996. Prior to his graduation, he was appointed a director of Bukit Jerneh Quarry Sdn Bhd in 1994. He began his career with Wan Husin & Associates, a consulting engineering firm, in 1997 as a Project Manager. In 1998, he resigned from Wan Husin & Associates and joined Bukit Jerneh Quarry Sdn Bhd as Project Manager where he was assigned to handle the business development and project execution. Bukit Jerneh Quarry Sdn Bhd is the construction arm for Wan Husin & Associates. In 2007, he started WHE Bina Sdn Bhd, focusing on providing turnkey solutions for coastal erosion control, slope stabilisation, flood mitigation building and renovation works. He subsequently resigned from Bukit Jerneh Quarry Sdn Bhd in 2009 to fully concentrate on leading the operations of WHE Bina Sdn Bhd.

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8.1.3 Changes in the Promoters and substantial shareholders' shareholdings in our Company since our incorporation

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation up to the LPD as well as after our IPO are as follows:

	<---- As at incorporation ---->				<---- As at LPD ---->				<-------- After IPO# -------->			
	<-- Direct -->		<-- Indirect ->		<-- Direct -->		<-- Indirect -->		<-- Direct -->		<-- Indirect -->	
Promoters/ Substantial shareholders	**No. of shares**	**%**	**No. of shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Mokhtar Bin Hashim	-	-	-	-	77,064,634	44.50	-	-	74,424,634	31.82	-	-
Cipta Pantas	-	-	-	-	40,710,128	23.51	-	-	40,710,128	17.41	-	-
Shatar Bin Abdul Hamid	-	-	-	-	15,903,238	9.18	-	-	16,153,238	6.91	-	-
Platinum Castle Sdn Bhd	-	-	-	-	32,500,000	18.77	-	-	30,000,000	12.83	-	-
Tan Sri Dato' Kamaruzzaman Bin Shariff	-	-	-	-	7,000,000	4.04	-	-	7,050,000	3.01	-	-
Wong Kong Foo ^	-	-	-	-	-	-	40,710,128	23.51	-	-	40,710,128	17.41
Estate of Datuk Yahya Bin Ya'acob ^	-	-	-	-	-	-	40,710,128	23.51	-	-	40,710,128	17.41
WHE Bina Sdn Bhd@	-	-	-	-	-	-	32,500,000	18.77	-	-	30,000,000	12.83
Wan Hamdan Bin Wan Embong *	-	-	-	-	-	-	32,500,000	18.77	-	-	30,000,000	12.83
Mazhar Bin Palil	1	50	-	-	-	-	-	-	70,000	0.03	-	-
Muhammad Hatta Bin Noah	1	50	-	-	-	-	-	-	100,000	0.04	-	-

Notes:

Assuming all the Pink Form Allocations have been fully subscribed by our eligible Directors.
^ *Deemed interest by virtue of his substantial shareholdings in Cipta Pantas.*
@ *Deemed interest by virtue of its substantial shareholdings in Platinum Castle Sdn Bhd.*
* *Deemed interest by virtue of his substantial shareholdings in Platinum Castle Sdn Bhd via WHE Bina Sdn Bhd.*

8.1.4 Persons exercising control over the corporation

Save for our Promoters, namely Cipta Pantas, Mokhtar Bin Hashim, Platinum Castle Sdn Bhd, Shatar Bin Abdul Hamid and Tan Sri Dato' Kamaruzzaman Bin Shariff, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

8.2 DIRECTORS

The profiles of our Directors and their respective shareholdings in our Company before and after our IPO are set out below:

8.2.1 Shareholdings

		<---------- Before IPO ---------->				<---------- After IPO# ---------->			
		<--- Direct --->		<---Indirect--->		<-- Direct --->		<--Indirect--->	
Name	**Designation/ Nationality**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**
Tan Sri Dato' Kamaruzzaman Bin Shariff	Non-Independent Non-Executive Chairman/ Malaysian	7,000,000	4.04	-	-	7,050,000	3.01	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

		<---------- Before IPO ---------->				<---------- After IPO# ---------->			
		<--- Direct --- >		< ---Indirect--- >		<-- Direct --- >		< --Indirect--- >	
Name	**Designation/ Nationality**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman	Independent Non-Executive Director/ Malaysian	-	-	-	-	50,000	0.02	-	-
Mokhtar Bin Hashim	Managing Director/ Malaysian	77,064,634	44.50	-	-	74,424,634	31.82	-	-
Shatar Bin Abdul Hamid	Executive Director/ Malaysian	15,903,238	9.18	-	-	16,153,238	6.91	-	-
Yip Jian Lee	Independent Non-Executive Director/ Malaysian	-	-	-	-	50,000	0.02	-	-
Mohd Rizal Bahari Bin Md Noor	Independent Non-Executive Director/ Malaysian	-	-	-	-	50,000	0.02	-	-
Wan Muhamad Hatta Bin Wan Mos	Independent Non-Executive Director/ Malaysian	-	-	-	-	50,000	0.02	-	-
Dato' Ir. Mohamad Razali Bin Othman	Independent Non-Executive Director/ Malaysian	-	-	-	-	50,000	0.02	-	-

Notes:

\# *Assuming all the Pink Form Allocations have been fully subscribed by our eligible Directors.*
^ *Deemed interest by virtue of his substantial shareholdings in Cipta Pantas.*

8.2.2 Profiles

The profiles of Mokhtar Bin Hashim, Shatar Bin Abdul Hamid and Tan Sri Dato' Kamaruzzaman Bin Shariff are set out in Section 8.1.2 above. The profiles of our other Directors are as follows:

Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman, aged 56, is our Independent Non-Executive Director. He is also the Chairman of the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee. He completed his Executive Master's in Business Management in Institut Teknologi MARA that was jointly offered by Ohio University, United States in 1998. He obtained his Master of Arts in Defence and Strategic Studies from Deakin University, Australia in 2002.

He started his career with the Royal Malaysian Navy (RMN) in 1977, and served with distinction for 35 years and 6 months up to his retirement from the service in 2012. He is a seaman officer by profession and a naval aviator by specialisation. The posts that he held with the RMN include the Head of Naval Air Wing between 2000 and 2001, and Commanding Officer of the RMN Multi Purpose Command and Support Ship, KD SRI INDERA SAKTI between 2003 and 2005. His last 2 appointments prior to his retirement were as Joint Force Commander of the Malaysian Armed Forces in 2010, and Fleet Commander of the RMN in 2011 and 2012.

Datuk Jamil holds Independent, Non-Executive Directorships in Kelington Group Berhad and Complete Logistic Services Berhad.

Yip Jian Lee, aged 59, is our Independent Non-Executive Director. She is also the Chairperson of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee. She qualified as a Chartered Accountant with the Institute of Chartered Accountants, England & Wales in 1981, and is a member of the Malaysian Institute of Accountants since 1984. She completed her articleship with Hays Allan, United Kingdom between 1977 and 1981. She joined PricewaterHouse Tax Services Sdn Bhd in 1982, where she was a Tax Supervisor. She then left PricewaterHouse Tax Services Sdn Bhd and joined Hong Leong Assurance Berhad in 1985 as a Finance & Admin Manager. Later that year, she joined the Institute of Bankers Malaysia as a Director where she served for 15 years before leaving in 2000. Currently, she is a nominee director for Permodalan Nasional Berhad (PNB), representing PNB on the boards of NCB Holdings Berhad, Kontena Nasional Berhad and KN Global Transport Sdn Bhd. She also serves on the board of Tokio Marine Life Insurance Malaysia Berhad and Tokio Marine Insurans (Malaysia) Berhad.

Mohd Rizal Bahari Bin Md Noor, aged 45, is our Independent Non-Executive Director. He is also a member of the Audit Committee. He is currently practising law in Messrs Bahari & Bahari. He graduated with a LLB (Hons) Degree from the University of Newcastle Upon Tyne, United Kingdom in 1993. In 1994, he completed his Certificate of Legal Practice and was admitted to the Malaysian Bar in 1995. He has also completed Level 2 (Certificate) of the Chartered Association of Certified Accountants (United Kingdom) in 1994.

He began his career with the Corporate Advisory Division of Malaysian International Merchant Bankers Berhad in 1996. In 1999, he left Malaysian International Merchant Bankers Berhad as an Executive and joined the SC as an Executive, where he served until his departure in 2003 as Senior Executive. In 2003, he co-founded Messrs Bahari & Bahari, a law firm, and he is currently practicing law with the firm.

Wan Muhamad Hatta Bin Wan Mos, aged 62, is our Independent Non-Executive Director. He graduated with a Bachelor of Engineering (Civil) degree from the University of Malaya in 1977. He obtained his Master of Science in Highway Engineering from the University of Birmingham, United Kingdom in 1989. He is a registered Professional Engineer with Board of Engineers Malaysia, a member to The Institute of Engineers Malaysia and also a member to the Road Engineering Association of Asia & Australasia (REAAA).

He started his career with the Public Works Department in 1977 as a Civil Engineer in the Design and Research Division, and was promoted to Resident Engineer in 1984, where he was responsible for supervising construction works for airport development. During his tenure with the Public Works Deparment, he attended the University of Birmingham to pursue his Master of Science in 1988 and 1989. Thereafter, he returned to his position in the Public Works Department and served until 1990. He then joined Kinta Kelas Berhad, a project management company as Regional Construction Manager in 1990, and was promoted to Head of Contract Division in 1994. He left Kinta Kelas Berhad in 1996 and joined Cahya Mata Sarawak Berhad as the Executive Director of its construction arm. He was with Cahya Mata Sarawak Berhad between 1996 and 2001, where he was responsible for construction works comprising roads, highways, bridges, buildings, water treatment plants, seaports and airports in Sarawak. In 2002 he acquired an equity stake in Embun Pelangi Sdn Bhd, a construction company. He is also a shareholder in HTM Consultants Sdn Bhd, a civil and structural engineering services company.

Dato' Ir. Mohamad Razali Bin Othman, aged 63, is our Independent Non-Executive Director. He graduated with a Bachelor of Engineering (Honours) (Civil) from the University of Malaya in 1977. He subsequently obtained a Master of Science in Construction Management from Loughborough University of Technology, United Kingdom in 1989. He is a registered Professional Engineer with Board of Engineers Malaysia, a Council Member of the Chartered Institution of Highway and Transport Malaysian Branch (CIHTMB), a Member of the Institution of Engineers Malaysia (IEM), a Member of the Road Association of Malaysia (REAM), and a Member of the Association of Consulting Engineers (ACEM).

He began his career with the Public Works Department as an Engineer in 1977. He served the Ministry of Works in a number of senior positions, including Director of Operations, Malaysian Highway Authority between 1992 and 1995; Senior Superintending Engineering at the Public Works Department Headquarters (Road Maintenance) between 1995 and 1998; Director of Roads between 2000 and 2005; Deputy Director General and Acting Director General in 2007; and Director General of the Malaysia Highway Authority between 2007 and 2009. As the Director of Roads, he had overall responsibility for the road and highway maintenance and construction projects that were undertaken during his tenure, including the planning, design, tendering, contract negotiation, construction and post-construction stages. As the Director General of the Malaysia Highway Authority, he was responsible for monitoring the concession companies to ensure that the privatised highways were constructed and maintained in accordance to the specified standards. He left Government service in 2009 and was appointed Chairman of the KL-Kuala Selangor Expressway Bhd (LATAR Expressway), a position that he currently holds.

8.2.3 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group for the FYE 2014 and the FYE 30 June 2015 is as follows:

Director	**FYE 2014 RM**	**FYE 2015 RM**
Tan Sri Dato' Kamaruzzaman Bin Shariff	-	0 – 50,000
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman	-	0 – 50,000
Mokhtar Bin Hashim	550,000 - 600,000	550,000 - 600,000
Shatar Bin Abdul Hamid	300,000 - 350,000	300,000 - 350,000
Yip Jian Lee	-	0 – 50,000
Mohd Rizal Bahari Bin Md Noor	-	0 – 50,000
Wan Muhamad Hatta Bin Wan Mos	-	0 – 50,000
Dato' Ir. Mohamad Razali Bin Othman	-	0 – 50,000

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8.2.4 Board practices/directors' terms of office

According to our Articles of Association, all the Directors shall retire from office at the first Annual General Meeting and at each subsequent Annual General Meeting, at least 1/3 of the Directors for the time being shall retire from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A re-election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

All our Directors were only appointed to the Board in 2014 and have served for less than 1 year as at the date of this Prospectus.

8.3 RELEVANT COMMITTEES

8.3.1 Audit Committee

The main functions of the Audit Committee include the following:

(a) to review with the internal and external auditors the nature and scope of the audit plans, their audit reports, major findings and their evaluations of our accounting system and internal controls;

(b) to review our quarterly and annual financial statements before submission to our Board, focusing in particular on any change in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(c) to consider the appointment and reappointment of the internal and external auditors and matters relating to their resignation;

(d) to review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;

(e) to review the assistance given by us or our employees to the auditors; and

(f) to perform such other functions as may be requested by our Board.

The members of the Audit Committee are as follows:

Name	Designation	Directorship
Yip Jian Lee	Chairman	Independent Non-Executive Director
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman	Member	Independent Non-Executive Director
Mohd Rizal Bahari Bin Md Noor	Member	Independent Non-Executive Director

8.3.2 Remuneration Committee

The main functions of the Remuneration Committee include the following:

(a) to review and recommend to our Board the appropriate remuneration packages for Directors and certain senior management personnel; and

(b) ensuring that the remuneration packages are sufficient and appropriate to attract and retain the Directors to run our Company successfully.

The members of the Remuneration Committee are as follows:

Name	Designation	Directorship
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman	Chairman	Independent Non-Executive Director
Mokhtar Bin Hashim	Member	Managing Director
Yip Jian Lee	Member	Independent Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.3.3 Nomination Committee

The main functions of the Nomination Committee include the following:

(a) to consider and recommend to our Board, suitable candidates for directorships of our Company as members of the Board committees;

(b) to appraise each individual Director in terms of his experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of our Company; and

(c) evaluating the effectiveness of our Board as a whole and the Board committees.

The members of the Nomination Committee are as follows:

Name	Designation	Directorship
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman	Chairman	Independent Non-Executive Director
Tan Sri Dato' Kamaruzzaman Bin Shariff	Member	Non-Independent Non-Executive Chairman
Yip Jian Lee	Member	Independent Non-Executive Director

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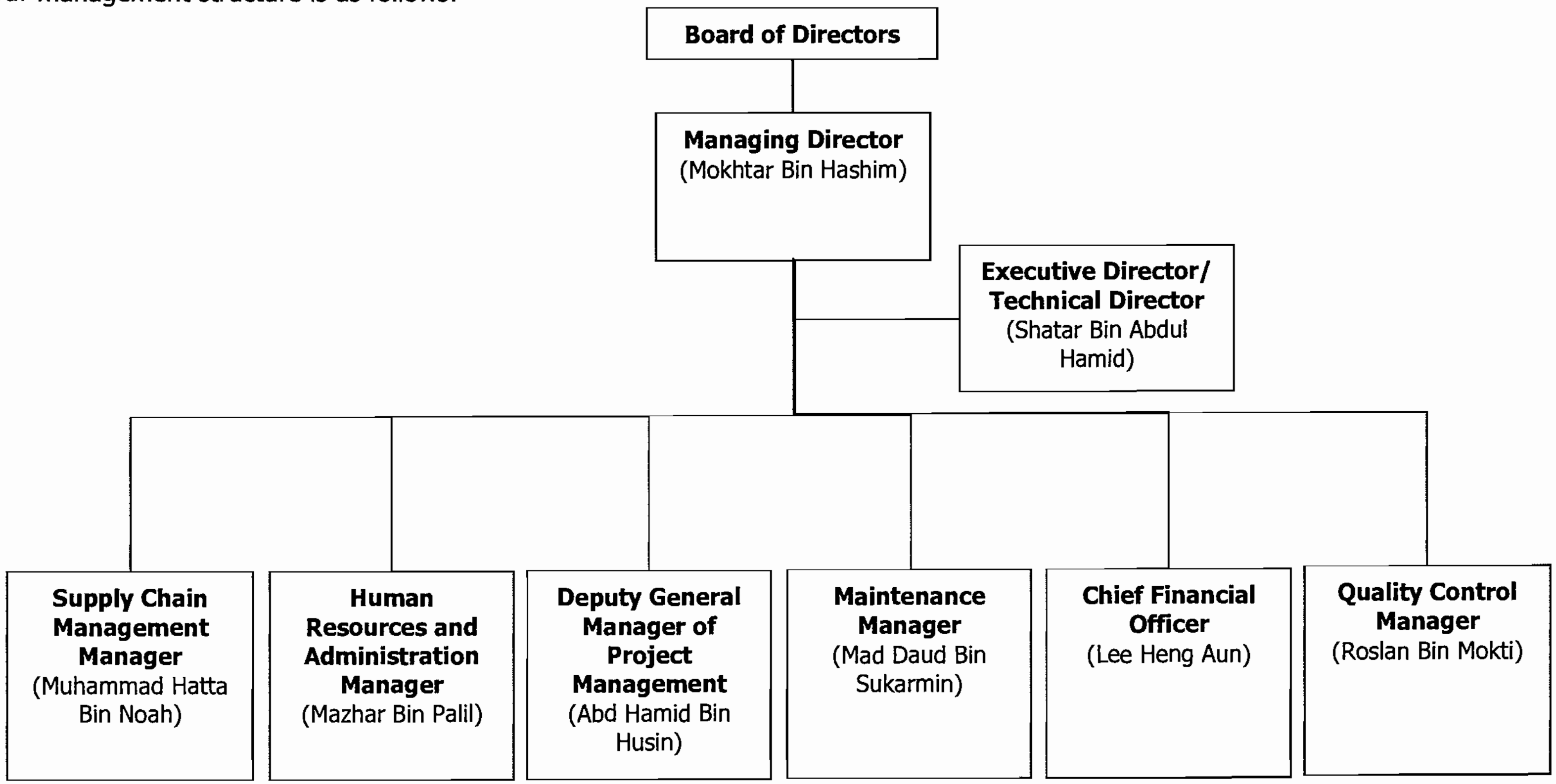
8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.4 KEY MANAGEMENT PERSONNEL

8.4.1 Management Structure

Our management structure is as follows:



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Company No.: 908388-K

8. **INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)***

8.4.2 Shareholdings

Save for the Directors, the direct and indirect interests of our other key management and technical personnel in our Company before and after our IPO are as follows:

		Before IPO				After IPO ^			
		Direct		Indirect		Direct		Indirect	
Name	Designation/ Nationality	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Muhammad Hatta Bin Noah	Supply Chain Management Manager/ Malaysian	-	-	-	-	100,000	0.04	-	-
Mazhar Bin Palil	Human Resources and Administration Manager/ Malaysian	-	-	-	-	70,000	0.03	-	-
Abd Hamid Bin Husin	Deputy General Manager of the Project Management / Malaysian	-	-	-	-	100,000	0.04	-	
Mad Daud Bin Sukarmin	Maintenance Manager / Malaysian	-	-	-	-	100,000	0.04	-	
Lee Heng Aun	Chief Financial Officer / Malaysian	-	-	-	-	100,000	0.04	-	
Roslan Bin Mokti	Quality Control Manager /Malaysian	-	-	-	-	100,000	0.04	-	

Note:

^ *Assuming all the Pink Form Allocations have been fully subscribed by our eligible employees.*

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8.4.3 Profile

Save for the profiles of our Directors, which are disclosed in Section 8.2.2 of this Prospectus, the profiles of the other key management personnel of our Group are as follows:

Muhammad Hatta Bin Noah, aged 47, is our Supply Chain Management Manager. In 1990, he graduated with a Bachelor of Science degree in Petroleum Engineering from Texas Tech University, United States. He started his career in 1991 as a Service Engineer for offshore oil and gas platforms with BJ Oilwell Services (M) Sdn Bhd. In 1992, he left BJ Oilwell Services (M) Sdn Bhd and joined CSB as a Project Engineer, and he was seconded to Titan Petrochemical (M) Sdn Bhd and Titan Polyethylene Sdn Bhd from August 1992 to July 1994. He then left CSB and joined Dynac Sdn Bhd as a Project Engineer from 1994 to 1996, where he carried out projects for the major fabrication of offshore oil and gas platforms for Esso Malaysia and Sarawak Shell Berhad. He left Dynac Sdn Bhd and rejoined CSB in 1996, and was seconded to Esso Malaysia as a Project Engineer from October 1996 to September 2001, and to Petronas Carigali as a Senior Engineer (Project Control/Planning) from October 2001 to August 2008. In 2008, he was promoted to his current position as Supply Chain Management Manager of our Group.

Mazhar Bin Palil, aged 52, is our Human Resources and Administration Manager. He graduated with a Diploma in Strategic and Defence Studies from the University of Malaya in 1996 and later obtained a Master's Degree in Management from the same university in 1999. He started his career with the Malaysian Armed Forces in 1981, and served until 2002. In 2003, he joined Edaran Otomobil Nasional Berhad as Senior Executive for Safety and Security. In 2004, he left Edaran Otomobil Nasional Berhad and joined Mewah-Oils Sdn Bhd as Assistant Manager for Human Resources and Administration. Subsequently in 2005, he left Mewah-Oils Sdn Bhd and joined Sankyu (Malaysia) Sdn Bhd as its Personnel and Administration Manager. In 2009, he left Sankyu (Malaysia) Sdn Bhd and joined CSB in his current position as Human Resources and Administration Manager of our Group.

Abd Hamid Bin Husin, aged 54, is our Deputy General Manager of Project Management. He obtained his Bachelor of Science Engineering (Civil Engineering) Degree from University College London, United Kingdom in 1986. In 1987, he was a Trainee Engineer with the Development Division of the Melaka Tengah District Office. The position was an internship under the Undergraduate Employment Scheme. He began his career in 1988 with Esso Malaysia as a Project Engineer, where he was responsible for the daily supervision of offshore contractors, supervision of repair work on oil risers at production platforms, and supervising fabrication work at third-party fabrication yards in Pasir Gudang, Johor. In 1996, he left Esso Malaysia and joined Sumatec Corporation Sdn Bhd as a Project Manager responsible for onshore construction work on oil terminals, refineries and petrochemical plants. He left Sumatec Corporation Sdn Bhd in 2010 and joined Kencana HL Sdn Bhd as a Senior Proposal Manager, where he was in charge of the company's tendering department. He left Kencana HL Sdn Bhd and joined CSB in 2011 as a Project Manager, and was promoted to his current position as the Deputy General Manager of the Project Management in 2013.

Mad Daud Bin Sukarmin, aged 48, is our Maintenance Manager. He obtained a Certificate in Mechanical Engineering from Politeknik Ungku Omar in 1985 and later obtained a Diploma in Mechanical Engineering from Akashi National College of Technology, Japan, in 1990. His career started in 1990 as a Machinist with Kawashima Kogyosho Pte Ltd in Japan. In 1992, he left Kawashima Kogyosho Pte Ltd and joined Extron Electronic (M) Sdn Bhd as a Purchaser. In 1993, he left Extron Electronic (M) Sdn Bhd and joined Alps Electric (Malaysia) Sdn Bhd as Quality Control Manager. Subsequently in 2009, he left and joined Carimin Engineering as a Cost Control Engineer. In 2011, he was appointed as a Maintenance Engineer for Carimin Equipment. He is currently the Maintenance Manager of our Group.

Lee Heng Aun, aged 50, is our Chief Financial Officer. In 1988, he graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College. He then pursued the Association of Chartered Certified Accountants (ACCA) qualifications in the United Kingdom, which he completed in 1990. He is currently a fellow of the ACCA. He obtained a Master's in Business Administration from Multimedia University in 2001. His career started in 1990 as an Audit Assistant with Fordham Cooper Chartered Accountants in the United Kingdom. In 1993, he left Fordham Cooper Chartered Accountants and joined KPMG in Malaysia as an Audit Senior. In 1995, he left KPMG and joined Polaroid Malaysia Limited as its Finance and Administration Manager. In 1998, he left Polaroid Malaysia Limited and joined TNT Express Worldwide as Financial Controller, and held the position of Finance and Administration Director when he left in 2002. He joined Konsortium Logistik Berhad as Vice President, Internal Audit and Risk Management in 2002 and worked for the company until 2004 where his last position was Senior Vice President of the Haulage Division. In 2005, he joined Mobile Money International Sdn Bhd as its Chief Operating Officer. In 2007, he left Mobile Money International Sdn Bhd and joined Zelan Holdings (M) Sdn Bhd based in Abu Dhabi, United Arab Emirates as General Manager of Finance. Subsequently in 2009, he left Zelan Holdings (M) Sdn Bhd and joined Team Builders LLC as General Manager of Finance. He left Team Builders LLC later that same year and joined FBM-KNM FZCO, a subsidiary of KNM Group Berhad, where he held the position of Regional Chief Financial Officer based in Dubai, United Arab Emirates. In 2010, he was appointed as Chief Financial Officer of another subsidiary of KNM Group Berhad, FBM Hudson Italiana SpA. In 2011, he returned to Malaysia and joined Cipta Pantas as Senior General Manager. In 2012, he left Cipta Pantas and joined our Group as Chief Financial Officer.

Roslan Bin Mokti, aged 54, is our Quality Assurance/Quality Control Manager. In 1982, he graduated with a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia and started his career as a Machinery Inspector with the Department of Factory and Machinery (now known as Department of Occupational Safety and Health) in the same year. In 1985, he left the Department of Factory and Machinery and joined Hill & Mill Sdn Bhd as a Workshop Supervisor. He left Hill & Mill Sdn Bhd and joined Velosi (M) Sdn Bhd as General Inspector in 1988. Through the company, he was seconded to Esso Malaysia where he worked until 1997. In 1997, he left Velosi (M) Sdn Bhd and joined Atkins Inspection Services Sdn Bhd as General Inspector and was seconded to Petronas Gas Berhad. He then left Atkins Inspection Services Sdn Bhd and joined Dialog E & C Sdn Bhd as Senior Quality Control Supervisor in 1998. In 2002, he left Dialog E & C Sdn Bhd and joined Petra Resources Sdn Bhd as a Quality Control and Welding Field Engineer. In 2003, he was promoted to the post of Painting Supervisor for the company. In 2005, he left Petra Resources Sdn Bhd and joined Nam Fatt Engineering Sdn Bhd as Quality Control Superintendent and was posted in Sudan. Subsequently in 2006, he left Nam Fatt Engineering Snd Bhd and rejoined Dialog E & C Sdn Bhd as Quality Control Manager. He left Dialog E & C Sdn Bhd later that same year and joined Intraline Services Sdn Bhd as a Quality Control Engineer. In 2007, he left Intraline Services Sdn Bhd and joined Vastalux Sdn Bhd as Quality Control Manager. Subsequently in 2008, he left Vastalux Sdn Bhd and joined Carimin Engineering as Quality Assurance/Quality Control Manager. He is currently the Quality Assurance/Quality Control Manager of our Group.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.5 PRINCIPAL ACTIVITIES PERFORMED OUTSIDE OUR GROUP

Save as disclosed below, none of our Directors has any directorship and/or business activities performed outside our Group at present and in the past 5 years up to the LPD.

Name	Company	Principal activities	Involvement/ Position Held
Tan Sri Dato' Kamaruzzaman Bin Shariff	Sitra (Malaysia) Sdn Bhd	Planners, engineers consultants and contractors transportation system	Director
	Yayasan De La Salle	Dormant	Director
	Emas Kiara	Investment Holding	Director and Shareholder
	Emas Kiara Sdn Bhd	Management services and trading of geosynthetic products and technical fabrics for engineering and industrial applications	Director (Ceased to be a Director on 9.6.2014)
	Tibbett & Britten Kontena Nasional Sdn Bhd	Dormant (Dissolved)	Director
	Bisraya Sdn Bhd	Dealing in land, properties and other development related activities	Director
	Noblecorp Lands (Pahang) Sdn Bhd (formerly known as Advance Technical Fabric Sdn Bhd)	Trading and marketing of industrial fabrics and geosynthetic products	Director (Ceased to be a Director on 9.6.2014)
	LBC Estate Holdings Sdn Bhd	Electrical and mechanical engineering and construction works	Director
	Metronic Global Berhad	Investment Holding	Director (Ceased to be a Director on 24.12.2012)
	Kontena Nasional Berhad	Container haulage, total logistics services	Director
	Cipta Pantas	Investment holding and provision of management services	Director and Shareholder
	Gerak Kiara Sdn Bhd	Dormant	Director (Ceased to be a Director on 18.9.2012)

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	Kuala Lumpur Lions Foundation	To receive and administer funds and to undertake the service of haemodialysis	Director
	Banjaran Asia Sdn Bhd	Dormant (Dissolved)	Director and Shareholder
	KN Global Transport Sdn Bhd	Integrated logistics (warehousing, distribution, transportation and freight forwarding)	Director
	Sinomae Engineering Sdn Bhd	Investment holding and property development	Director
	Bintai Kinden Corporation Berhad	Investment holding and provision of management services to its subsidiary companies	Director
	Micare Sdn Bhd (previously known as Metronic Icares Sdn Bhd)	Third party administrator and as a managed care organisation for healthcare sector, via connectivity applications and infrastructure for the exchange of transactional information through the internet	Director (Ceased to be a Director on 24.12.2012)
	Metronic Engineering Sdn Bhd	System integration in the field of intelligent building management systems and integrated management systems, E-project management of mechanical and electrical services, supply of engineering system	Director (Ceased to be a Director on 24.12.2012)
	Ho Hup Construction Company Berhad	Foundation engineering, civil engineering, building contracting works and hire of plant and machinery	Director (Ceased to be a Director on 18.6.2014)
	Ho Hup Equipment Rental Sdn Bhd	Dormant	Director (Ceased to be a Director on 17.6.2014)
	Bukit Jalil Development Sdn Bhd	Property development	Director (Ceased to be a Director on 29.6.2012)

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	Kejuruteraan Bintai Kindenko Sdn Bhd	Provision of specialised electrical and mechanical engineering services, construction, property development and property and investment holdings	Director
	Noblecorp Construction Sdn Bhd (previously known as Noblecorp Builders Sdn Bhd)	Dormant	Director (Ceased to be a Director on 9.6.2014)
	Nusa Gapurna Development Sdn Bhd (Alternate Director)	Property and investment holdings	Director
	Legipac Sdn Bhd	To transact business as general traders and etc, acquisition of lands, houses and etc, to run contracting business	Director and Shareholder (Ceased to be a Director on 3.12.2013 and ceased to be a shareholder on 23.12.2013)
	Innovative Ecological System Sdn Bhd	Manufacturing of erosion control products and contract, manufacturer for stitching process	Shareholder
	Midlane Venture Sdn Bhd	Property and investment holding, general trading	Shareholder
	Mostrans Logistics Sdn Bhd	Freight forwarding logistics and warehousing business, transport business, to carry on a sea transport business (Dissolved)	Shareholder
	Buzznet Technologies (M) Sdn Bhd	Hardware and software system integration	Shareholder
	World Aerospace Sdn Bhd	Exhibition services (Wound up)	Director and Shareholder
	Bintai Asset Holdings Sdn Bhd	Investment holding company	Director (Ceased to be a Director on 18.2.2011)
	Lereno Sdn Bhd	Production of biodiesel	Director (Ceased to be a Director on 30.6.2010)

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	Noblecorp Engineering Sdn Bhd (formerly known as Beringin Sanctuary Sdn Bhd)	Mechanical and electrical engineering	Director (Ceased to be a Director on 8.8.2011)
	Sino Mae Holdings (M) Sdn Bhd	Dormant	Director (Ceased to be a Director on 30.6.2010) and Shareholder
	Sanjung Sepang Sdn Bhd	Dormant	Director (Ceased to be a Director on 20.10.2011)
	MH Projects Sdn Bhd	To establish, run and operate medical centre hospitals (Wound up)	Director (Ceased to be a Director on 30.11.2009)
	Nilaitera Sdn Bhd	Dormant	Director
	Such Success Sdn Bhd	Dormant	Director
	Success Pact Development Sdn Bhd	Dormant	Director
	Projekmaju Sdn Bhd	Land and property development, acquisition of lands and properties, general trading	Director
	My Views Sdn Bhd	Dormant	Director
	Usahatanah Jaya Sdn Bhd	Dormant	Director
	Arch Angel Capital Sdn Bhd	Investment, general trading and financial consulting	Director
	Noblecorp Sdn Bhd	Provision of Management Services	Director
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman	Jag Security Services Sdn Bhd	Maritime security and any other form of securities services, to enter into any arrangement with any government, to obtain from such government licences privileges and awards, to carry on the business as consultants and advisors	Director and Shareholder

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	Fast Extract Sdn Bhd	General trading	Director (Ceased to be a Director on 15.5.2013) and Shareholder
	Kelington Group Berhad	Engaged in the business of providing engineering services and general trading	Director
	Complete Logistic Services Berhad	Engaged in providing marine transportation and logistic services	Director
	DJO Services Sdn Bhd	Private security activities, business management consultancy services, export and import of a variety of goods without any particular specialization N.E.C.	Director and Shareholder
Mokhtar Bin Hashim	SK Offshore	Chartering of Offshore Support Vessel	Director
	Emme Properties Sdn Bhd	Properties (Dissolved)	Director and Shareholder
	Carimin Industries Sdn Bhd	Dormant (Dissolved)	Director and Shareholder
	AOG Engineering Sdn Bhd	Dormant (Dissolved)	Director
Shatar Bin Abdul Hamid	Sah Property Management Sdn Bhd	Engaged as general contractor	Director and Shareholder
	Titanium Technology Sdn Bhd	Dormant	Director (Ceased to be a Director at 15.3.2012) and Shareholder
	Sa Fourthtrade Sdn Bhd	Engage as sub-contractors of oil and gas engineering works	Director (Ceased to be a Director at 16.2.2012)
	RS Setia Development Sdn Bhd	Housing development, building, civil and mechanical contractor and investment holding	Director and Shareholder
Yip Jian Lee	Kontena Nasional Berhad	Container haulage, total logistic services	Director
	NCB Holdings Bhd	Investment holding and the provision of management services to its subsidiaries	Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	Tokio Marine Insurans (Malaysia) Berhad	Principally engaged in the underwriting of all classes of general insurance business	Director
	Asia General Asset Bhd	Investment holding	Director
	KN Global Transport Sdn Bhd	Integrated logistics (warehousing, distribution, transportation and freight forwarding)	Director
	Intan Budaya Presentations Sdn Bhd	Promoting shows and stage performances and other related matters	Director (Ceased to be a Director on 9.11.2009) and Shareholder
	Boardroom Professionals Sdn Bhd	Dormant (Dissolved)	Director and Shareholder
	Janze Marketing (M) Sdn Bhd	Trading and marketing of consumer products	Director and Shareholder
	Tokio Marine Life Insurance Malaysia Bhd	Underwriting of all classes of life insurance business	Director
	Lyric Opera Malaysia Sdn Bhd	Production of musical performances	Director
	Asiabound Sdn Bhd	Business adviser and consultants (Dissolved)	Director
	KN Maritime Services Sdn Bhd	Dormant	Director
	PAAC Management Sdn Bhd	Providing management, consultancy services, the distribution of management training materials, organising conference and letting of properties	Director and Shareholder
	Professional Golf of Malaysia	To promote the sport of golf and to contribute towards its enjoyment and growth, to conduct and/or coordinate training of golf related courses, to promote and/or conduct golf tours, or events on golf	Director
Mohd Rizal Bahari Bin Md Noor	Tandem Professional Development Sdn Bhd	Education and training for professionals and management consultancy services	Director and Shareholder
	Synergie Total Solutions Sdn Bhd	General trading	Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	La Belle Vie Sdn Bhd	Training and motivation consultant, publisher, printer, sales and distributor of books	Director and Shareholder
	Dimensi Bumijaya Sdn Bhd	Dormant	Secretary
	ARMF Technologies Sdn Bhd	Investment holding (Dissolved)	Shareholder
Wan Muhamad Hatta Bin Wan Mos	Htmaltec Consultants Sdn Bhd	Project management and consultancy services	Director and Shareholder
	Nash Ventures Sdn Bhd	General trading	Director (Ceased to be a Director on 23.5.2012)
	Quantum Sawmill Sdn Bhd	Property holding (Plantation)	Director and Shareholder
	Citinova Property Sdn Bhd	Property holding (Plantation)	Director and Shareholder
	AS Sabeel Food Manufacturing Sdn Bhd	Food supply manufacturing	Director (Ceased to be a Director on 16.11.2010)
	HTM Consultants Sdn Bhd	Engineering consultants	Director and Shareholder
	RV Land Sdn Bhd	Property holding	Director and Shareholder (Ceased to be a Director on 18.2.2014)
	Terotechnology Sdn Bhd	General trading (Dissolved)	Director and Shareholder
	Pakatan Tiga Mechanalysis Sdn Bhd	Maintenance management consultants and provision preventive maintenance (Dissolved)	Director
	Rimbun Asiana Sdn Bhd	General trading (Dissolved)	Director and Shareholder
	Pelangi Teratai Sdn Bhd	Commercial trading (it has not commenced operations) (Striking off)	Director and Shareholder
	Embun Pelangi Cemerlang Engineering Sdn Bhd	Dormant (Dissolved)	Director and Shareholder
	RHL Project Management Sdn Bhd	Project management (Dissolved)	Director and Shareholder
	Monetary Concorde (M) Sdn Bhd	General trading (Dissolved)	Director and Shareholder

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	WHK Resources Sdn Bhd	Investment holding	Director and Shareholder
	Embun Pelangi Cemerlang Sdn Bhd	Property holding	Director (Ceased to be a Director on 10.9.2013) and Shareholder
	PPES Progap Sdn Bhd	Road construction and provision of laboratory services (winding up)	Director
	PPES Water Sdn Bhd	Dormant (Dissolved)	Director
	PPES Roads Sdn Bhd	Dormant (Dissolved)	Director
	Winby Enterprise Sdn Bhd	Property development	Director (Ceased to be a Director on 27.3.2009)
	Embun Pelangi Sdn Bhd	Construction works	Director and Shareholder
	Hei Yih Holdings Sdn Bhd	Dormant (winding up)	Shareholder
	Ladang Hayat Sejati Sdn Bhd	Plantation (Dissolved)	Shareholder
Dato' Ir. Mohamad Razali Bin Othman	Minconsult Sdn Bhd	Engineering consulting services	Director and Shareholder
	Central Spine Expressway Sdn Bhd	Dormant	Director and Shareholder
	Rafulin Holdings Sdn Bhd	Investment holding	Director
	Aktif Unggul Sdn Bhd	Construction of road works	Director
	KL – Kuala Selangor Expressway Bhd	Designing, construction, operating, managing, maintaining the KL-Kuala Selangor Expressway	Director
	Jambatan Kedua Sdn Bhd	Constructing, developing and operating the Second Penang Bridge	Director (Ceased to be a Director on 2.8.2011)
	Construction Research Institute of Malaysia	Promoting and financing research and development works	Director (Ceased to be a Director on 1.4.2009)
	Serambi Pesona Sdn Bhd	Dormant	Director and Shareholder
	Serambi Idaman Sdn Bhd	Dormant	Director and Shareholder

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Company	Principal activities	Involvement/ Position Held
	Azimat Eureka Sdn Bhd	Design and construction of institutional buildings	Director

Involvement in other business activities outside our Group by our Directors does not give rise to any conflict of interest situation with our business. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions. Their involvement in other business activities is not expected to affect their contributions and responsibilities to our Group.

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8.6 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The involvement of our Executive Directors in other principal business activities is set out in Section 8.5 of this Prospectus.

Save as disclosed below, as at the LPD, none of our key management personnel are involved in any other principal business activities:

Name	Company	Principal activities	Involvement/ Position Held
Muhammad Hatta Bin Noah	Carimin Sabah Sdn Bhd^	Dormant	Director and Shareholder
	Technaxis Sdn Bhd*	Construction, fabrication of structures, maintenances and consultant specialist services	Shareholder
Mazhar Bin Palil	Carimin Sabah Sdn Bhd^	Dormant	Director and Shareholder
Lee Heng Aun	Management Advisory Services Sdn Bhd	Company secretarial and management services	Shareholder

Notes:

^ *Carimin Sabah Sdn Bhd is a dormant company and is in the process of being struck-off from the register under Section 308 of the Act.*
* *Encik Hatta is not involved in the day-to-day operations in Technaxis Sdn Bhd.*

Involvement in other business activities outside our Group by our key management does not give rise to any conflict of interest situation with our business. On matters or transactions requiring the approval of our Board, our Directors who are deemed interested or conflicted in such matters or transactions shall be required to declare their interests and abstain from deliberations and voting on the resolutions relating to these matters or transactions. Our Board has taken cognisance of the involvement of our key management personnel in other existing business activities and are of the view that their involvement in other business activities will not affect their responsibilities to our Group.

The basis leading to our Board's view is as follows:

(i) none of our key management has any executive role or are involved in the day-to-day operations of these businesses; and

(ii) the involvement of our key management in these businesses is limited to their shareholdings.

Moving forward, our Board shall discourage our key management personnel from undertaking other business activities which may affect their contributions and responsibilities to our Group.

8.7 RELATIONSHIPS OR ASSOCIATIONS

Save as disclosed below, there is no family relationship or association between our Promoters, substantial shareholders, Directors and key management personnel:

(i) Mad Daud Bin Sukarmin, our Maintenance Manager, is the brother-in-law of Mokhtar Bin Hashim, our Managing Director, Promoter and substantial shareholder; and

(ii) Roslan Bin Mokti, our Quality Assurance/Quality Control Manager, is the brother-in-law of Shatar Bin Abdul Hamid, our Executive Director, Promoter and substantial shareholder.

8.8 SERVICE AGREEMENTS

There are no existing or proposed service agreements between the companies within our Group and our Directors or key management personnel.

8.9 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the LPD, none of our Promoters, Directors or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(a) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) any judgment that was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(e) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.10 BENEFITS PAID OR INTENDED TO BE PAID

Save for the salaries, bonuses, allowances and dividend, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the 2 years preceding the date of this Prospectus.

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9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

9.1.1 SC

The SC had vide its letter dated 30 June 2014 granted its approval for our Listing under Section 214(1) of the CMSA ("SC Approval Letter").

The conditions as stipulated in the SC Approval Letter are set out as follows:

<table>
<tr><th>No.</th><th>Details of conditions imposed</th><th>Status of compliance</th></tr>
<tr><td>1.2</td><td>Conditions</td><td></td></tr>
<tr><td></td><td>(i) M&A Securities and CPB to submit to SC, prior to the registration of the Prospectus, measures undertaking by the Board to:

(a) improve corporate governance and establish adequate procedures, systems and controls to ensure compliance with securities laws, regulations and guidelines and other laws and regulations applicable to the business of CPB; and

(b) ensure that the directors and management of CPB are equipped with the required knowledge and understanding of securities laws, regulations and guidelines and other laws and regulations applicable to them and the company, including an understanding of the obligations of CPB as a listed company and their roles and obligations as directors and managers of the listed company;</td><td>Complied</td></tr>
<tr><td></td><td>(ii) M&A Securities and CPB to fully comply with the relevant requirements under the SC's Equity Guidelines and Prospectus Guidelines – Equity pertaining to the implementation of the Listing.</td><td>To be complied</td></tr>
<tr><td>2.</td><td>Effect of the Proposed Listing on equity structure of CPB

The shareholding structure of CPB before and after the Listing is as follows:

<table>
<tr><th>Category of shareholder</th><th>Before the Listing</th><th>After the Listing</th></tr>
<tr><td></td><td>%</td><td>%</td></tr>
<tr><td>Bumiputera</td><td>76.5</td><td>54.5</td></tr>
<tr><td>Non-Bumiputera</td><td>23.5</td><td>45.5⁽¹⁾</td></tr>
<tr><td></td><td>100.0</td><td>100.0</td></tr>
</table>
Note:
(1) Assuming the Shares to be offered under the Public Issue and Offer for Sale are fully subscribed by non-Bumiputera shareholders.</td><td>To be complied</td></tr>
</table>

9.1.2 Bursa Securities

Bursa Securities had vide its letter dated 3 September 2014, approved our admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of CPB of RM116,939,000 comprising 233,878,000 Shares on the "Trading/Services" sector of the Main Market of Bursa Securities.

The approval from Bursa Securities was subjected to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Make the relevant announcements pursuant to Rules 8.1 and 8.2 of Practice Note 21 of the Listing Requirements; and	To be complied
(ii)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of CPB on the first day of listing.	To be complied

9.2 WAIVERS

M&A Securities had on behalf of our Company sought relief from the SC from disclosing certain salient terms of the agreement dated 13 November 2013 entered into between Petronas Carigali and Carimin Engineering as well as making available the said salient terms of the agreement for public inspection. The relief was sought under Paragraph 8.02(m) and 18.01(b) of the Prospectus Guidelines ("Relief Application").

Relief was sought from the SC for the proposed redaction of the following salient terms of the agreement as well as making available the said salient terms of the agreement for public inspection:

(i) Article 32 of the agreement - non-exclusive clause;

(ii) Exhibit II of the agreement - milestone payment schedule and schedule of prices and rates;

(iii) Exhibit XVII of the Agreement - project schedule; and

(iv) Exhibit XVIII of the Agreement - other documents.

The SC had vide its letter dated 19 June 2014 approved the Relief Application, except for the proposed redaction of Article 32 of the agreement.

9.3 MORATORIUM ON SHARES

In accordance with the SC Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for 6 months from the date of admission of our entire enlarged issued and paid-up share capital to the Official List of Bursa Securities ("Moratorium Period").

9. APPROVALS AND CONDITIONS *(Cont'd)*

Upon completion of our IPO, the amount of our Promoters' Shares to be placed under moratorium are as follows:

Name	<---Direct -- > No. of Shares held	%	<-- Indirect --> No. of Shares held	%
Mokhtar Bin Hashim*	74,424,634	31.82	-	-
Cipta Pantas	40,710,128	17.41	-	-
Shatar Bin Abdul Hamid*	16,153,238	6.91	-	-
Platinum Castle Sdn Bhd	30,000,000	12.83	-	-
Tan Sri Dato' Kamaruzzaman Bin Shariff*	7,050,000	3.01	-	-

Note:

* *Our Directors has been allocated Shares under the Pink Form Allocations as follows:*

Name of Director	***Designation***	***No of Shares allocated***
Tan Sri Dato' Kamaruzzaman Bin Shariff	*Non-Independent Non-Executive Chairman*	*50,000*
Mokhtar Bin Hashim	*Managing Director*	*750,000*
Shatar Bin Abdul Hamid	*Executive Director*	*250,000*
Total		***1,050,000***

In the event they fully subscribes for their said allocation, all Shares issued under the Pink Form Allocations will also be subject to the moratorium.

Our Promoters have provided undertaking letters to the SC that they will not sell, transfer or assign their shareholdings under moratorium for the Moratorium Period.

The Share Registrar and Bursa Depository have been informed in relation to the moratorium restriction on our Promoters to ensure that they do not register any transfer of Shares contravening the above moratorium restriction.

The direct shareholders of Cipta Pantas, namely Estate of Datuk Yahya Bin Ya'acob and Wong Kong Foo, have undertaken not to sell, transfer or assign their respective shareholdings in Cipta Pantas during the Moratorium Period.

The direct shareholder of Platinum Castle Sdn Bhd, namely WHE Bina Sdn Bhd has undertaken not to sell, transfer or assign its shareholdings in Platinum Castle Sdn Bhd during the Moratorium Period.

9. APPROVALS AND CONDITIONS *(Cont'd)*

The direct shareholders of WHE Bina Sdn Bhd, namely Fauziah Binti Mohd Arof and Wan Hamdan Bin Wan Embong have undertaken not to sell, transfer or assign their respective shareholdings in WHE Bina Sdn Bhd during the Moratorium Period.

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10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

10.1 RELATED PARTY TRANSACTIONS

There are no transactions, existing or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which are significant in relation to the business of our Company and our subsidiary companies for FYE 2011, FYE 2012, FYE 2013 and FYE 2014.

10.1.1 Non-recurrent related party transactions

We have not entered into any non-recurrent related party transactions with our Directors, substantial shareholders, key management personnel and/or persons connected with them for FYE 2011, FYE 2012, FYE 2013 and FYE 2014.

10.1.2 Recurrent related party transactions

Save as disclosed below, we have not entered into any recurrent related party transaction of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with certain related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transactions") for FYE 2011, FYE 2012, FYE 2013 and FYE 2014:

(i) During FYE 2011, Southcorp Energy Sdn Bhd, which is owned by our substantial shareholders (indirect), namely Wan Hamdan Bin Wan Embong and Wong Kong Foo had provided manpower to Carimin Engineering amounted to RM750,000. Southcorp Energy Sdn Bhd is involved in the provision of general construction works and provision of management services. It also provides yard rental for the civil engineering and oil and gas industry. The engagement of Southcorp Energy Sdn Bhd was necessary as Carimin Engineering had immediate requirements for the required manpower and was unable to source it via external parties due to the short notice to mobilise in order to commence the implementation of its project.

Should we enter into any Recurrent Transactions in future years, our Board shall seek the approval from our non-interested shareholders for a mandate to enter into such Recurrent Transactions at the general meeting(s) of our Company in order to mitigate any potential conflict of interest arising from such Recurrent Transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, monitor Recurrent Transaction (if any) and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any Recurrent Transaction entered into by us.

10.2 INTEREST IN SIMILAR BUSINESS

None of our Directors or substantial shareholders have any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group, or are the customers and/or suppliers of our Group.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST *(Cont'd)*

10.3 OTHER TRANSACTIONS

10.3.1 There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past 4 FYE 2011 to FYE 2014.

10.3.2 There were no outstanding loans (including guarantees of any kind) made to/by us to or for the benefit of a related party in respect of the past 4 FYE 2011 to FYE 2014.

10.3.3 Save as disclosed below, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past 4 FYE 2011 to 2014, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us:

(i) On 1 December 2012, Mad Daud Bin Sukarmin, a Director of our wholly-owned subsidiaries, namely Carimin Corporate, Carimin Equipment Management and Carimin Airis ("the Landlord") and Carimin Engineering had entered into a Tenancy Agreement whereby the Landlord agreed to grant to Carimin Engineering and Carimin Engineering has agreed to accept a tenancy of Unit 7-9-8, Ixora Apartment, Jalan Tun Razak, 50400 Kuala Lumpur with a monthly rental at RM2,000 only from 1 December 2012 to 30 November 2014.

10.3.4 Save as disclosed below, our Group has not entered into any transactions with M&A Securities, the Adviser, Underwriter and Placement Agent for our Listing:

(i) Agreement dated 19 December 2011 between CSB and M&A Securities for the appointment of M&A Securities as the Adviser and Placement Agent for our Listing and.

(ii) Underwriting agreement dated 19 September 2014 between CPB and M&A Securities for the underwriting of 14,694,000 IPO Shares to be issued pursuant to our Public Issue.

10.4 DECLARATIONS BY THE ADVISERS

(a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent for our Listing.

(b) Tay Helen & Wong has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.

(c) Crowe Horwath has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing.

(d) Vital Factor Consulting Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for our Listing.

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11. PRO FORMA HISTORICAL FINANCIAL INFORMATION

The following sections set out the summary of our Group's pro forma financial statements. The pro forma consolidated financial information of our Group are prepared based on our audited consolidated financial statements. The pro forma consolidated financial information as contained herein are presented for illustrative purposes to show the aggregate results of our Group and on the assumption that our Group structure had been in existence throughout the financial years under review.

Our pro forma consolidated financial statements have been compiled based on the bases and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Letter on Pro forma Consolidated Financial Information as set out in Section 11.2 of this Prospectus. The financial statements used in the preparation of our pro forma consolidated financial information were prepared in accordance with applicable Malaysian Financial Reporting Standards in Malaysia. Any adjustments which were dealt with when preparing our pro forma consolidated financial information have been highlighted and disclosed in Section 11.2 of this Prospectus. In this respect, you should read the summary of our pro forma consolidated financial information which has been presented below together with the Reporting Accountants' Letter on Pro forma Consolidated Financial Information as set out in Section 11.2 of this Prospectus.

11.1 HISTORICAL FINANCIAL INFORMATION

11.1.1 Pro forma consolidated statements of profit or loss and other comprehensive income

The following table sets forth an extract of the pro forma consolidated statements of profit or loss and other comprehensive income for the past FYEs 2011 to 2014 which have been prepared for illustration purposes on the assumption that the current structure of our Group existed throughout the FYEs under review. The pro forma consolidated statements of profit or loss and other comprehensive income are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in Section 11.2 of this Prospectus.

	<------------------ Pro forma Group ------------------>			
	FYE 2011 RM'000	**FYE 2012 RM'000**	**FYE 2013 RM'000**	**FYE 2014 RM'000**
Revenue	158,422	368,868	325,787	245,575
Cost of sales	(137,168)	(330,485)	(285,972)	(202,491)
Gross profit	**21,254**	**38,383**	**39,815**	**43,084**
Other operating income	217	592	1,773	1,748
Administrative expenses	(6,995)	(12,962)	(14,243)	(12,798)
Other expenses	(1,747)	(2,700)	(2,016)	(1,930)
Operating profit	**12,729**	**23,313**	**25,329**	**30,104**
Finance costs	(90)	(369)	(315)	(246)
Share of profit of joint venture	-	347	1,102	791
PBT	**12,639**	**23,291**	**26,116**	**30,649**
Taxation	(3,109)	(6,487)	(6,613)	(8,751)
PAT	**9,530**	**16,804**	**19,503**	**21,898**
No. of Shares assumed to be in issued ('000)*	173,178	173,178	173,178	173,178
EBITDA	13,911	25,836	28,951	35,183
Gross EPS (sen)	7.30	13.45	15.08	17.70
Net EPS (sen)	5.50	9.70	11.26	12.64
Gross profit margin (%)	13.42	10.41	12.22	17.54
PBT margin (%)	7.98	6.31	8.02	12.48

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	<------------------ Pro forma Group ------------------>			
	FYE 2011 RM'000	**FYE 2012 RM'000**	**FYE 2013 RM'000**	**FYE 2014 RM'000**
PAT margin (%)	6.02	4.56	5.99	8.92
Effective tax rate (%)	24.60	27.85	25.32	28.55
Interest coverage (times)	141.43	35.01	38.63	19.51
No of Shares assumed to be in issued ('000)^	233,878	233,878	233,878	233,878
Diluted net EPS (sen)	4.07	7.18	8.34	9.36

Notes:

* *Based on the number of Shares in issue before our IPO.*
^ *Based on the number of Shares in issue after our IPO.*

Notes to the pro forma consolidated statements of profit or loss and other comprehensive income:

(a) The pro forma consolidated statements of profit or loss and other comprehensive income have been prepared based on the audited financial statements of our Group, using the bases and accounting policies consistent with those adopted in the audited financial statements, after giving effect to the pro forma adjustments which are considered appropriate.

(b) The audited financial statements of our Group for the respective financial years under review have been prepared in accordance with applicable Malaysian Financial Reporting Standards in Malaysia.

(c) The gross profit margin is computed by dividing the gross profit by the revenue earned in the respective financial years.

(d) The PBT margin is computed by dividing the PBT by the revenue earned in the respective financial years.

(e) The PAT margin is computed by dividing the PAT by the revenue earned in the respective financial years.

(f) The gross EPS is computed by dividing the PBT by the number of ordinary shares assumed to be in issue of 173,178,000 Shares.

(g) The net EPS is computed by dividing the PAT by the number of ordinary shares assumed to be in issue of 173,178,000 Shares.

(h) The diluted net EPS is computed by dividing PAT by the enlarged number of ordinary shares after our Listing of 233,878,000 Shares.

(i) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

(j) There was no share of profits of associates throughout the financial years under review.

(k) There were no exceptional or extraordinary items throughout the financial years under review.

11.1.2 Pro forma consolidated statements of financial position

The pro forma consolidated statements of financial position as set out below are provided for illustrative purposes only to show the effects on the consolidated statements of financial position of our Group as at 30 June 2014 had our Acquisitions, Group re-organisation, Public Issue and utilisation of proceeds been completed on that date. The pro forma consolidated statements of financial position are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in Section 11.2 of this Prospectus.

	As At 30 June 2014 RM'000	Pro forma I After Acquisitions and Group re-organisation (1) RM'000	Pro forma II After Pro forma I and Public Issue(2) RM'000	Pro forma III After Pro forma II and utilisation of proceeds(3) RM'000
Non-Current Assets				
Property, plant and equipment	-	53,065	53,065	157,583
Investment in joint venture	-	3,640	3,640	3,640
Other investments	-	50	50	50
Total Non-Current Assets	**-**	**56,755**	**56,755**	**161,273**
Current Assets				
Amount owing by contract customers	-	12,157	12,157	12,157
Trade receivables	-	78,639	78,639	78,639
Other receivables, deposits and prepayments	880	21,093	21,093	21,093
Amount owing by joint venture	-	2,130	2,130	2,130
Tax recoverable	-	20	20	20
Fixed deposits with licensed banks	-	17,125	17,125	17,125
Cash and bank balances	3	16,564	83,334	24,514
Total Current Assets	**883**	**147,728**	**214,498**	**155,678**
Total Assets	**883**	**204,483**	**271,253**	**316,951**
Equity				
Share capital	#	86,589	116,939	116,939
Share premium	-	-	36,420	35,510
Merger deficit	-	(77,637)	(77,637)	(77,637)
(Accumulated loss)/Retained profits	(41)	98,455	98,455	95,865
Capital reserves	-	17	17	17
Total Equity attributable to equity holders of the Company	**(41)**	**107,424**	**174,194**	**170,694**
Non-controlling interests	-	-	-	-
Total Equity	**(41)**	**107,424**	**174,194**	**170,694**
Non-Current Liabilities				
Long-term borrowings	-	33,210	33,210	89,905

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	As At 30 June 2014 RM'000	Pro forma I After Acquisitions and Group re-organisation (1) RM'000	Pro forma II After Pro forma I and Public Issue(2) RM'000	Pro forma III After Pro forma II and utilisation of proceeds(3) RM'000
Total Non-Current Liabilities	**-**	**33,210**	**33,210**	**89,905**
Current Liabilities				
Trade payables	-	11,778	11,778	11,778
Other payables and accruals	13	39,437	39,437	39,437
Amount owing to a related party	911	-	-	-
Dividend payable	-	210	210	210
Provision for taxation	-	3,735	3,735	3,735
Short-term borrowings	-	7,497	7,497	-
Bank overdrafts	-	1,192	1,192	1,192
Total Current Liabilities	**924**	**63,849**	**63,849**	**56,352**
Total Liabilities	**924**	**97,059**	**97,059**	**146,257**
Total Equity and Liabilities	**883**	**204,483**	**271,253**	**316,951**
Current ratio	-	2.31	3.36	2.76
Borrowings (all interest bearing debts)	-	41,899	41,899	91,097
Gearing ratio (times)	-	0.39	0.24	0.53
NA	(41)	107,424	174,194	170,694
NA per share (sen)	(10,250)	0.62	0.74	0.73

Notes:

(1) *Incorporates the effects of the Acquisitions and Group re-organisation as set out in Section 5.3 of this Prospectus.*
(2) *Incorporates the effects of Pro forma (I) and Public Issue.*
(3) *Incorporates the effects of Pro forma (II) and utilisation of proceeds as set out in Section 3.10 of this Prospectus.*
\# *Represents RM20 of the subscribers' shares.*

11.1.3 Pro forma consolidated statement of cash flows

The pro forma consolidated statement of cash flows for the FYE 2014 as set out below are provided for illustrative purposes only and are based on the assumption that the current structure of our Group existed throughout the financial years under review and adjusted to reflect our Acquisitions, Group re-organisation, purchase of an AHTS, Public Issue and the utilisation of proceeds. The pro forma consolidated statement of cash flows should be read in conjunction with the accompanying notes and assumptions set out in Section 11.2 of this Prospectus.

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	FYE 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	28,059
Adjustments for:	
Depreciation of property, plant and equipment	3,380
Gain on disposal of property, plant and equipment	(5)
Impairment losses on:	
- trade receivables	425
- property, plant and equipment	160
Interest income	(502)
Interest expense	1,656
Property, plant and equipment written off	#
Listing expenses	2,590
Share of profit of joint venture	(791)
Unrealised gain on foreign exchange	(18)
Operating profit before working capital changes	34,954
Decrease in amount owing by contract customers	17,720
Increase in trade and other receivables	(36,919)
Decrease in trade and other payables	(1,361)
CASH FROM OPERATIONS	14,394
Interest received	502
Interest paid	(1,656)
Tax paid	(7,338)
NET CASH FROM OPERATING ACTIVITIES	5,902
CASH FLOWS FOR INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(56,643)
Proceeds from disposal of property, plant and equipment	5
NET CASH FOR INVESTING ACTIVITIES	(56,638)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividend paid	(850)
Placement of pledged deposits	(937)
Proceeds from issuance of shares pursuant to public issue	66,770
Payment of listing expenses	(3,500)
Repayment of invoice financing	(3,984)
Repayment of hire purchase obligations	(749)
Repayment of term loans	(6,458)
NET CASH FROM FINANCING ACTIVITIES	50,292
NET DECREASE IN CASH AND CASH EQUIVALENTS	(444)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	23,766

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	FYE 2014 RM'000
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23,322
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:	
Fixed deposits with licensed banks	17,125
Cash and bank balances	24,514
Bank overdrafts	(1,192)
	40,447
Less: Fixed deposits pledged to licensed banks	(17,125)
	23,322

Note:

\# *Less than RM1,000.*

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11.2 REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
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www.crowehorwath.com.my
info@crowehorwath.com.my

Date: 12 September 2014

The Board of Directors
Carimin Petroleum Berhad
B-1-6, Block B, Megan Avenue 1,
189 Jalan Tun Razak,
50400 Kuala Lumpur

Dear Sirs

CARIMIN PETROLEUM BERHAD ("CPB" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of CPB and its subsidiaries ("CPB Group" or "the Group") by the Board of Directors for inclusion in the Prospectus of CPB in connection with the proposed listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Malaysia Securities Berhad ("the Proposal"). The pro forma consolidated financial information (which we have stamped for the purpose of identification) consists of:-

a) the pro forma consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2011 to 30 June 2014;

b) the pro forma consolidated statements of financial position as at 30 June 2014;

c) the pro forma consolidated statement of cash flows for the financial year ended 30 June 2014; and

d) the related notes as set out in the accompanying statements.

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated financial information are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines') set out in Note 1 of the pro forma consolidated financial information.

The pro forma consolidated financial information has been compiled by the Board of Directors to illustrate:-

a) the Group's financial performance for the financial years ended 30 June 2011 to 30 June 2014 as if the Group had been in existence throughout these financial years;

b) the impact of the events or transactions set out in Note 1 on the Group's financial position as at 30 June 2014; and

c) the Group's financial cash flows for the financial year ended 30 June 2014 as if the Group had been in existence throughout the financial year.

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As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Board of Directors from the Group's financial statements for the financial years ended 30 June 2011 to 30 June 2014, on which the audit reports have been published.

Directors' Responsibility for the Pro Forma Consolidated Financial Information

The Board of Directors of CPB is solely responsible for compiling the pro forma consolidated financial information on the basis set out in Note 1 of the pro forma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 of the pro forma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated financial information on the basis set out in Note 1 of the pro forma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of pro forma consolidated financial information included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

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A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis set out in Note 1 of the pro forma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated financial information has been compiled, in all material respects, on the basis set out in Note 1 of the pro forma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus of CPB in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No : 2271/10/15 (J)
Chartered Accountant

Initialed For Identification Purposes Only

Crowe Horwath.

AF 1018

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. PRO FORMA GROUP AND BASIS OF PREPARATION

1.1 Pro Forma Group

The pro forma consolidated financial information of Carimin Petroleum Berhad ("CPB") and its subsidiaries (collectively referred to as "CPB Group" or "the Group"), comprises the financial information of the following companies, are presented for the purpose of illustration only:-

a) CPB
b) Carimin Sdn Bhd ("CSB") and its subsidiaries ("CSB Group")

The relevant financial periods for the purpose of this report ("Relevant Financial Period') are as follows:

Entity	**Relevant Financial Period**
CPB	Financial period from 14 March 2012 (date of incorporation) to 30 June 2013 FYE 30 June 2014
CSB Group	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013 FYE 30 June 2014

FYE - Financial Year Ended

The pro forma consolidated financial information of CPB Group is prepared on the assumption that CPB Group had been in existence throughout the FYEs 30 June 2011 to 2014. The pro forma consolidated financial information comprises the following:-

Section 2 - Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Relevant Financial Period;

Section 3 - Pro Forma Consolidated Statements of Financial Position as at 30 June 2014; and

Section 4 - Pro Forma Consolidated Statement of Cash Flows for FYE 30 June 2014.

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation

The pro forma consolidated financial information of CPB Group is prepared based on the audited financial statements of CPB and CSB Group for the Relevant Financial Period.

The financial statements used in the preparation of this letter for the Relevant Financial Period under review were not subject to any audit qualification or emphasis of matter.

The pro forma consolidated financial information has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") in Malaysia and, bases and accounting policies consistent with those adopted by CPB Group after incorporating adjustments that are appropriate for the preparation of the pro forma consolidated financial information.

The pro forma consolidated financial information has been prepared using the merger method. Under the merger method;

(i) if the cost of merger is lower than the nominal value of the share capital of the subsidiaries acquired, a credit balance will arise and be treated as merger reserve.

(ii) if the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired, a debit balance will arise and be treated as merger deficit under the pro forma consolidated statements of financial position.

The pro forma consolidated financial information has been prepared solely to illustrate:-

(i) the financial results of CPB Group for the FYEs 30 June 2011 to 2014 on the assumption that CPB Group had been in existence throughout the Relevant Financial Period;

(ii) the pro forma consolidated statements of financial position of CPB Group as at 30 June 2014 which incorporate the effects of the listing scheme as described below had the scheme been implemented; and

(iii) The cash flows of CPB Group for the FYE 30 June 2014 on the assumption that the Group structure had been in place since the beginning of the financial year.

Initialed For Identification Purposes Only

Crowe Horwath.

AF 1018

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The listing scheme comprises the following:-

(i) Acquisition of CSB

Prior to the implementation of the Acquisition of CSB, the shareholders of CSB were Mokhtar Bin Hashim (49.0% equity interest) and Cipta Pantas Sdn Bhd ("Cipta Pantas") (51.0% equity interest). The acquisition of CSB involves the acquisition of 100% equity interest in CSB comprising 1,000,000 ordinary shares of RM1.00 each in CSB ("CSB Shares") from Mokhtar Bin Hashim and Cipta Pantas for a purchase consideration of RM78,637,361 satisfied via the issuance of 157,274,722 new CPB Shares at par to Mokhtar Bin Hashim and Cipta Pantas, in the following manner:

Vendors	No. of CSB Shares acquired	% of share capital	Purchase consideration^ RM	No. of existing CPB Shares received *	No. of new CPB Shares received
Mokhtar Bin Hashim	490,000	49.00	38,532,307	20	77,064,614
Cipta Pantas	510,000	51.00	40,105,054	20	80,210,108
	1,000,000	**100.00**	**78,637,361**	**40**	**157,274,722**

Notes:

^ *The total purchase consideration of RM78,637,361 for the entire equity interest in CSB was based on the audited net assets ("NA") of CSB as at 30 June 2013 of RM78,637,397.*

* *Prior to the implementation of the Acquisitions, the issued and paid-up share capital of CPB is RM20 comprising 40 CPB Shares. The existing 40 CPB Shares were held by Mazhar Bin Palil and Muhammad Hatta Bin Noah, each holding 20 CPB Shares. Consequent to the implementation of the Acquisitions, the said 40 CPB Shares were transferred to Mokhtar Bin Hashim and Cipta Pantas on an equal basis. Thereafter, Mazhar Bin Palil and Muhammad Hatta Bin Noah ceased to be shareholders of CPB.*

As a result of the implementation of the Acquisition of CSB, 77,064,614 new CPB Shares were issued to Mokhtar Bin Hashim and 80,210,108 new CPB Shares were issued to Cipta Pantas. Thereafter, CSB became a wholly-owned subsidiary of CPB.

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The listing scheme comprises the following:-

(i) Acquisition of CSB (Cont'd)

Upon receipt of the 80,210,108 new CPB Shares by Cipta Pantas pursuant to the Acquisition of CSB, Cipta Pantas proceeded to distribute 39,500,000 new CPB Shares received to its shareholders, namely Tan Sri Dato' Kamaruzzaman Bin Shariff and Platinum Castle Sdn Bhd in the following manner ("Distribution of CPB Shares"):

	No. of CPB Shares	%
New CPB Shares received by Cipta Pantas under the Acquisition of CSB	80,210,128	100.00
Less: Distribution of CPB Shares to:		
(i) Tan Sri Dato' Kamaruzzaman Bin Shariff	(7,000,000)	(8.73)
(ii) Platinum Castle Sdn Bhd	(32,500,000)	(40.52)
Total shares distributed	**(39,500,000)**	**(49.25)**
CPB Shares retained in Cipta Pantas	**40,710,128**	**50.75**

Upon completion of the Distribution of CPB Shares, the remaining 40,710,128 CPB Shares were retained by Cipta Pantas.

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The listing scheme comprises the following (Cont'd):-

(ii) Acquisition of Carimin Engineering Services Sdn Bhd ("Carimin Engineering")

Prior to the implementation of the Acquisition of Carimin Engineering, the shareholders of Carimin Engineering were CSB (70.0% equity interest) and Shatar Bin Abdul Hamid (30.0% equity interest). The acquisition of Carimin Engineering involves the acquisition of 30% of the equity interest in Carimin Engineering comprising 1,500,000 ordinary shares of RM1.00 each in Carimin Engineering ("Carimin Engineering Shares") by CPB from Shatar Bin Abdul Hamid for a purchase consideration of RM7,951,619 satisfied via the issuance of 15,903,238 new CPB Shares at par, in the manner below:

Vendor	No. of Carimin Engineering Shares acquired	% of share capital	Purchase consideration RM^	No. of CPB Shares issued
Shatar Bin Abdul Hamid	1,500,000	30.00	7,951,619	15,903,238

Note:

^ *The total purchase consideration of RM7,951,619 for the 30% equity interest in CSB was based on the 30% of the audited NA of Carimin Engineering as at 30 June 2013 of RM7,951,619.*

As result of the implementation of the Acquisition of Carimin Engineering, 15,903,238 new CPB Shares were issued to Shatar Bin Abdul Hamid. Thereafter, Carimin Engineering became a wholly-owned subsidiary of CPB whereby 70% equity interest is held via CSB and 30% equity interest is held via CPB.

(hereinafter referred to as the "Acquisitions").

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The listing scheme comprises the following (Cont'd):-

(ii) Acquisition of Carimin Engineering Services Sdn Bhd ("Carimin Engineering") (Cont'd)

The total purchase consideration of RM86,588,980 for the Acquisitions was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of CSB and Carimin Engineering as at 30 June 2013.

Details of the purchase consideration are as follows:

Company	% of equity interest acquired	Audited NA as at 30 June 2013 RM	Share of audited NA as at 30 June 2013 RM	Purchase consideration RM
CSB	100.00%	78,637,397	78,637,397	78,637,361
Carimin Engineering	30.00%	26,505,398	7,951,619	7,951,619
		105,142,795	86,589,016	86,588,980

The Acquisitions was completed on 1 July 2014. Thereafter, CSB and Carimin Engineering became CPB's wholly-owned subsidiaries.

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The listing scheme comprises the following (Cont'd):-

(iii) Group re-organisation

On 9 December 2013, CPB had entered into a Share Sale Agreement with its wholly-owned subsidiary, CSB to acquire the following companies from CSB:

Companies	Equity interest acquired %	Issued and paid-up share capital RM	Purchase consideration RM
Carimin Resources Services Sdn Bhd ("Carimin Resources")	100	10	10
Carimin Corporate Services Sdn Bhd ("Carimin Corporate")	100	10	10
Carimin Equipment Management Sdn Bhd ("Carimin Equipment")	100	1,000,000	1,000,000
Carimin Engineering	70	3,500,000	3,500,000
Carimin Marine Services Sdn Bhd ("Carimin Marine")	100	1,000,000	1,000,000
Total			5,500,020

The effective purchase consideration for the acquisition of these subsidiaries is based on the respective subsidiaries' issued and paid-up share capital, the rationale being that there is no change in the effective control of these subsidiaries as a result of the re-organisation of the Group

The Group re-organisation was completed on 1 July 2014. Thereafter, these companies became CPB's direct subsidiaries.

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The listing scheme comprises the following (Cont'd):-

(iv) Public Issue

Pursuant to the Public Issue, CPB shall issue 60,700,000 new shares at an issue price of RM1.10 ("IPO Price") to be allocated in the following manner:

(a) 11,694,000 new shares will be made available for application by the Malaysian Public, to be allocated via balloting;

(b) 3,000,000 new shares made available to CPB's eligible Directors, employees and persons who have contributed to the success of the Group; and

(c) 46,006,000 new shares by way of private placement to identified investors.

The new shares shall rank *pari passu* in all respects with CPB existing issued Shares including the voting rights and will be entitled to all rights and dividends and other distributions, the entitlement date of which are subsequent thereof.

Upon completion of the Public Issue, the issued and paid-up share capital will increase from RM86,589,000 comprising 173,178,000 Shares to RM116,939,000 comprising 233,878,000 Shares.

(v) Offer for Sale

Concurrent with CPB's Listing, the Offerors, namely Mokhtar Bin Hashim and Platinum Castle Sdn Bhd will undertake an offer for sale of 5,890,000 Shares at the IPO Price, representing approximately 2.52% of the enlarged issued and paid-up share capital to identified investors.

(vi) Listing

Upon completion of the IPO, the Company's entire enlarged issued and paid-up share capital of RM116,939,000 comprising 233,878,000 Shares shall be listed on the Main Market of Bursa Securities.

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF CPB GROUP

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Revenue	158,422	368,868	325,787	245,575
Cost of sales	(137,168)	(330,485)	(285,972)	(202,491)
Gross profit ("GP")	21,254	38,383	39,815	43,084
Other income	217	592	1,773	1,748
	21,471	38,975	41,588	44,832
Administrative expenses	(6,995)	(12,962)	(14,243)	(12,798)
Other expenses	(1,747)	(2,700)	(2,016)	(1,930)
Profit from operations	12,729	23,313	25,329	30,104
Finance costs	(90)	(369)	(315)	(246)
Share of profit of joint venture, net of tax	-	347	1,102	791
Profit before taxation ("PBT")	12,639	23,291	26,116	30,649
Depreciation of property, plant and equipment	1,313	2,195	2,422	3,380
Interest expense	90	685	694	1,656
Interest income	(131)	(335)	(281)	(502)
Earning before interest, taxation and depreciation	13,911	25,836	28,951	35,183
Depreciation of property, plant and equipment	(1,313)	(2,195)	(2,422)	(3,380)
Interest expense	(90)	(685)	(694)	(1,656)
Interest income	131	335	281	502
PBT	12,639	23,291	26,116	30,649
Tax expense	(3,109)	(6,487)	(6,613)	(8,751)
Profit after taxation ("PAT")	9,530	16,804	19,503	21,898
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	9,530	16,804	19,503	21,898
PAT/Total comprehensive income for the financial year attributable to:-				
- Owners of the Company	8,312	13,984	17,072	17,182
- Non-controlling interests	1,218	2,820	2,431	4,716
	9,530	16,804	19,503	21,898

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF CPB GROUP (CONT'D)

	Audited			
	FYE 2011 RM'000	**FYE 2012 RM'000**	**FYE 2013 RM'000**	**FYE 2014 RM'000**
GP margin (%)	13.42	10.41	12.22	17.54
PBT margin (%)	7.98	6.31	8.02	12.48
PAT margin (%)	6.02	4.56	5.99	8.92
Effective tax rate (%)	24.60	27.85	25.32	28.55
Interest coverage (times)	141.43	35.01	38.63	19.51
Number of ordinary shares assumed in issue of RM0.50 each ('000) ^	233,878	233,878	233,878	233,878
Gross earnings per share ("EPS") ^ (Sen)	5.40	9.96	11.17	13.10
Net EPS ^ (Sen)	4.07	7.18	8.34	9.36
Diluted net EPS (sen)	4.07	7.18	8.34	9.36

Note:-

^ Based on the number of shares in issue after Acquisitions, Group-reorganisation, Public Issue and Offer for Sale.

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CPB GROUP

	Note	CPB Audited as at 30 June 2014 RM'000	Pro Forma I After Acquisitions and Group re-organisation RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3.4	-	53,065	53,065	157,583
Investment in joint venture	3.5	-	3,640	3,640	3,640
Other investments	3.6	-	50	50	50
		-	56,755	56,755	161,273
CURRENT ASSETS					
Amount owing by contract customers	3.7	-	12,157	12,157	12,157
Trade receivables	3.8	-	78,639	78,639	78,639
Other receivables, deposits and prepayments	3.9	880	21,093	21,093	21,093
Amount owing by joint venture	3.10	-	2,130	2,130	2,130
Tax recoverable	3.11	-	20	20	20
Fixed deposits with licensed banks	3.12	-	17,125	17,125	17,125
Cash and bank balances	3.13	3	16,564	83,334	24,514
		883	147,728	214,498	155,678
TOTAL ASSETS		883	204,483	271,253	316,951
EQUITY AND LIABILITIES					
EQUITY					
Share capital	3.14	#	86,589	116,939	116,939
Share premium	3.15	-	-	36,420	35,510
Merger deficit	3.16	-	(77,637)	(77,637)	(77,637)
(Accumulated losses)/Retained profits	3.17	(41)	98,455	98,455	95,865
Capital reserve	3.18	-	17	17	17
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		(41)	107,424	174,194	170,694
NON - CONTROLLING INTERESTS		-	-	-	-
TOTAL EQUITY		(41)	107,424	174,194	170,694

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CPB GROUP (CONT'D)

	Note	CPB Audited as at 30 June 2014 RM'000	Pro Forma I After Acquisitions and Group re-organisation RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
NON-CURRENT LIABILITIES					
Long-term borrowings	3.19	-	33,210	33,210	89,905
CURRENT LIABILITIES					
Trade payables	3.20	-	11,778	11,778	11,778
Other payables and accruals	3.21	13	39,437	39,437	39,437
Amount owing to a related party	3.22	911	-	-	-
Dividend payable	3.23	-	210	210	210
Provision for taxation	3.24	-	3,735	3,735	3,735
Short-term borrowings	3.25	-	7,497	7,497	-
Bank overdrafts	3.26	-	1,192	1,192	1,192
		924	63,849	63,849	56,352
TOTAL LIABILITIES		924	97,059	97,059	146,257
TOTAL EQUITY AND LIABILITIES		883	204,483	271,253	316,951
Current ratio (times)		NA	2.31	3.36	2.76
Borrowings (All interest bearing debts) (RM'000)		NA	41,899	41,899	91,097
Gearing ratio		NA	0.39	0.24	0.53
Net assets ("NA") (RM'000)		(41)	107,424	174,194	170,694
NA per ordinary share (sen)		(10,250)	0.62	0.74	0.73

- RM20 comprising 40 ordinary shares of RM0.50 each.

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.1 Pro Forma I

Pro Forma I incorporates the effects of Acquisitions of CSB and Carimin Engineering and the Group-re-organisation as set out in Section 1.2 of this report.

The results were consolidated using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is accounted for as a merger reserve or deficit; and

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue of 60,700,000 new CPB Shares, at a Public Issue price of RM1.10 per CPB Share, payable in full on application.

3.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds.

The proceeds will be utilised as follows:-

	RM'000
Purchase of offshore support vessel ^	35,320
Development of minor fabrication yard	12,000
Repayment of bank borrowings #	8,000
General working capital	7,950
Estimated listing expenses *	3,500
	66,770

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

The proceeds will be utilised as follows (Cont'd):-

Notes:-

^ - *The purchase of Carimin Acacia, an Accommodation Workboat ("AWB") cost approximately RM95,000,000. The Group has paid RM2,482,000 as deposit and plans to utilise RM35,320,000 of the IPO proceeds for vessel investment. The balance of the purchase price to be financed via bank borrowings.*

- *Repayment of bank borrowings allows the Group to optimise their financial position and reduce interest cost by between RM240,000 to RM400,000 per year based on effective interest rates ranging from 3.00% to 5.00% per annum.*

* - *The estimated listing expenses arising from the issuance of new CPB Shares pursuant to the IPO amounting to RM910,000 is to be written off against the share premium under Section 60 of the Companies Act 1965. The balance of the estimated listing expenses of RM2,590,000 will be expensed off against the Statements of Profit or Loss and Other Comprehensive Income and this represents a one-off expenditure pursuant to the Public Issue.*

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.4 Property, plant and equipment

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	53,065
As per Pro Forma I/II	53,065
Purchase of offshore support vessel	92,518
Development of minor fabrication yard	12,000
As per Pro Forma III	157,583

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Net Book Value RM'000
Freehold land	225	-	-	225
Leasehold land	440	(89)	-	351
Buildings	9,820	(1,868)	-	7,952
Furniture and fittings	542	(432)	-	110
Operation equipment	2,764	(2,170)	(350)	244
Operation tools and equipment	4,374	(2,734)	-	1,640
Office equipment	504	(364)	(125)	15
Motor vehicles	1,303	(1,167)	-	136
Plant and equipment	923	(230)	-	693
Renovation	1,257	(393)	(30)	834
Vessel	39,521	(1,187)	-	38,334
Vessel-in-progress ^	2,482	-	-	2,482
Others	1,092	(888)	(155)	49
As per Pro Forma I/II	65,247	(11,522)	(660)	53,065
Purchase of offshore support vessel	92,518	-	-	92,518
Development of minor fabrication yard	12,000	-	-	12,000
As per Pro Forma III	169,765	(11,522)	(660)	157,583

Notes:-

^ - represents deposit paid for Carimin Acacia classified as vessel-in-progress.

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.5 Investment in joint venture

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	3,640
As per Pro Forma I/II/III	3,640

3.6 Other investments

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	50
As per Pro Forma I/II/III	50

3.7 Amount owing by contract customers

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	12,157
As per Pro Forma I/II/III	12,157

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.8 Trade receivables

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	78,639
As per Pro Forma I/II/III	78,639

3.9 Other receivables, deposits and prepayments

	RM'000
As at 30 June 2014	880
Acquisitions and Group re-organisation	20,213
As per Pro Forma I/II/III	21,093

3.10 Amount owing by joint venture

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	2,130
As per Pro Forma I/II/III	2,130

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.11 Tax recoverable

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	20
As per Pro Forma I/II/III	20

3.12 Fixed deposits with licensed banks

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	17,125
As per Pro Forma I/II/III	17,125

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.13 Cash and bank balances

	RM'000
As at 30 June 2014	3
Acquisitions and Group re-organisation	16,561
As per Pro Forma I	16,564
Proceeds from Public Issue	66,770
As per Pro Forma II	83,334
Utilisation of proceeds:	
- purchase of offshore support vessel	(35,320)
- development of minor fabrication yard	(12,000)
- repayment of bank borrowings	(8,000)
- estimated listing expenses	(3,500)
As per Pro Forma III	24,514

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.14 Share capital

The movements in the issued and paid-up share capital of CPB Group are as follows:-

	Number of Ordinary Shares ('000)	Amount of Share Capital RM'000
As at 30 June 2014	^	*
Ordinary shares issued pursuant to the Acquisitions	173,178	86,589
As per Pro Forma I	173,178	86,589
Public Issue	60,700	30,350
As per Pro Forma II/III	233,878	116,939

Notes:-

^ - represents 40 shares
* - represents RM20

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.15 Share premium

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	-
As per Pro Forma I	-
Public Issue	36,420
As per Pro Forma II	36,420
Estimated listing expenses *	(910)
As per Pro Forma III	35,510

The movements in the share premium of CPB Group are as follows:-

Note:-

* - *The estimated listing expenses arising from the issuance of new CPB Shares pursuant to the IPO amounting to RM910,000 is to be written off against the share premium under Section 60 of the Companies Act 1965. The balance of the estimated listing expenses of RM2,590,000 will be expensed off against the Statements of Profit or Loss and Other Comprehensive Income and this represents a one-off expenditure pursuant to the Public Issue.*

3.16 Merger deficit

The merger deficit arose from the acquisition of CSB Group using the merger method of accounting.

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.17 (Accumulated losses)/Retained profits

	RM'000
As at 30 June 2014	(41)
Acquisitions and Group re-organisation:	
- retained profits from CSB	93,990
- remaining equity in Carimin Engineering from non-controlling interests	4,506
As per Pro Forma I/II	98,455
Estimated listing expenses	(2,590)
As per Pro Forma III	95,865

3.18 Capital reserve

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	17
As per Pro Forma I/II/III	17

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.19 Long-term borrowings

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation:	
- hire purchase payables	1,199
- term loans	32,011
As Per Pro Forma I/II	33,210
Drawdown of term loan	57,198
Repayment of term loans	(503)
As per Pro Forma III	89,905

3.20 Trade payables

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	11,778
As per Pro Forma I/II/III	11,778

3.21 Other payables and accruals

	RM'000
As at 30 June 2014	13
Acquisitions and Group re-organisation	39,424
As per Pro Forma I/II/III	39,437

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.22 Amount owing to a related party

	RM'000
As at 30 June 2014	911
Acquisitions and Group re-organisation	(911)
As per Pro Forma I/II/III	-

3.23 Dividend payable

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	210
As per Pro Forma I/II/III	210

3.24 Provision for taxation

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	3,735
As per Pro Forma I/II/III	3,735

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CBP GROUP (CONT'D)

3.25 Short-term borrowings

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation:	
- invoice financing	2,300
- revolving credits	60
- hire purchase payables	802
- term loans	4,335
As per Pro Forma I/II	7,497
Repayment of:	
- invoice financing	(2,300)
- revolving credits	(60)
- hire purchase payables	(802)
- term loans	(4,335)
As per Pro Forma III	-

3.26 Bank overdrafts

	RM'000
As at 30 June 2014	-
Acquisitions and Group re-organisation	1,192
As per Pro Forma I/II/III	1,192

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Crowe Horwath.

AF 1018

CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. CONSOLIDATED STATEMENT OF CASH FLOWS OF CPB GROUP FOR THE FYE 30 JUNE 2014

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	28,059
Adjustments for:-	
Depreciation of property, plant and equipment	3,380
Gain on disposal of property, plant and equipment	(5)
Impairment losses on:	
- trade receivables	425
- property, plant and equipment	160
Interest income	(502)
Interest expense	1,656
Property, plant and equipment written off	#
Listing expenses	2,590
Share of profit of joint venture	(791)
Unrealised gain on foreign exchange	(18)
Operating profit before working capital changes	34,954
Decrease in amount owing by contract customers	17,720
Increase in trade and other receivables	(36,919)
Decrease in trade and other payables	(1,361)
CASH FROM OPERATIONS	14,394
Interest received	502
Interest paid	(1,656)
Tax paid	(7,338)
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD	5,902

Notes:-

less than RM 1,000

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CPB GROUP

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. CONSOLIDATED STATEMENT OF CASH FLOWS OF CPB GROUP FOR THE FYE 30 JUNE 2014 (CONT'D)

	RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD	5,902
CASH FLOWS FOR INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(56,643)
Proceeds from disposal of property, plant and equipment	5
NET CASH FOR INVESTING ACTIVITIES	(56,638)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividend paid	(850)
Placement of pledged deposits	(937)
Proceeds from issuance of shares pursuant to public issue	66,770
Payment of listing expenses	(3,500)
Repayment of invoice financing	(3,984)
Repayment of hire purchase obligations	(749)
Repayment of term loans	(6,458)
NET CASH FROM FINANCING ACTIVITIES	50,292
NET DECREASE IN CASH AND CASH EQUIVALENTS	(444)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	23,766
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23,322
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:	
Fixed deposits with licensed banks	17,125
Cash and bank balances	24,514
Bank overdrafts	(1,192)
	40,447
Less: Fixed deposits pledged to licensed banks	(17,125)
	23,322

Note:

The Pro Forma Consolidated Statement of Cash Flows of CPB Group has been adjusted to reflect events stated in Section 3.1 of this report and after taking into account the proceeds from the Public Issue and Utilisation of Proceeds.

Initialed For Identification Purposes Only

Crowe Horwath.

AF 1018

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 12 SEP 2014

On behalf of the Board of Directors,

Mokhtar Bin Hashim
DIRECTOR

Shatar Bin Abdul Hamid
DIRECTOR

11.3 CAPITALISATION AND INDEBTEDNESS

The following information shall be read in conjunction with the Reporting Accountants' letter on pro forma consolidated financial information and Accountants' Report set out in Sections 11.2 and 13 of this Prospectus.

The following table shows our Group's cash and cash equivalents, capitalisation and indebtedness based on our pro forma financial position as at 30 June 2014, and as adjusted for the net proceeds from our IPO and proposed utilisation of the proceeds from our Public Issue:

	<-------------Pro forma Group ----------->	
	As at 30 June 2014	**After the Public Issue and utilisation of proceeds**
	RM'000	**RM'000**
Cash and bank balances	16,564	24,514
Fixed deposits with licensed banks	17,125	17,125
Bank overdrafts	(1,192)	(1,192)
	32,497	40,447
Less: Fixed deposits pledged with licensed banks	(17,125)	(17,125)
Total cash and cash equivalents	**15,372**	**23,322**
Indebtedness		
Current		
Invoice financing	2,300	-
Revolving credits	60	-
Hire purchase payables	802	-
Term loans	4,335	-
Bank overdrafts	1,192	1,192
Non-current		
Hire purchase payables	1,199	1,199
Term loans	32,011	88,706
Total indebtedness	**41,899**	**91,097**
Shareholders' equity	**107,424**	**170,694**
Total capitalisation and indebtedness	**164,695**	**285,113**

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management discussion and analysis of the audited results of our Group for the FYE 2011, 2012, 2013 and 2014 should be read in conjunction with our pro forma consolidated financial information set out in Section 11 of this Prospectus and the Accountants' Report included in Section 13 of this Prospectus.

This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward looking statements. Factor that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set in Section 4 of this Prospectus.

12.1 OVERVIEW OF OUR OPERATIONS

12.1.1 Principal activities

Our Group's business activities centre on supporting the offshore oil and gas industry in Malaysia. We primarily provide offshore hook up and commissioning, production platform system maintenance and upgrading services including minor fabrication services. The other business units within our Group include manpower supply and equipment rental services. We are also involved in the vessel business through our subsidiary, Carimin Airis, which owns an AHTS vessel and through our equity interest in SK Offshore, an AWB. In March 2014, we had entered into a Memorandum of Agreement to acquire an additional AWB, namely Carimin Acacia. Carimin Acacia is scheduled for delivery in June 2015.

In respect of revenue generation, it mainly streams from providing supporting products and services to the offshore oil and gas industry, more specifically derived from providing offshore hook up and commissioning, production platform system maintenance and upgrading, manpower supply, and minor fabrication services.

In preparation for our Listing, we had completed the Acquisitions which involved CPB acquiring 100% equity interest in CSB and 30% equity interest in Carimin Engineering (not owned by CSB) to form our Group on 1 July 2014. Further details of the Acquisitions and our Group's re-organisation are set out in Section 5.3 of this Prospectus.

The management discussion and analysis of financial condition and results of operations were prepared based on data derived from the audited financial statements for FYE 2011 to FYE 2014 of our Group.

12.1.2 Brief financial history

Our Group's revenue increased from RM158.42 million in FYE 2011 to RM368.87 million in FYE 2012, recorded RM325.79 million in FYE 2013 and reduced to RM245.58 million in FYE 2014. Similarly, our PAT grew from RM9.53 million in FYE 2011 to RM19.51 million in FYE 2013 and recorded RM21.94 million in FYE 2014.

Our GP margin recorded in FYE 2011 and FYE 2012 was 13.42% and 10.41% while in FYE 2013 and FYE 2014, GP margin improved to 12.22% and 17.54% respectively.

In terms of PBT margin, PBT margin recorded in FYE 2011 and FYE 2012 was 7.98% and 6.31% respectively while in FYE 2013 and FYE 2014, our PBT margin improved to 8.02% and 12.50% respectively.

The significant increase in revenue in FYE 2012 was due to the substantial work billings of our Petronas Carigali's contract for the provision of offshore hook up and commissioning of Petronas Carigali facilities for a 2-year period ("Sarawak/Sabah HUC Contract") as compared to FYE 2011. However, in FYE 2013, our Group recorded lower revenue as work orders from the Sarawak/Sabah HUC Contract as Petronas Carigali began to taper down in line with Petronas Carigali's new term master programme for the Peninsular Malaysia HUC Contract.

Our Group recorded lower revenue in FYE 2014 as compared to FYE 2013 due to the slower than anticipated volume of work orders under the Peninsular Malaysia HUC Contract received in the 1st and 2nd quarter of FYE 2014. The major work orders were only received in the 3rd quarter of FYE 2014.

Notwithstanding this, we wish to highlight as set out under Section 6.3.2 of this Prospectus, the Peninsular Malaysia HUC Contract has an approximate work value of RM899.0 million and as at the LPD, work orders amounting to RM92.4 million has been rolled out.

The reduction in margins in FYE 2012 as compared to FYE 2011 was attributed to the gross margin mix of the cost components during our execution of the Sarawak/Sabah HUC Contract, whereby our direct cost component consist mostly of manpower and material costs that had lower gross margin compared to marine services and third-party services. Subsequently in FYE 2013, with improved operational efficiency and better gross margin mix arising from higher concentration of marine services cost component, our Group achieved an improved margin in FYE 2013. The margins further improved in FYE 2014 due to further improved operational efficiency.

Further details of the history and description of our Group's operations are set out in Section 6.1.1 of this Prospectus.

12.1.3 Revenue drivers

Our subsidiary, CSB which is involved in the provision of manpower supply services, has been contributing a consistent stream of revenue and PAT to the Group over the financial years under review.

Since FYE 2012 up to the LPD, Carimin Engineering emerged as the major contributor of revenue and PAT to our Group primarily from providing offshore hook up and commissioning, production platform system maintenance and upgrading services under the Sarawak/Sabah HUC Contract.

Our Board expects Carimin Engineering to maintain as the main revenue and PAT contributor to the CPB Group beyond FYE 2014 with the award of Peninsular Malaysia HUC Contract. The future revenue and PAT contribution from CSB is expected to be maintained.

12.1.4 Recent developments

There were no significant events subsequent to our Group's audited consolidated financial statements for the FYE 2014.

12.1.5 Significant factors affecting our business

Section 4 of this Prospectus details a number of risk factors relating to the oil and gas industry. Some of these risk factors have an impact on our Group's revenue and operating profits. The main factors which affect revenues and profits include but are not limited to the following:

(i) Our negotiating position for contracts

Our Group's ability to secure contracts is premise on a combination of our Company's internal competitive strengths and strategic business partners which provides us the competitive edge when negotiating to secure contracts from our customers. These advantages include our experiences, track record, management skills, access to manpower resources, in-house minor fabrication facilities, control of vessel deployments, in-house quality assurance, available banking facilities etc, all of which are set out in Section 6.2 (c) of this Prospectus as our competitive advantages and key strengths.

(ii) Duration of contracts

Our Group's revenue is dependent on the duration of our contracts to ensure sustainability of our financial performance.

Contracts generally consist of long term and short term contracts. The long term contracts are typically awarded on a 3 to 5 years duration while short term contracts are for durations below 3 years. As at the LPD, our subsisting contracts are with the following customers as set out below:

(a) Offshore hook up and commissioning, production platform system maintenance and upgrading contracts

Contracts	**Duration (years)**
Petronas Carigali - Peninsular Malaysia HUC Contract	5 years

(b) Manpower supply contracts

We currently have a total of 38 manpower supply contracts, majority of these contracts are for a duration of 3 years or longer. Further details of the manpower supply contracts are set out in Section 6.3.2 of this Prospectus.

Based on the contracts above, our management is of the opinion that our Group's financial performance is sustainable for the foreseeable future.

(iii) Scarcity of oil and gas professionals

The provision of oil and gas, offshore hook up and commissioning and installation, geoscience and reservoir engineering support services and project related operations services requires qualified, skilled and experienced technical professionals to perform assigned scope of works.

The number of personnel with the required qualifications and experience in the industry may be limited, due to supply and demand conditions and the competition may be intense at times to acquire their services amongst PSC contractors, related oil and gas industry companies and providers of oil and gas support services.

As at LPD, our in-house database had up-to-date information on approximately 1,000 experienced geoscientists, engineers, technicians, professionals and other personnel.

(iv) Impact on project margins

Our business activities are affected by project margins which are related to direct cost of sales which mainly comprises manpower cost, material cost, marine services and third-party services.

Save for manpower supply services contracts, these cost components depend on the nature of the contracts and our customers are typically based on:

(i) cost plus method with fixed mark-up to the cost value of work orders to be allocated to pre-approved vendors of our customers; or

(ii) lump sum method with pre-determined cost value of work orders negotiated with our customers and have no restrictions on vendors selection.

Our Group's cost components in the past 4 financial years are set out as follows:

(a) Manpower cost

	FYE 2011 RM'000	%	FYE 2012 RM'000	%	FYE 2013 RM'000	%	FYE 2014 RM'000	%
Manpower cost	105,855	77.18	168,837	51.08	133,391	46.65	98,432	48.61

Our Group is highly dependent on manpower supply as it is the largest cost component within our direct cost of sales. In FYE 2011, the manpower cost contributed 77.18% of the direct cost of sales due to the significant contribution from its manpower supply services revenue segment. In FYE 2011, the manpower supply services contributed 57.35% to our Group's total revenue. The trend in manpower cost was in tandem with our revenue trend over the financial years under review.

(b) Material cost

	FYE 2011 RM'000	%	FYE 2012 RM'000	%	FYE 2013 RM'000	%	FYE 2014 RM'000	%
Material cost	13,155	9.58	67,051	20.28	36,744	12.84	17,528	8.65

The key materials used by our Group are general tools and fabrication consumables. These materials are used for our minor fabrication yard, and hook up and commissioning operations. The trend in material cost was also in tandem with our revenue trend over the financial years under review.

(c) Marine services

	FYE 2011 RM'000	%	FYE 2012 RM'000	%	FYE 2013 RM'000	%	FYE 2014 RM'000	%
Marine services	-	0.00	77,588	23.48	103,796	36.29	71,084	35.10

The key cost component of marine services include the cost of provision of AWB, delivery of materials and completed structures to the offshore platform which are currently supported by our offshore support vessels and third-party vessels.

In FYEs 2012 to 2014, we registered significant increase in costs of marine services due to increase work orders in hook up and commissioning contracts which require marine services.

(d) Third-party services

	FYE 2011 RM'000	**%**	**FYE 2012 RM'000**	**%**	**FYE 2013 RM'000**	**%**	**FYE 2014 RM'000**	**%**
Third-party services	18,158	13.24	16,615	5.04	10,273	3.60	14,825	7.32

The third-party services include inspection services, nitrogen leak testing[(i)], cold tapping[(ii)], cold cutting[(iii)], habitat services[(iv)] and post weld heat treatment[(v)]. These services are sourced from our approved vendors who provide the necessary services for the specific tasks in our work orders. While it is a marginal cost component, it is an essential component to our Group's total cost.

Notes:

(i) *nitrogen leak testing – test carried out to check for leaks using nitrogen as the test medium*

(ii) *cold tapping – installation of a nozzle or branch pipe on an existing empty and non-pressurised pipe using a cutting tool without open flame*

(iii) *cold cutting – is a process of cutting up steel/ metal parts without use of open flames or generating sparks in the process*

(iv) *habitat services – includes the use of pressurised enclosure made from fire retardant material to contain all hot work welding sparks, grinding sparks and any fire during normal production mode.*

(v) *post weld heat treatment – refers to the control heating and subsequently control cooling of all completed weld projects for the purpose of reducing weld induced stresses after completion.*

The decrease in this cost component in terms of value and more significantly the percentage from FYE 2011 to 2013 as third-party services were not required due to completion of work orders under the minor fabrication services. In FYE 2014, there is an increase in third-party services cost due to the set-up stages related to the new work orders received under the Peninsular Malaysia HUC Contract.

Further analysis of our key cost components over the FYEs under review is set out in Section 12.3.2 of this Prospectus.

(v) Delays in completion of projects

The profit from an individual project can be affected by a number of factors, some of which are beyond our control. These include, amongst others, the availability of technical data and/or client's confirmation on site specific issues. Our Group has an operating procedure to mitigate delays and cost overruns by facilitating framing sessions to define each project objective and methodology to be adopted.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

Our project management team conducts periodical reviews with our clients during the implementation phase of a project. There will also be a monthly progress meetings held with our clients' management to continuously manage our client's expectations, monitor work progress and to be proactive to any anticipated issues that may arise.

(vi) Impact of foreign exchange/interest rates/commodity prices on operating profits

Our revenue is mainly denominated in RM as we perform work within Malaysia. We have business transactions in foreign currency in our normal course of business, which is to mainly purchase materials. Nevertheless, these foreign purchases (denominated in USD) only accounted for 13.78% of our total purchases for the FYE 2014. Hence, our risk exposure to foreign exchange fluctuations is minimal.

Our Group can also manage foreign currency risk by entering into forward exchange contracts utilising forward exchange contracts or opt for a natural hedge mechanism by maintaining foreign currency accounts and use foreign currency inflows to pay for purchases denominated in the respective foreign currencies.

Group's total borrowings as at the FYE 2014 is RM41.90 million with the gearing of 0.39 times. Presently, our effective interest rates range between 3% to 5% and our Board is of the opinion that there is minimal impact of interest rates fluctuation on our operating profits.

As our Group is involved in the provision of services, we are not materially affected by the fluctuation in the commodities prices.

Save as disclosed above, there is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past 4 financial years up to FYE 2014.

(vii) Exceptional and extraordinary items

There were no exceptional and extraordinary items for the past 4 financial years under review.

12.2 REVIEW OF OPERATIONS

The following summarises our Group's financial performance for the FYEs 2011, 2012, 2013 and 2014:

	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Revenue	158,422	368,868	325,787	245,575
Cost of sales	(137,168)	(330,485)	(285,972)	(202,491)
GP	21,254	38,383	39,815	43,084
Other income and share of profit	217	939	2,875	2,539
Operating expenses	(8,742)	(15,662)	(16,254)	(14,691)
Profit from operations	12,729	23,660	26,436	30,932
Finance costs	(90)	(369)	(315)	(246)
PBT	12,639	23,291	26,121	30,686
Taxation	(3,109)	(6,487)	(6,613)	(8,751)
PAT	**9,530**	**16,804**	**19,508**	**21,935**

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

12.2.1 Revenue

Our revenue is derived from Malaysia for the past 4 financial years up to FYE 2014 except for:

(i) In FYE 2012, 0.46% of our revenue was derived from Myanmar;

(ii) In FYE 2013, 1.21% of our revenue of which 0.84% and 0.37% for manpower contracts was derived from Myanmar and Mozambique, respectively; and

(iii) In FYE 2014, 3.35% of our revenue of which 1.91% and 1.44% for manpower contracts was derived from Myanmar and Mozambique, respectively.

The revenue analysis of our Group by subsidiaries and by activities for the past 4 financial years from FYEs 2011 to 2014 is set out in the subsections below, and the relevant commentary on such analysis is set out in Section 12.3.1.

12.2.1.1 Analysis of revenue by subsidiaries

The breakdown of the revenue of our Group by subsidiaries is as follows:

	FYE			
Companies	**2011 RM'000**	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Revenue				
CSB	102,301	109,086	116,569	86,337
Carimin Engineering*	65,907	260,085	209,192	159,049
Carimin Equipment*	14	1,078	1,746	2,109
Carimin Corporate*	-	-	-	-
Carimin Resources*	-	-	-	-
Carimin Marine*	-	582	-	-
Carimin Airis**	-	-	-	6,843
	168,222	370,831	327,507	254,338
Less: Inter – company revenue^	9,800	1,963	1,720	8,763
Total	**158,422**	**368,868**	**325,787**	**245,575**

Notes:

* *Subsidiaries of CSB.*

** *Subsidiary of Carimin Marine.*

^ *The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.*

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

12.2.1.2 Analysis of revenue by activities

The breakdown of the revenue by activities is as follows:

	FYE							
	2011 RM'000	**%**	**2012 RM'000**	**%**	**2013 RM'000**	**%**	**2014 RM'000**	**%**
Manpower								
- Engineering and exploration	15,976	10.08	18,559	5.03	21,692	6.66	31,430	12.79
- Project development	56,528	35.68	66,048	17.91	81,679	25.07	54,686	22.27
- Production / operations	18,368	11.59	24,175	6.55	13,192	4.05	42	0.02
	90,872	57.35	108,782	29.49	116,563	35.78	86,158	35.08
Offshore hook up and commissioning, production platform system maintenance and upgrading services	43,931	27.73	237,190	64.30	206,011	63.23	158,928	64.72
Minor fabrication services	23,605	14.91	22,896	6.21	3,181	0.98	120	0.05
Equipment rental	14	0.01	-	-	32	0.01	369	0.15
Total	**158,442**	**100.00**	**368,868**	**100.00**	**325,787**	**100.00**	**245,575**	**100.00**

Note:

The above percentage segmentation is based on management estimates, as all the works undertaken is part of the overall contract. Our management estimates are derived from man-hours worked per contract with the indirect overheads proportionately allocated by contract value.

12.2.2 Cost of sales, GP and GP margin

Our Group's GP and GP margins are directly affected by our cost of sales.

Our key cost items for each of our activities are described below:

(a) Manpower supply

The sole cost components for manpower supply are the payroll/salaries and disbursements of the personnel engaged.

The recruitment of manpower is obtained from a list of engineers and other technical personnel primarily from our own database.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

(b) Offshore hook up and commissioning, production platform system maintenance and upgrading services

There are 4 key cost components for the offshore hook up and commissioning, production platform system maintenance and upgrading services, which are further elaborated in Section 12.1.5 (iv) above.

(c) Minor fabrication services

For in-house fabrication works, materials and manpower are the key cost components of our minor fabrication services, while in larger fabrication works, we appoint approved contractors.

(d) Equipment rental

The equipment such as welding equipment, air compressor, generator and cargo basket are purchased by Carimin Equipment to be made available for our subsidiary, namely Carimin Engineering as well as our external customers and clients operating nearby our facility.

The analysis of our Group's cost of sales, GP and GP margins by subsidiaries and by activities for the past 4 financial years from FYEs 2011 to 2014 is explained in the subsections below, and the relevant commentary on such analysis is set out in Section 12.3.2.

12.2.2.1 Analysis of cost of sales by subsidiaries

The breakdown of the cost of sales of our Group by subsidiaries is as follows:

	FYE							
	2011		2012		2013		2014	
Companies	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
CSB	92,002	62.60	95,089	28.60	101,134	35.15	75,021	35.51
Carimin Engineering*	54,966	37.40	236,965	71.28	184,790	64.23	126,497	59.88
Carimin Equipment*	-	-	394	0.12	1,768	0.62	2,364	1.12
Carimin Corporate*	-	-	-	-	-	-	-	-
Carimin Resources*	-	-	-	-	-	-	-	-
Carimin Marine*	-	-	-	-	-	-	-	-
Carimin Airis**	-	-	-	-	-	-	7,372	3.49
	146,968	100.00	332,448	100.00	287,692	100.00	211,254	100.00
Less: Inter – company cost^	9,800	-	1,963	-	1,720	-	8,763	-
Total	**137,168**	**100.00**	**330,485**	**100.00**	**285,972**	**100.00**	**202,491**	**100.00**

Notes:

* *Subsidiaries of CSB.*

** *Subsidiary of Carimin Marine.*

^ *The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.*

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

12.2.2.2 Analysis of cost of sales by activities

The breakdown of the cost of sales by activities is as follows:

	FYE							
	2011		2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manpower	**81,218**	**59.22**	**94,930**	**28.72**	**101,133**	**35.37**	**75,021**	**37.05**
- Engineering and exploration	15,168	11.06	17,087	5.17	19,609	6.86	28,240	13.95
- Project development	50,033	36.48	56,958	17.23	70,424	24.63	46,745	23.08
- Production / operations	16,017	11.68	20,885	6.32	11,100	3.88	36	0.02
Offshore HUC, production platform system maintenance and upgrading services	**28,217**	**20.57**	**219,969**	**66.56**	**181,316**	**63.40**	**126,848**	**62.64**
- Material cost	11,868	8.65	66,924	20.25	36,650	12.81	17,528	8.66
- Manpower cost	13,761	10.03	70,537	21.34	31,387	10.98	23,411	11.56
- Marine services	-	-	77,588	23.48	103,796	36.29	71,084	35.10
- Third-party services	2,588	1.89	4,920	1.49	9,483	3.32	14,825	7.32
Minor fabrication services	**27,733**	**20.21**	**15,192**	**4.60**	**1,755**	**0.61**	**-**	**-**
- Material cost	1,287	0.93	127	0.03	94	0.03	-	-
- Manpower cost	10,876	7.93	3,370	1.02	871	0.30	-	-
- Third-party services	15,570	11.35	11,695	3.55	790	0.28	-	-
Equipment rental	-	-	394	0.12	1,768	0.62	622	0.31
Total	**137,168**	**100.00**	**330,485**	**100.00**	**285,972**	**100.00**	**202,491**	**100.00**

12.2.2.3 Analysis of GP by subsidiaries

The breakdown of the GP of our Group by subsidiaries is as follows:

	FYE							
	2011		2012		2013		2014	
Companies	RM'000	Margin %	RM'000	Margin %	RM'000	Margin %	RM'000	Margin %
CSB	10,299	10.07	13,997	12.83	15,435	13.24	11,316	13.11
Carimin Engineering*	10,941	16.60	23,120	8.89	24,402	11.67	32,552	20.47
Carimin Equipment*	14	-	684	63.45	(22)	(1.26)	(255)	(12.09)
Carimin Corporate*	-	-	-	-	-	-	-	-
Carimin Resources*	-	-	-	-	-	-	-	-
Carimin Marine*	-	-	582	100.00	-	-	-	-
Carimin Airis**	-	-	-	-	-	-	(529)	(7.73)
	21,254	13.42	38,383	10.41	39,815	12.22	43,084	17.54
Less: Inter – company cost^	-	-	-	-	-	-	-	-
Total	**21,254**	**13.42**	**38,383**	**10.41**	**39,815**	**12.22**	**43,084**	**17.54**

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

Notes:

* *Subsidiaries of CSB.*

** *Subsidiary of Carimin Marine.*

^ *The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.*

12.2.2.4 Analysis of GP by activities

The breakdown of the GP by activities is as follows:

	FYE							
	2011		**2012**		**2013**		**2014**	
	RM'000	**Margin %**	**RM'000**	**Margin %**	**RM'000**	**Margin %**	**RM'000**	**Margin %**
Manpower								
- Engineering and exploration	808	5.06	1,472	7.93	2,083	9.60	3,190	10.15
- Project development	6,495	11.49	9,090	13.76	11,255	13.78	7,941	14.52
- Production / operations	2,351	12.80	3,290	13.61	2,092	15.86	6	16.67
	9,654	10.52	13,852	12.73	15,430	13.24	11,137	12.93
Offshore hook up and commissioning, production platform system maintenance and upgrading services	15,714	35.77	17,221	7.26	24,695	11.99	31,022	19.52
Minor fabrication services	(4,128)	(17.49)	7,704	33.65	1,426	44.83	1,178	981.67
Equipment Rental	14	-	(394)	*	(1,736)	*	(253)	(69.02)
Total	**21,254**	**13.42**	**38,383**	**10.41**	**39,815**	**12.22**	**43,084**	**17.54**

Note:

* *Not applicable as revenue is generated internally.*

12.2.3 Other income and share of profit

The breakdown of the other income from FYE 2011 to FYE 2014 is as follows:

	FYE							
	2011		**2012**		**2013**		**2014**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest income:								
Fixed deposits	131	60.37	335	35.67	281	9.77	502	19.77
Rental income	38	17.51	43	4.58	83	2.89	-	-
Share of profit of joint venture	-	-	347	36.96	1,102	38.33	791	31.15
Others	48	22.12	214	22.79	1,409	49.01	1,246	49.08
Total	**217**	**100.00**	**939**	**100.00**	**2,875**	**100.00**	**2,539**	**100.00**

The relevant commentary on the above analysis is set out in Section 12.3.3.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

12.2.4 Operating expenses and finance costs

The breakdown of our operating expenses and finance costs for the FYEs 2011 to 2014 is as follows:

	FYE							
	2011		2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank charges	277	3.14	404	2.62	520	3.23	365	2.44
Advertising and promotion	142	1.61	-	-	-	-	-	-
Depreciation of property, plant and equipment	416	4.71	1,815	11.83	1,353	8.42	1,062	7.11
Directors' remuneration	447	5.06	523	3.41	552	3.43	554	3.71
Entertainment	17	0.19	18	0.12	23	0.14	41	0.27
Finance costs	90	1.02	369	2.41	315	1.96	246	1.65
Insurance	240	2.72	389	2.54	162	1.01	261	1.75
Loss/(Gain) on disposal of property, plant and equipment	11	0.12	(20)	(0.13)	(8)	(0.05)	1	0.01
Office expenses	543	6.15	1,116	7.27	2,000	12.44	1,620	10.84
Audit fees	30	0.34	113	0.74	120	0.75	144	0.96
Legal and professional fees	236	2.67	229	1.49	639	3.98	793	5.31
Staff costs	5,415	61.31	9,472	61.74	11,210	69.75	9,183	61.47
Travelling and accommodation	208	2.36	207	1.35	234	1.46	150	1.00
Loss /(gain) on forex - realised	683	7.73	865	5.64	(1,069)	(6.65)	415	2.78
Loss/(gain) on forex - unrealised	-	-	(238)	(1.55)	(136)	(0.85)	27	0.81
Property, plant and equipment written off	-	-	-*	-	1	0.01	1	0.01
Rental of premises	70	0.79	62	0.40	152	0.95	64	0.43
Rental of vehicle/yard and others	7	0.08	18	0.12	3	0.02	10	0.07
Total	**8,832**	**100.00**	**15,342**	**100.00**	**16,071**	**100.00**	**14,937**	**100.00**

Note:

* *Represents RM676.*

The relevant commentary on the above analysis is set out in Section 12.3.4.

12.2.5 PBT and PBT Margin

The analysis of our Group's PBT and PBT margins by subsidiaries for the past 4 financial years from FYEs 2011 to 2014 is explained in the subsections below, and the relevant commentary on such analysis is set out in Section 12.3.5.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

12.2.5.1 Analysis of PBT by subsidiaries

The breakdown of the PBT of our Group by subsidiaries for the FYE 2011 to FYE 2014 is as follows:

	FYE			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
CSB	7,457	9,744	14,938	9,384
Carimin Engineering*	5,393	12,815	11,119	22,116
Carimin Equipment*	(124)	36	116	(176)
Carimin Corporate*	(7)	(13)	45	44
Carimin Resources*	(8)	(12)	(12)	(8)
Carimin Marine*	-	548	(128)	4
Carimin Airis**	-	-	(8)	(978)
	12,711	23,118	26,070	30,386
Less: Inter – company cost^	72	(173)	(51)	(300)
	12,639	**23,291**	**26,121**	**30,686**

Notes:

* *Subsidiaries of CSB.*
** *Subsidiary of Carimin Marine.*
^ *The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.*

12.2.5.2 Analysis of PBT margin by subsidiaries

The breakdown of the PBT margin of Group by subsidiaries for the FYE 2011 to FYE 2013 is as follows:

	FYE			
	2011 %	**2012 %**	**2013 %**	**2014 %**
CSB	7.29	8.93	12.81	10.87
Carimin Engineering	8.18	4.93	5.32	13.91
Carimin Equipment	(885.71)	3.34	6.62	(8.35)
Carimin Corporate	(100.00)*	(100.00)*	(100.00)*	0.92
Carimin Resources	(100.00)*	(100.00)*	(100.00)*	(100.00)*
Carimin Marine	-	94.08	(100.00)*	1.05
Carimin Airis	-	-	(100.00)*	(14.30)
Overall PBT margin	**7.98**	**6.31**	**8.02**	**12.50**

Note:

* *A loss before taxation ("LBT") was recorded as the companies incurred mostly administrative expenses for the respective financial years.*

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12.2.6 Taxation

The taxation and effective tax rate for the FYE 2011 to FYE 2014 are as follows:

	FYE			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Taxation	3,109	6,487	6,613	8,751
Effective Tax Rate (%)	**25**	**28**	**25**	**29**

The relevant commentary on such analysis is set out in Section 12.3.6.

12.3 COMMENTARY ON PAST RESULTS

The commentary on the performance of our Group over the financial years under review, is set out in the subsections below.

12.3.1 Commentary of revenue by activities

Comparison between FYE 2011 and FYE 2010

Our Group's revenue in FYE 2011 decreased marginally by RM3.28 million or 2.0% from RM161.70 million in FYE 2010 to RM158.42 million in FYE 2011.

This was due to the substantial completion of Murphy Oil's hook up and commissioning contract, while minor fabrication services for Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE") and hook up and commissioning services for Talisman had increased in billings.

(i) Manpower supply services

Manpower supply services posted marginally higher revenue of RM90.87 million as compared to RM90.83 million in FYE 2010, represented an increase of RM0.04 million in revenue. We were able to maintain our revenue for manpower supply services for FYE 2011.

(ii) Hook up and commissioning

Hook up and commissioning posted lower revenue of RM43.93 million as compared to RM53.88 million in FYE 2010, represented a decrease of RM9.95 million or 18.46%.

This was due to reduced billing from Murphy Oil's hook up and commissioning contract being work orders reaching completion. Billing from Murphy Oil reduced by RM23.52 million compared to FYE 2010.

The above decrease in billing was compensated by increased billing in Talisman's hook up and commissioning contracts which increased by RM13.56 million compared to FYE 2010.

(iii) Minor fabrication services

Minor fabrication services posted higher revenue of RM23.61 million as compared to RM17.04 million in FYE 2010, represented an increase of RM6.57 million or 38.55%.

The increase was due mainly to the increased billings for minor fabrication services contract for MMHE which increased by RM7.26 million as compared to FYE 2010.

(iv) Equipment rental

Equipment rental posted higher revenue of RM0.14 million as compared to FYE 2010, being revenue received from the start-up of the equipment rental business.

Comparison between FYE 2012 and FYE 2011

Our Group's revenue in FYE 2012 increased significantly by RM210.45 million or 132.84% from RM158.42 million in FYE 2011 to RM368.87 million in FYE 2012.

This was mainly due to significant increase in billing for work carried out for the Sarawak/Sabah HUC Contract. The manpower supply services segment also contributed positively to the revenue.

(i) Manpower supply services

Manpower supply services posted an increase in revenue of RM108.78 million as compared to RM90.87 million in FYE 2011, represented an increase of RM17.91 million or 19.71% in revenue.

The increase in revenue were mainly due to increased billings to ExxonMobil (by RM11.50 million), HESS (by RM9.93 million), Petronas Carigali (by RM2.22 million), PC Myanmar (Hong Kong) Ltd (by RM1.68 million) and Petrofac (by RM1.30 million) contracts, while there were decreased billings to Sarawak Shell Berhad (by RM3.71 million), Newfield (by RM4.91 million) and Talisman (by RM2.33 million).

(ii) Hook up and commissioning

Hook up and commissioning posted a significant increase in revenue of RM237.19 million as compared to RM43.93 million in FYE 2011, represented a significant increase of RM193.26 million or 439.91%.

Work orders for 3 hook up and commissioning projects namely Bokor, West Lutong and Baram A under the Sarawak/Sabah HUC Contract started in June 2011 and contributed significantly to our revenue.

The increase in revenue were mainly due to increased billings for the Sarawak/Sabah HUC Contract (by RM227.09 million) while there were decreased billings to Talisman (by RM19.42 million), MMHE (by RM1.10 million), Newfield (by RM2.54 million) and Murphy Oil (by RM10.34 million).

(iii) Minor fabrication services

Minor fabrication services posted lower revenue of RM22.90 million as compared to RM23.61 million in FYE 2010, represented a marginal decrease of RM0.71 million or 3%.

The decrease was due mainly to the reduced billings for minor fabrication services contract for MMHE in FYE 2012 as compared to FYE 2011.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

(iv) Equipment rental

Our equipment rental business did not generate any revenue for FYE 2012 as we did not lease any equipment to any third-parties during the year.

Comparison between FYE 2013 and FYE 2012

Our Group's revenue in FYE 2013 decreased by RM43.08 million or 11.68% from RM368.87 million in FYE 2012 to RM325.78 million in FYE 2013.

This was mainly due to decrease in billing for work carried out under the Sarawak/Sabah HUC Contract after the fourth quarter of FYE 2012.

(i) Manpower supply services

Manpower supply services posted an increase in revenue of RM116.57 million as compared to RM108.78 million in FYE 2012, represented an increase of RM7.79 million or 7.16% in revenue.

The increase in revenue were mainly due to increase in billings to Petronas Leadership Centre (by RM11.98 million), Petrofac (by RM31.63 million), PC Myanmar (Hong Kong) Ltd (by RM1.06 million) and PC Mozambique (Rovuma Basin) Ltd (by RM1.20 million), while there were decreased billings to ExxonMobil (by RM23.03 million), Petronas Carigali (by RM7.79 million) and HESS (by RM6.64 million).

(ii) Hook up and commissioning

Hook up and commissioning posted a decrease in revenue of RM206.01 million as compared to RM237.19 million in FYE 2012, represented a decrease of RM31.18 million or 13.15%.

The decrease in revenue were mainly due to decreased in billing for the Sarawak/Sabah HUC Contract (by RM31.97 million), Talisman (by RM14.14 million), MMHE (by RM8.76 million), Newfield (by RM1.49 million) as compared to FYE 2012 while the billings contribution from Petrofac amounted to RM5.46 million.

(iii) Minor fabrication services

Minor fabrication services posted lower revenue of RM3.18 million as compared to RM22.90 million in FYE 2012, represented a marginal decrease of RM19.72 million or 86.11%.

The decrease in revenue were mainly due to reduced billings to Talisman (by RM14.14 million), MMHE (by RM8.76 million), Newfield (by RM1.49 million) as compared to FYE 2012 while the billings contribution from Petrofac increased by RM5.46 million.

(iv) Equipment rental

Our equipment rental business generated revenue of RM0.03 million for FYE 2013.

Comparison between FYE 2014 and FYE 2013

Our Group's revenue in FYE 2014 decreased by RM80.20 million or 24.62% from RM325.78 million in FYE 2013 to RM245.58 million in FYE 2014.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

Our Group recorded lower revenue in FYE 2014 as compared to FYE 2013. In the 4th quarter of FYE 2014, the Sarawak/Sabah HUC Contract, which has an approximate work value of RM412 million was at its completion stage. As such, the contribution from the Sarawak/Sabah HUC Contract has decreased as compared to the previous FYE 2013.

In November 2013, Carimin Engineering had entered into the Peninsular Malaysia HUC Contract which has an approximate work value of RM899 million. Notwithstanding that the Peninsular Malaysia HUC Contract was executed in November 2013, the major work orders were only received from Petronas Carigali in the 3rd quarter of FYE 2014. Resulting thereto, the billings for hook up and commissioning decreased in FYE 2014.

In addition to the above, there was an overall decrease in revenue from our manpower supply services division, mainly due to decreased revenue from billings to ExxonMobil and Petronas Carigali as these 2 contracts were completed.

(i) Manpower supply services

Manpower supply services posted a decrease in revenue of RM86.16 million as compared to RM116.57 million in FYE 2013, representing a decrease of RM30.41 million or 26.09% in revenue.

The decrease in revenue for manpower supply services were mainly due to decrease in billings to ExxonMobil (by RM24.35 million), Petronas Carigali (by RM14.16 million) Petronas Leadership Centre (by RM12.15 million), Petrofac (by RM17.38 million) and Malaysia LNG (by RM1.22 million), while there were increased billings to Sarawak Shell Berhad (by RM3.57 million), HESS (by RM2.59 million), PC Myanmar (Hong Kong) Ltd (by RM1.95 million), PC Mozambique (Rovuma Basin) Ltd (by RM2.33 million), Petrofac Energy Development Sdn Bhd (by RM3.40 million) and Newfield (by RM24.74 million).

(ii) Hook up and commissioning

Hook up and commissioning posted a decrease in revenue of RM158.93 million as compared to RM206.01 million in FYE 2013, represented a decrease of RM47.08 million or 22.85%.

The decrease in revenue were mainly due to decreased in billing for the Sarawak/Sabah HUC Contract (by RM101.76 million) as compared to FYE 2013 while there was increased billings to Petrofac (by RM6.81 million) and for the Peninsula Malaysia HUC Contract (by RM47.87 million).

Our Group recorded lower revenue as the Sarawak/Sabah HUC Contract ended in 2014 and as such the contribution from the Sarawak/Sabah HUC Contract has decreased as compared to the previous FYE 2013. In addition, the lower revenue in FYE 2014 was because the major work orders under the Peninsular Malaysia HUC Contract were only received from Petronas Carigali from 3rd quarter of FYE 2014 onwards, which led to slower than anticipated volume of work orders under the Peninsular Malaysia HUC Contract received in the 1st and 2nd quarter of FYE 2014.

(iii) Minor fabrication services

Minor fabrication services posted lower revenue of RM0.12 million as compared to RM3.18 million in FYE 2013, represented a marginal decrease of RM3.06 million or 96.22%.

The decrease in revenue was mainly due to marginal work orders requirement for the minor fabrication services for FYE 2014.

(iv) Equipment rental

Our equipment rental business generated revenue of RM0.36 million for FYE 2014 being rental of equipment to our customer.

12.3.2 Commentary on cost of sales, GP and GP margin by activities

Comparison between FYE 2011 and FYE 2010

In FYE 2011, our total cost of sales for our Group reduced from RM144.07 million to RM137.17 million in tandem with the decrease in the revenue from RM161.70 million (FYE 2010) to RM158.42 million (FYE 2011). Our overall GP margin increased from 10.94% to 13.42%.

(i) Manpower supply services

Cost of sales for our manpower supply services increased from RM81.04 million in FYE 2010 to RM81.22 million in FYE 2011 while it reported a GP of RM9.79 million in FYE 2010 and RM9.65 million in FYE 2011.

We were able to maintain our cost of sales and GP for manpower supply services for FYE 2011.

(ii) Hook up and commissioning

Cost of sales for hook up and commissioning reduced from RM49.18 million in FYE 2010 to RM28.22 million in FYE 2011, which translated to a higher GP of RM15.71 million (in FYE 2011) as compared to RM4.71 million (in FYE 2010) while GP margins improved from 8.74% (FYE 2010) to 35.77% (FYE 2011).

Our improvement in GP margin was mainly due to the extension of the Talisman's hook up and commissioning contract into FYE 2011 which contributed approximately 50% of the GP in FYE 2011 mainly due to variations in work orders where the cost associated with this project was incurred in FYE 2010.

(iii) Minor fabrication services

Cost of sales for minor fabrication services increased from RM13.85 million in FYE 2010 to RM27.73 million in FYE 2011. During the year, this division suffered a gross loss of RM4.13 million and a gross loss margin of 17.49%.

The deterioration in GP margin was mainly due to the requirement to incur manpower and third party services expenditure for the provision of Onshore Slug Catcher (OSC) project. The expenditure upfront was necessary to support a critical stage of the project which was delayed; with the recovery of the expenditure through billings being secured in subsequent financial years.

(iv) Equipment rental

Our equipment rental did not record any cost of sales in FYE 2011 but recorded a GP of RM0.014 million. The GP margin is negligible in value.

Comparison between FYE 2012 and FYE 2011

In FYE 2012, the total cost of sales for our Group increased by RM193.32 million against a higher revenue base of RM368.87 million. However, the GP margin decreased from 13.42% to 10.41%, largely attributable to the lower margins from hook up and commissioning's where GP margins decreased from 35.77% to 7.26%. The decrease in GP margin is set out below.

(i) Manpower supply services

In FYE 2012, cost of sales for our manpower supply services increased from RM81.22 million to RM94.93 million. GP increased to RM13.85 million in FYE 2012 compared to RM9.65 million in FYE 2011, with GP margin improving slightly from 10.52% to 12.73%. The improved GP margin was contributed by economies of scale of larger work orders from the project development segment as well as from the productions/operations segments where there were higher provisions of lower salaried manpower supply which yielded better GP margin in FYE 2012.

(ii) Hook up and commissioning

The cost of sales for hook up and commissioning increased from RM28.22 million in FYE 2011 to RM219.97 million in FYE 2012, with the large work orders being carried out for the Sarawak/Sabah HUC Contract, which correspondingly generated substantial growth in revenue. The cost from these work orders represented 66.56% of the total cost of sales of our Group in FYE 2012.

The work orders from the projects of Baram A, West Lutong and Bokor under the Sarawak/Sabah HUC Contract were mainly concentrated on the cost plus contracts where the GP margin range was fixed. The award of the lump sum contracts were not significant compared to the cost plus contracts in FYE 2012 which resulted in the decrease in the GP margin from 35.77% in FYE 2011 to 7.26% in FYE 2012.

In addition, the high GP Margin of 35.77% from our hook up and commissioning was mainly due to the continuation of the Talisman's hook up and commissioning contract into FYE 2011 which contributed approximately 50% of the GP in FYE 2011 mainly due to variations in work orders where the cost associated with this project was incurred in FYE 2010.

(iii) Minor fabrication services

Cost of sales for minor fabrication services reduced from RM27.73 million in FYE 2011 to RM15.19 million in FYE 2012 while GP improved from a gross loss of RM4.23 million to GP of RM7.70 million in FYE 2012. The GP Margin recorded was 33.65%.

The improvement in GP margin was mainly due to the recovery in billings for manpower and third party services for Onshore Slug Catcher (OSC) project for which the major expenditure incurred in FYE 2011 with the billings being secured in FYE 2012.

(iv) Equipment rental

Our equipment rental recorded cost of sales of RM0.39 million in FYE 2012 and a gross loss of RM0.39 million. During the year, our equipment rental services are entirely from our inter-company sales.

Comparison between FYE 2013 and FYE 2012

In FYE 2013, the overall cost of sales for our Group decreased from RM330.49 million to RM285.97 million. GP increased slightly from RM38.38 million to RM39.82 million while margins increased correspondingly from 10.41% to 12.22%.

(i) Manpower supply services

In FYE 2013, cost of sales for manpower supply services increased from RM94.93 million to RM101.13 million and its GP increased from RM13.85 million to RM15.43 million in FYE 2013, with GP margin improving slightly from 12.83% to 13.24%. This improvement in margin was contributed by larger work order which came from the project development segment.

(ii) Hook up and commissioning

In FYE 2013, cost of sales for hook up and commissioning decreased to RM181.32 million as compared to RM219.96 million in FYE 2012, with its GP increasing slightly from RM23.12 million in FYE 2012 to RM24.70 million in FYE 2013. GP margin improved from 7.26% in FYE 2012 to 11.99% in FYE 2013.

The decrease in cost of sales is in tandem with the decrease in revenue. The overall improvement in GP and GP margin was due to improved efficiency in managing the vendors' cost for the Sarawak/Sabah HUC Contract in terms of material and equipment utilisation and efficiently managing third-party services vendors. During the year, several work orders were implemented simultaneously. As such, our Group was able to negotiate and received lower pricing from our vendors.

(iii) Minor fabrication services

Cost of sales for minor fabrication services reduced from RM15.19 million in FYE 2012 to RM1.76 million in FYE 2013 and GP reduced from RM7.70 million to RM1.43 million in FYE 2012. The GP Margin recorded was 44.83%.

The improvement in GP margin was mainly due to the balance of the recovery in the balance of the billings for the Onshore Slug Catcher (OSC) project for which the major expenditure incurred in FYE 2011 with the billings completed in FYE 2013.

(iv) Equipment rental

Our equipment rental recorded cost of sales of RM1.77 million in FYE 2012 and a gross loss of RM1.74 million. During the year, our equipment rental services are entirely from our inter-company sales.

Comparison between FYE 2014 and FYE 2013

In FYE 2014, the overall cost of sales for our Group decrease from RM285.97 million to RM202.49 million. GP increased slightly from RM39.82 million to RM43.08 million while margins increased correspondingly from 12.22% to 17.54%.

(i) Manpower supply services

In FYE 2014, cost of sales for manpower supply services decreased from RM101.13 million to RM75.02 million and its GP decreased from RM15.43 million to RM11.32 million in FYE 2014, with GP margin decreased slightly from 13.24% to 13.11%. This decrease in margin was contributed by lower work order which came from the project development segment.

(ii) Hook up and commissioning

In FYE 2014, cost of sales for hook up and commissioning decreased to RM126.85 million as compared to RM181.32 million in FYE 2013, with its GP increasing slightly from RM24.70 million in FYE 2013 to RM31.02 million in FYE 2014. GP margin improved from 11.99% in FYE 2013 to 19.52% in FYE 2013.

GP and GP margin had significantly improved in FYE 2014 due to the following:

(i) The increase usage of third-party services in relation to Peninsular Malaysia HUC Contract such as inspection services, cold tapping, cold cutting, habitat services and post weld heat treatment, which yielded better GP margin in view of the lump sum method of the work orders;

(ii) The completion of the Sarawak/Sabah HUC Contract, of which the Company received from Petronas Carigali, being the award for Health Safety and Environment (HSE) payment for execution and completion of the work orders in a safe and secured manner; and

(iii) The Sarawak/Sabah HUC Contract had reached its completion stage. The final stage of the contract was the "Final Documentation" stage, whereby CESB is required to compile and submit all documentations relating to the Sarawak/Sabah HUC Contract to Petronas Carigali. As there are no major costs associated with this billing stage, this lead to an overall improvement in GP margin for FYE 2014.

(iii) Minor fabrication services

During the year, minor fabrication services division recorded a GP of RM1.2 million and did not record any cost of sales. The GP of RM1.2 million recorded in FYE 2014 was resulting from a reversal of cost that was over estimated in FYE 2013 of RM1.1 million.

(iv) Equipment rental

Our equipment rental recorded cost of sales of RM0.62 million in FYE 2014 and a gross loss of RM0.25 million. The losses reduced in FYE 2014 as compared to FYE 2013 due to external sales derived from rental to third party.

12.3.3 Commentary on other income and share of profit

Other income generated throughout the review period was mainly from interest earned from deposits placed with banks, rental income and share of profit of joint venture. In particular, the Group had generated slightly lower income in FYE 2014 due to lower volume of work in its joint venture namely SK Offshore and its vessel SK Deep Sea despite a better interest income generated from the fixed deposit resulting from better cash retention in FYE 2014.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

12.3.4 Commentaries on operating expenses and finance costs

The major portion of the expenses for the FYEs 2011 to 2014 related to staff cost which represents between 61.31% to 69.75% of operating expenses and finance costs. Staff cost comprise salary with bonuses and allowances. In FYE 2014, the staff and directors remuneration cost accounted for approximately 65.18% of the operating expenses and finance cost for the year.

Depreciation in property accounted for between 4.71% to 11.83% of the operating expenses and finance costs for the financial years under review. The reduction in depreciation charges in FYE 2013 and FYE 2014 compared to FYE 2012 was due to the transfer of equipment assets from Carimin Engineering to Carimin Equipment as part of our Group's assets ownership restructuring.

Other significant costs incurred are administrative in nature, namely:

(i) Office expenses, which ranged between 6.15% to 12.44%. The higher office expenses incurred in FYE 2013 were due to increased printing and stationery expenses which will increase or decrease relative to bidding, work order activities and/or compilations for finalisation of projects. There were less activities in FYE 2011, FYE 2012 and FYE 2014 relative to the increased work orders in FYE 2013; and

(ii) Realised and unrealised gains on foreign exchange, which have recorded an overall loss in FYE 2011 and FYE 2012 while in FYE 2013, an overall gain. In FYE 2014, our Group recorded an overall loss in realised and unrealised foreign exchange of RM0.4 million.

12.3.5 Commentaries on PBT and PBT margin by subsidiaries

Comparison between FYE 2011 and FYE 2010

PBT for FYE 2011 improved to RM12.64 million from RM9.20 million in FYE 2010. Correspondingly, PBT margin for our Group in FYE 2011 improved by 2.29% from 5.69% in FYE 2010 to 7.98%.

(i) CSB

CSB recorded a PBT of RM7.46 million in FYE 2011, marginally higher than its FYE 2010 performance of RM7.30 million while its PBT margin has improved by 1.54% from a PBT margin of 5.75% in FYE 2010 to 7.29% in FYE 2011. The improvement in PBT margin was a result of the improvement in GP margin after Carimin Engineering had absorbed a portion of CSB's cost of sales in return for operational support provided by CSB to Carimin Engineering.

(ii) Carimin Engineering

Carimin Engineering recorded a PBT of RM5.39 million for the FYE 2011, which translates to a 163.85% improvement from its PBT of RM2.04 million in FYE 2010. PBT margin improved from 2.98% in FYE 2010 to 8.18% in FYE 2011.

The improvement in PBT resulted from the continuation of Talisman's hook up and commissioning contract into FYE 2011 while there were costs associated for this contract which could not be amortised or carrying values identified incurred prior to FYE 2011. Improvement in PBT margin was a direct result of the improvement in GP margin as Carimin Engineering leveraged on CSB's resources in the form of assignment of manpower, management time, procurement and financial support, effectively improving its cost efficiency.

(iii) Carimin Equipment

Carimin Equipment recorded very minor revenue in FYE 2011 and accordingly reported a small LBT of RM0.12 million.

(iv) Carimin Marine

Carimin Marine has not been incorporated in FYE 2011.

Comparison between FYE 2012 and FYE 2011

PBT for FYE 2012 improved to RM23.29 million from RM12.64 million in FYE 2011. However, PBT margin for our Group in FYE 2012 decreased by 1.67% from 7.98% in FYE 2011 to 6.31%.

(i) CSB

CSB recorded a higher PBT of RM9.74 million in FYE 2012 as compared to its FYE 2011 performance of RM7.46 million. PBT margin has improved by 1.64% from a PBT margin of 7.29% in FYE 2011 to 8.93% in FYE 2012 led by its improved GP margin and increased revenue for the year contributed by larger work order which came from the project development as well as from the productions/operations segments.

(ii) Carimin Engineering

PBT in FYE 2012 more than doubled to RM12.82 million as compared to the FYE 2011 PBT of RM5.39 million. PBT margin has decreased by 3.25% from a PBT margin of 8.18% in FYE 2011 to 4.93% in FYE 2012.

The significant increase in PBT resulted from the significant increase of revenue for the year. However, the decrease in PBT margin was directly related to the decrease in GP margin due to the concentration of cost plus contracts where the GP margin range was fixed.

(iii) Carimin Equipment

The PBT of RM0.03 million of our equipment rental services in FYE 2012 was entirely from our inter-company sales. PBT margin recorded was 3.34%.

(iv) Carimin Marine

Carimin Marine's GP of RM0.58 million was entirely translated into PBT for FYE 2012. At the inception, there were no associated operation costs related to our marine related support services division since the operation costs were paid by Carimin Engineering.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

Comparison between FYE 2013 and FYE 2012

PBT for FYE 2013 improved to RM26.12 million from RM23.29 million in FYE 2012. Correspondingly, PBT margin for our Group in FYE 2013 increased by 1.71% from 6.31% in FYE 2012 to 8.02%.

(i) CSB

CSB recorded a higher PBT of RM14.94 million in FYE 2013 as compared to its FYE 2012 PBT of RM9.74 million and its PBT margin has improved further from a PBT margin of 8.93% in FYE 2012 to 12.81% in FYE 2013. Improvement in PBT and PBT margin was contributed by larger work order which came from the project development segment.

(ii) Carimin Engineering

PBT dipped slightly from RM12.82 million in FYE 2012 to RM11.12 million in FYE 2013 while its PBT margin increased from 4.93% in FYE 2012 to 5.32% in FYE 2013.

The decrease in PBT resulted from the decrease in revenue in FYE 2013. However, the increase in PBT margin was directly related to the increase in GP margin due to the improved efficiency in managing the vendor costs.

(iii) Carimin Equipment

PBT recorded in FYE 2013 was RM0.12 million while the PBT margin was 6.62%. The PBT was contributed by inter-company administrative cost charged to companies within our Group.

(iv) Carimin Marine

Carimin Marine recorded a LBT of RM0.13 million arising from non-operational costs such as administrative cost, management fees, rental of premises and utilities. Carimin Marine did not record any revenue in FYE 2013.

Comparison between FYE 2014 and FYE 2013

PBT for FYE 2014 improved to RM30.69 million from RM26.12 million in FYE 2013. Correspondingly, PBT margin for our Group in FYE 2014 increased by 4.48% from 8.02% in FYE 2013 to 12.50%.

(i) CSB

CSB recorded a lower PBT of RM9.38 million in FYE 2014 as compared to its FYE 2013 PBT of RM14.94 million and its PBT margin has reduced from a PBT margin of 12.81% in FYE 2013 to 10.87% in FYE 2014. The decrease in PBT and PBT margin was contributed by lower number of work orders which came from the project development segment.

(ii) Carimin Engineering

PBT improved significantly from RM11.12 million in FYE 2013 to RM22.11 million in FYE 2014 while its PBT margin increased from 5.32% in FYE 2013 to 13.91% in FYE 2014.

The increase in PBT was directly related to the increase in GP margin due to the improved efficiency in managing the third-party services costs. The other significant contribution is 2014 saw the completion of several hook up and commissioning work orders with higher margins accorded at completion stages as well as the one-off Health Safety and Environment (HSE) payment being awarded for executing and completion of the work orders in a safe and secured manner.

(iii) Carimin Equipment

Carimin Equipment recorded a LBT of RM0.18 million and LBT margin of 8.35% in FYE 2014 as opposed to PBT recorded of RM0.12 million and PBT margin of 6.62% in FYE 2013. The LBT was resulted from the increase in inter-company administrative cost levied to companies within our Group.

(iv) Carimin Marine

Carimin Marine recorded a PBT of RM4,000 in FYE 2014 as compared to LBT of RM0.13 million in 2013 arising from the recovery of costs from management fees levied for the services rendered by the marine department.

(v) Carimin Airis

Carimin Airis commenced its operation in FYE 2014. It recorded a LBT of RM0.98 million arising from the start-up expenses which are required to be expensed off immediately such as logistics, transportation, handling and administration charges.

12.3.6 Commentaries on taxation

The effective tax rate for FYE 2014 was 29%, higher as compared to effective tax rate for FYE 2013 of 25%. This was due mainly to certain disallowed tax expenses for deduction, such as expenditure in depreciation, legal and professional fees and bank charges by the IRB.

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external sources of funds mainly comprise shareholders' equity and bank borrowings. As at 30 June 2014, our Group has cash and cash equivalent of approximately RM15.37 million and banking facilities amounting to approximately RM239.0 million, of which RM41.90 million has been drawn.

As at 30 June 2014, our Group has total current assets of RM147.76 million and current liabilities of RM63.84 million, amounting to RM83.92 million of net working capital. Net working capital is defined as the difference between current assets and current liabilities. The current assets comprise mainly of trade receivables. Trade receivables turnover for the FYEs 30 June 2011, 2012, 2013 and 2014 were 71 days, 44 days, 32 days and 42 days, respectively. The trade receivables turnover was computed based on trade receivables (excluding accrued billings) as at year end over revenue of 365 days for FYEs 2011 - 2014. Accrued billings are works performed but yet to be invoiced.

Our trade receivables turnover for the past 4 financial years has been on an improving trend. Our current ratio of 2.31 times as at 30 June 2014, reflects our ability to meet short-term obligations.

Our Board is confident that, after taking into account our gearing and cash flow position as well as the banking facilities currently available to our Group, the working capital of our Group will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

At this juncture, we do not foresee any circumstances which may materially affect the liquidity of our Group. Most of our customers normally settle their outstanding invoices within the granted credit period. However from our past experiences, some of our customers settled outstanding balances slower than expected even though our services has been delivered satisfactorily. In this respect, our credit control division will work together closely with our project management department for the collection of these outstanding balances on a monthly basis. This measure has proven to be effective while maintaining the cordial relationship with our customers.

12.4.2 Statement of cash flows

	FYE 2014 RM'000
Net cash from operating activities	6,810
Net cash for investing activities	(10,229)
Net cash for financing activities	(4,978)
Net decrease in cash and cash equivalents	(8,397)
Cash and cash equivalents at beginning of the year	23,766
Exchange fluctuation adjustment on opening balance	-
Cash and cash equivalents at end of the year	**15,369**
Cash and cash equivalents comprise the following:	
Fixed deposits with licensed banks	17,125
Cash and bank balances	16,561
Bank overdrafts	(1,192)
	32,494
Less: Fixed deposits pledged to licensed banks	(17,125)
	15,369

12.4.2.1 Net cash from operating activities

In FYE 2014, our CSB Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes amounting to RM34.99 million, decrease in amount owing by contract customers (RM17.72 million), increase in trade and other receivables (RM36.92 million) and decrease in trade and other payables (RM0.49 million).

During the year, income tax and interest paid amounts to RM7.34 million and RM1.66 million, respectively. Our CSB Group's net cash from operating activities was approximately RM6.81 million.

12.4.2.2 Net cash for investing activities

In FYE 2014, the outflow in investing activities amounts to RM10.23 million was to purchase property, plant and equipment.

12.4.2.3 Net cash for financing activities

In FYE 2014, the outflow in financing activities was due to repayment of invoice financings and term loans amounted to RM1.68 million and RM0.82 million, respectively, increase in placement pledged deposits of RM0.94 million and payment of dividend of RM0.85 million.

12.5 BORROWINGS

We have a total outstanding borrowing of RM41.90 million, details of which are set out below and the total bank borrowings of our Group as at 30 June 2014, of which are interest-bearing, can be further analysed as follows:

	FYE 2014 RM'000
Interest bearing short-term borrowings:	
Bank overdrafts	1,192
Invoice financing	2,300
Term loans	4,335
Hire purchase payables	802
Revolving credits	60
	8,689
Interest bearing long-term borrowings:	
Term loans	32,011
Hire purchase payables	1,199
	33,210
Total borrowings	**41,899**
Gearing (times)	**0.39**

As at LPD, our Group does not have any borrowings which are non-interest bearing and/or in foreign currency. Our Group has not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the past 4 FYE 2011 to FYE 2014 and the subsequent financial period up to LPD.

12.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save as disclosed in this Prospectus, our Group does not utilise any other financial instruments.

Our Group finances our operations mainly through cash generated from our operations, as well as external sources of funds which mainly comprise bank borrowings. All of our borrowings as at 30 June 2014 are based on fixed rates, except for the carrying amounts of the term loans and invoice financing as disclosed in Section 12.5 above which approximated their fair values as these instruments bear interest at variable rates.

The principal uses of these cash resources are for the purchases of new equipment and materials, and to defray operating expenses as well as other expenses such as employee expenses, upkeep of equipment and travelling expenses.

Our sales are mainly denominated in RM. However, we are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Our foreign currency receivables/reserves (in RM equivalent) are set out in the table below:

Financial Assets	USD RM '000	Singapore Dollar RM '000	Australian Dollar RM '000	Total RM '000
Trade receivables	4,022	682	-	**4,704**
Cash and bank balances	7,369	306	64	**7,739**
Total	**11,391**	**988**	**64**	**12,443**

12.7 MATERIAL CAPITAL COMMITMENTS

In March 2014, we had entered into a Memorandum of Agreement to acquire an additional Accommodation Workboat (AWB), namely Carimin Acacia. Carimin Acacia is scheduled for delivery in June 2015.

Carimin Acacia, together with its required equipments and fittings is estimated to cost RM95.0 million, of which RM2.48 million has been paid as deposit, RM35.32 million to be paid for via the proceeds from our IPO, and the remaining via bank borrowings to be secured.

The aforementioned capital commitment is in line with our Group's future plans to increase the level of in-house support that we are able to provide for our offshore hook up and commissioning, production platform system maintenance and upgrading services.

Save as disclosed above, there are no other material commitments which upon acquisition may have a material effect on the financial position of our Group.

12.8 MATERIAL LITIGATION

As at the LPD, there is no material litigation initiated by or against our Group.

12.9 CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, our Directors are not aware of any contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

	RM'000
Corporate guarantee given to licenced banks for credit facilities granted to subsidiaries	38,250

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12.10 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the FYE 2011 to FYE 2014 are as follows:

	FYE			
	2011	**2012**	**2013**	**2014**
Trade receivable turnover (days)[(1)]	71	44	32	42
Trade payable turnover (days)[(2)]	9	18	14	21
Current ratio (times)[(3)]	3	2	2	2
Gearing ratio (times)[(4)]	0.06	0.21	0.13	0.39

Notes:

(1) *Computed based on trade receivables (less accrued billings) as at year end over revenue of 365 days for FYEs 2011 - 2014.*

(2) *Computed based on trade payables as at year end over cost of sales for the year of 365 days for FYEs 2011 - 2014.*

(3) *Computed based on current assets over current liabilities as at year end for FYEs 2011 - 2014.*

(4) *Computed based on bank borrowings as at year end over shareholders' funds.*

12.10.1 Trade receivables turnover

The ageing analysis for trade receivables as at 30 June 2014 is as follows:

	<--Within credit period-->		Exceeding credit period	
	0 – 30 days RM'000	**31 – 60 days RM'000**	**More than 60 days RM'000**	**Total RM'000**
Trade receivables	69,482	2,021	7,136	78,639
Percentage of total trade receivables (%)	*88.36*	*2.57*	*9.07*	*100.00*
Amount collected subsequent to FYE 2014 up to the LPD	26,743	2,021	6,200	34,964
Percentage collected (%)	*38.49*	*100.00*	*86.88*	*44.46*
Trade receivables net of subsequent collections	42,739	-	936	43,675
Percentage of trade receivables net of subsequent collections (%)	*61.51*	-	*13.12*	*55.54*

The normal credit period offered by our Group in respect of its trade receivables is between 30 to 60 days from the date of invoice. Other credit terms are assessed and approved based on a case-by-case basis.

Trade receivables turnover period exceeded the normal credit period in FYE 2011 as our main customers were in the midst of upgrading their accounting system.

Trade receivables turnover period as at FYE 2012, FYE 2013 and FYE 2014 are within the normal credit terms granted. The remaining RM0.94 outstanding trade receivable is due from Petronas Carigali. As our Group has a long term working relationship with Petronas Carigali, who is also our major customer, our Board is of the opinion that the outstanding trade receivable is collectible.

12.10.2 Trade payables turnover

Trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition.

	<--Within credit period-->		Exceeding credit period	
	0 – 30 days RM'000	31 – 60 days RM'000	More than 60 days RM'000	Total RM'000
Trade payables	8,383	2,072	1,323*	11,778
Percentage of total trade payables (%)	*71.17*	*17.59*	*11.23*	*100.00*

Note:

* *As at the LPD, RM0.68 million has been paid. The remaining RM0.64 million is withheld pending receipt of complete supporting documentation from the respective vendors/suppliers.*

The normal credit terms granted to our Group by its trade creditors ranges from 30 to 60 days from the date of invoice.

Trade payable turnover period for FYEs 2011, 2012, 2013 and 2014 are within the normal credit terms granted by our creditors.

As at LPD, there are no disputes in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

12.10.3 Current Ratio

The current ratio for our Group remains healthy throughout the financial years under review ranges from 2 to 3 times.

12.10.4 Gearing

The gearing ratio remains at a healthy level, at 0.06 times in FYE 2011, 0.21 times in FYE 2012, 0.13 times in FYE 2013 and 0.39 times in FYE 2014. The increase of gearing in FYE 2012 was due to the increase in draw down of banking facilities for our working capital needs in line with the increase in our revenue. The increase in gearing in FYE 2014 was due to the drawdown of banking facilities for the purchase of Carimin Airis Vessel.

12.11 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

12.12 INFLATION

We do not believe that inflation has had a material impact on the business, financial condition or results of operations of our Group. If our Group were to experience significantly higher inflation that we have experienced in the past, we may not be able to fully offset such higher costs through price increases. Our failure or inability to do so could adversely affect our business, financial condition and results of operations.

12.13 SEASONALITY

Generally, our business is not affected by seasonality as work orders may be given to us at any time during the year. However, our site operations which involves hook up and commissioning works as well as mobilisation of our vessels from one site to another may be affected by adverse weather conditions, such as monsoons and tropical storms.

12.14 ORDER BOOK

Our contracts in hand for the offshore hook up and commissioning, and production platform system maintenance and upgrading services as at the LPD amounts to RM800 million, while our contracts in hand for manpower supply services amounts to RM100.8 million.

12.15 TREND INFORMATION

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 12.2 and 12.3 of this Prospectus;

(b) Material commitments for capital expenditure save as disclosed in Section 12.7 of this Prospectus;

(c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2 and 12.3 of this Prospectus;

(d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group revenue save for those that had been discussed in Sections 12.2 and 12.3 of this Prospectus; and

(e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 12.2 and 12.3 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the outlook of the oil and gas supporting services industry set out in Section 7, our Group's competitive advantages set out in Section 6.2(c) and our Group's dedication to implement the future plans and strategies set out in Section 6.17 of this Prospectus.

12.16 DIVIDEND POLICY

As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, availability of tax credits, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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(Prepared for inclusion in this Prospectus)

Crowe Horwath™

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Date: 12 September 2014

The Board of Directors
Carimin Petroleum Berhad
B-1-6, Block B, Megan Avenue 1,
189 Jalan Tun Razak,
50400 Kuala Lumpur

Dear Sirs

**CARIMIN PETROLEUM BERHAD ("CPB" OR "THE COMPANY")
ACCOUNTANTS' REPORT**

1. PURPOSE OF REPORT

This report has been prepared by Messrs. Crowe Horwath, an approved company auditor and a firm of chartered accountants registered in Malaysia, for inclusion in the Prospectus of Carimin Petroleum Berhad in connection with the listing of Carimin Petroleum Berhad ("CPB") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Section 2.2 of this report.

2. DETAILS OF LISTING SCHEME

2.1 THE COMPANY

Carimin Petroleum Sdn. Bhd. was incorporated in Malaysia as a private limited liability company under the Companies Act, 1965 on 14 March 2012. On 21 December 2012, Carimin Petroleum Sdn. Bhd. was converted to a public company limited by shares and assumed its present name, Carimin Petroleum Berhad. The Company's principal activity is investment holding. The principal activities of the subsidiaries are disclosed in Section 3 of this report.

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2. DETAILS OF LISTING SCHEME (CONT'D)

2.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Securities, CPB will implement the following:-

2.2.1 Acquisition of Carimin Sdn. Bhd. ("CSB")

Prior to the implementation of the Acquisition of CSB, the shareholders of CSB were Mokhtar Bin Hashim (49.0% equity interest) and Cipta Pantas Sdn. Bhd. ("Cipta Pantas") (51.0% equity interest). The acquisition of CSB involves the acquisition of 100% equity interest in CSB comprising 1,000,000 ordinary shares of RM1.00 each in CSB ("CSB Shares") from Mokhtar Bin Hashim and Cipta Pantas for a purchase consideration of RM78,637,361 satisfied via the issuance of 157,274,722 new CPB Shares at par to Mokhtar Bin Hashim and Cipta Pantas, in the following manner:

Vendors	No. of CSB Shares acquired	% of share capital	Purchase consideration^ RM	No. of existing CPB Shares received *	No. of new CPB Shares received
Mokhtar Bin Hashim	490,000	49.00	38,532,307	20	77,064,614
Cipta Pantas	510,000	51.00	40,105,054	20	80,210,108
	1,000,000	**100.00**	**78,637,361**	**40**	**157,274,722**

Notes:

^ *The total purchase consideration of RM78,637,361 for the entire equity interest in CSB was based on the audited net assets ("NA") of CSB as at 30 June 2013 of RM78,637,397.*

* *Prior to the implementation of the Acquisitions, the issued and paid-up share capital of CPB is RM20 comprising 40 CPB Shares. The existing 40 CPB Shares were held by Mazhar Bin Palil and Muhammad Hatta Bin Noah, each holding 20 CPB Shares. Consequent to the implementation of the Acquisitions, the said 40 CPB Shares were transferred to Mokhtar Bin Hashim and Cipta Pantas on an equal basis. Thereafter, Mazhar Bin Palil and Muhammad Hatta Bin Noah ceased to be shareholders of CPB.*

As a result of the implementation of the Acquisition of CSB, 77,064,614 new CPB Shares were issued to Mokhtar Bin Hashim and 80,210,108 new CPB Shares were issued to Cipta Pantas. Thereafter, CSB became a wholly-owned subsidiary of CPB.

2. DETAILS OF LISTING SCHEME (CONT'D)

2.2 LISTING SCHEME (CONT'D)

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Securities, CPB will implement the following (Cont'd):-

2.2.1 Acquisition of CSB (Cont'd)

Upon receipt of the 80,210,108 new CPB Shares by Cipta Pantas pursuant to the Acquisition of CSB, Cipta Pantas proceeded to distribute 39,500,000 new CPB Shares received to its shareholders, namely Tan Sri Dato' Kamaruzzaman Bin Shariff and Platinum Castle Sdn. Bhd. in the following manner ("Distribution of CPB Shares"):

	No. of CPB Shares	%
New CPB Shares received by Cipta Pantas under the Acquisition of CSB	80,210,128	100.00
Less: Distribution of CPB Shares to:		
(i) Tan Sri Dato' Kamaruzzaman Bin Shariff	(7,000,000)	(8.73)
(ii) Platinum Castle Sdn. Bhd.	(32,500,000)	(40.52)
Total shares distributed	**(39,500,000)**	**(49.25)**
CPB Shares retained in Cipta Pantas	**40,710,128**	**50.75**

Upon completion of the Distribution of CPB Shares, the remaining 40,710,128 CPB Shares were retained by Cipta Pantas.

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2. DETAILS OF LISTING SCHEME (CONT'D)

2.2 LISTING SCHEME (CONT'D)

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Securities, CPB will implement the following (Cont'd):-

2.2.2 Acquisition of Carimin Engineering Services Sdn. Bhd. ("Carimin Engineering")

Prior to the implementation of the Acquisition of Carimin Engineering, the shareholders of Carimin Engineering were CSB (70.0% equity interest) and Shatar Bin Abdul Hamid (30.0% equity interest). The acquisition of Carimin Engineering involves the acquisition of 30% of the equity interest in Carimin Engineering comprising 1,500,000 ordinary shares of RM1.00 each in Carimin Engineering ("Carimin Engineering Shares") by CPB from Shatar Bin Abdul Hamid for a purchase consideration of RM7,951,619 satisfied via the issuance of 15,903,238 new CPB Shares at par, in the manner below:

Vendor	No. of Carimin Engineering Shares acquired	% of share capital	Purchase consideration RM^	No. of CPB Shares issued
Shatar Bin Abdul Hamid	1,500,000	30.00	7,951,619	15,903,238

Note:

^ *The total purchase consideration of RM7,951,619 for the 30% equity interest in CSB was based on the 30% of the audited NA of Carimin Engineering as at 30 June 2013 of RM7,951,619.*

As a result of the implementation of the Acquisition of Carimin Engineering, 15,903,238 new CPB Shares were issued to Shatar Bin Abdul Hamid. Thereafter, Carimin Engineering became a wholly-owned subsidiary of CPB whereby 70% equity interest is held via CSB and 30% equity interest is held via CPB.

(hereinafter referred to as the "Acquisitions").

The total purchase consideration of RM86,588,980 for the Acquisitions was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of CSB and Carimin Engineering as at 30 June 2013.

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2. DETAILS OF LISTING SCHEME (CONT'D)

2.2 LISTING SCHEME (CONT'D)

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Securities, CPB will implement the following (Cont'd):-

2.2.2 Acquisition of Carimin Engineering Services Sdn. Bhd. ("Carimin Engineering") (Cont'd)

Details of the purchase consideration are as follows:

Company	% of equity interest acquired	Audited NA as at 30 June 2013 RM	Share of audited NA as at 30 June 2013 RM	Purchase consideration RM
CSB	100.00%	78,637,397	78,637,397	78,637,361
Carimin Engineering	30.00%	26,505,398	7,951,619	7,951,619
		105,142,795	86,589,016	86,588,980

The Acquisitions were completed on 1 July 2014. Thereafter, CSB and Carimin Engineering became CPB's wholly-owned subsidiaries.

2.2.3 Group re-organisation

On 9 December 2013, CPB had entered into a Share Sale Agreement with its wholly-owned subsidiary, CSB to acquire the following companies from CSB:

Companies	Equity interest acquired %	Issued and paid-up share capital RM	Purchase consideration RM
Carimin Resources Services Sdn. Bhd. ("Carimin Resources")	100	10	10
Carimin Corporate Services Sdn. Bhd. ("Carimin Corporate")	100	10	10
Carimin Equipment Management Sdn. Bhd. ("Carimin Equipment")	100	1,000,000	1,000,000
Carimin Engineering	70	3,500,000	3,500,000
Carimin Marine Services Sdn. Bhd. ("Carimin Marine")	100	1,000,000	1,000,000
Total			5,500,020

2. DETAILS OF LISTING SCHEME (CONT'D)

2.2 LISTING SCHEME (CONT'D)

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Securities, CPB will implement the following (Cont'd):-

2.2.3 Group re-organisation (Cont'd)

The effective purchase consideration for the acquisition of these subsidiaries is based on the respective subsidiaries' issued and paid-up share capital, the rationale being that there is no change in the effective control of these subsidiaries as a result of the reorganisation of the Group.

The Group re-organisation was completed on 1 July 2014. Thereafter, these companies became CPB's direct subsidiaries.

2.2.4 Public Issue

Pursuant to the Public Issue, CPB shall issue 60,700,000 new shares at an issue price of RM1.10 ("IPO Price") to be allocated in the following manner:

(a) 11,694,000 new shares will be made available for application by the Malaysian Public, to be allocated via balloting;

(b) 3,000,000 new shares made available to CPB's eligible Directors, employees and persons who have contributed to the success of the Group; and

(c) 46,006,000 new shares by way of private placement to identified investors.

The new shares shall rank *pari passu* in all respects with CPB existing issued Shares including the voting rights and will be entitled to all rights and dividends and other distributions, the entitlement date of which are subsequent thereof.

Upon completion of the Public Issue, the issued and paid-up share capital will increase from RM86,589,000 comprising 173,178,000 Shares to RM116,939,000 comprising 233,878,000 Shares.

2. DETAILS OF LISTING SCHEME (CONT'D)

2.2 LISTING SCHEME (CONT'D)

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CPB on the Main Market of Bursa Securities, CPB will implement the following (Cont'd):-

2.2.5 Offer for Sale

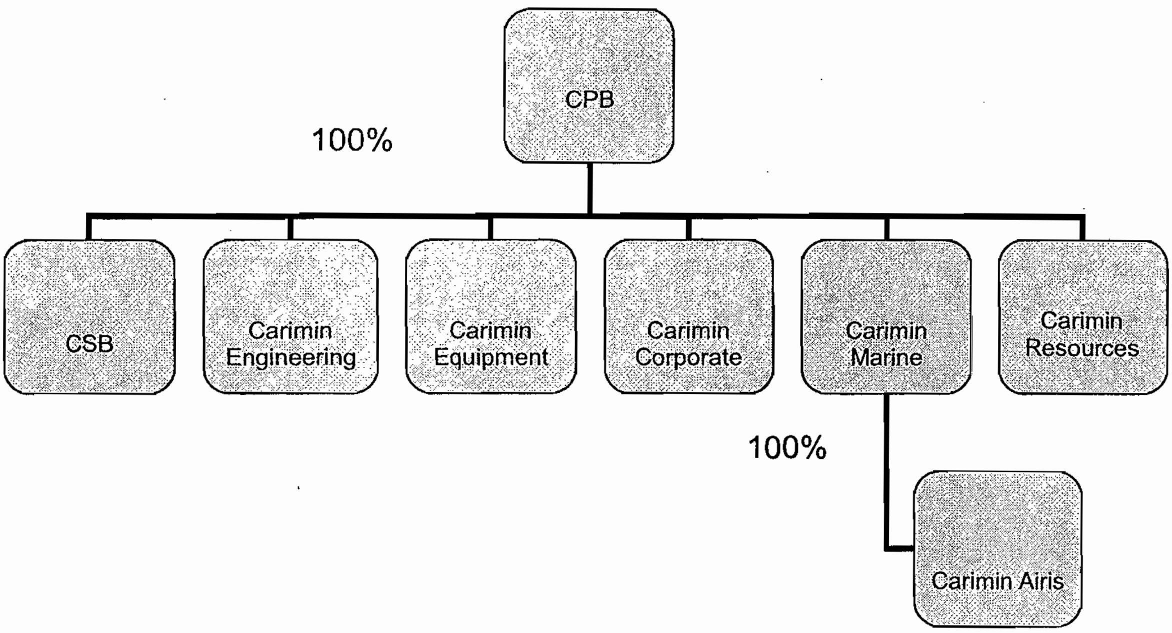
Concurrent with CPB's Listing, the Offerors, namely Mokhtar Bin Hashim and Platinum Castle Sdn. Bhd. will undertake an offer for sale of 5,890,000 Shares at the IPO Price, representing approximately 2.52% of the enlarged issued and paid-up share capital to identified investors.

2.2.6 Listing

Upon completion of the IPO, the Company's entire enlarged issued and paid-up share capital of RM116,939,000 comprising 233,878,000 Shares shall be listed on the Main Market of Bursa Securities.

3. GROUP STRUCTURE

The group structure of CPB and its subsidiaries at the date of this report is as follows:-



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3. GROUP STRUCTURE (CONT'D)

Details of the subsidiaries at the date of this report are as follows:-

Name of Company	Date of Incorporation	Country of Incorporation	Issued and Paid-up Capital RM'000	Effective Equity Interest	Principal Activities
CSB	2 May 1989	Malaysia	1,000	100%	To carry out the business of provision of inspection services, project management support services including sourcing for consultants, technical professionals, engineers, skilled personnel and other quality assurance services.
Carimin Engineering	20 September 2005	Malaysia	5,000	100%	The provision of offshore hook up and commissioning services, maintenance, engineering and minor fabrication services for offshore and onshore structures.
Carimin Equipment	24 November 2010	Malaysia	1,000	100%	The provision of special equipment and tools for offshore and onshore works in the oil and gas industry.

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3. GROUP STRUCTURE (CONT'D)

Details of the subsidiaries at the date of this report are as follows:-

Name of Company	Date of Incorporation	Country of Incorporation	Issued and Paid-up Capital RM'000	Effective Equity Interest	Principal Activities
Carimin Corporate	24 November 2010	Malaysia	#	100%	The provision of corporate and management services for the subsidiaries in the Group.
Carimin Marine	16 August 2011	Malaysia	1,000	100%	The provision of marine related offshore and onshore support services in the oil and gas industry.
Carimin Resources	24 December 2010	Malaysia	#	100%	Presently dormant. Its intended activities are the provision of project and data management services for the Group.
Carimin Airis Offshore Sdn. Bhd. ("Carimin Airis")	7 June 2013	Malaysia	5,000	100%	The provision of marine related offshore and onshore support services in the oil and gas industry.

Note:

 # Issued and paid-up capital is RM10.

4. RELEVANT FINANCIAL PERIOD AND AUDITORS

The relevant financial period of the audited financial statements provided in this report ("Relevant Financial Period") and the auditors of the respective companies for the Relevant Financial Period are as follows:-

Company	Relevant Financial Period	Auditors	Auditors' Report
CPB	Financial Period End ("FPE") 30 June 2013	Messrs. Crowe Horwath	Appendix I
	Financial Year End ("FYE") 30 June 2014	Messrs. Crowe Horwath	
CSB	FYE 30 June 2011	Messrs. Wong Weng Foo & Co.	Appendix II
	FYE 30 June 2012	Messrs. Crowe Horwath	
	FYE 30 June 2013	Messrs. Crowe Horwath	
	FYE 30 June 2014	Messrs. Crowe Horwath	
Carimin Engineering	FYE 30 June 2011	Messrs. Wong Weng Foo & Co.	Appendix III
	FYE 30 June 2012	Messrs. Crowe Horwath	
	FYE 30 June 2013	Messrs. Crowe Horwath	
	FYE 30 June 2014	Messrs. Crowe Horwath	
Carimin Equipment	FPE 30 June 2011	Messrs. Wong Weng Foo & Co.	Appendix IV
	FYE 30 June 2012	Messrs. Crowe Horwath	
	FYE 30 June 2013	Messrs. Crowe Horwath	
	FYE 30 June 2014	Messrs. Crowe Horwath	
Carimin Corporate	FPE 30 June 2011	Messrs. Wong Weng Foo & Co.	Appendix V
	FYE 30 June 2012	Messrs. Crowe Horwath	
	FYE 30 June 2013	Messrs. Crowe Horwath	
	FYE 30 June 2014	Messrs. Crowe Horwath	

4. RELEVANT FINANCIAL PERIOD AND AUDITORS (CONT'D)

The relevant financial period of the audited financial statements provided in this report ("Relevant Financial Period") and the auditors of the respective companies for the Relevant Financial Period are as follows (Cont'd):-

Carimin Marine	FPE 30 June 2012	Messrs. Crowe Horwath	Appendix VI
	FYE 30 June 2013	Messrs. Crowe Horwath	
	FYE 30 June 2014	Messrs. Crowe Horwath	
Carimin Resources	FPE 30 June 2011	Messrs. Wong Weng Foo & Co.	Appendix VII
	FYE 30 June 2012	Messrs. Crowe Horwath	
	FYE 30 June 2013	Messrs. Crowe Horwath	
	FYE 30 June 2014	Messrs. Crowe Horwath	
Carimin Airis	FPE 30 June 2013	Messrs. Crowe Horwath	Appendix VIII
	FYE 30 June 2014	Messrs. Crowe Horwath	

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5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF PREPARATION

The financial information of CPB and CSB Group as presented in Sections 6.1 and 6.2 are based on the audited financial statements, modified as appropriate, for the purpose of this report. The details of the restatement to the audited financial statements of CSB Group are disclosed in Section 6.2.39.

The audited financial statements of CPB and CSB Group for the Relevant Financial Period under review were not subject to any audit qualification or emphasis of matter.

For FYE 2014 and FPE/FYE 2013, the financial statements of CPB and CSB Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

CPB and CSB Group's first set of financial statements for FPE/FYE 2013 were prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In FYE 2012, the financial statements of CSB Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

In FYE 2011, the financial statements of CSB Group were prepared in accordance with Private Entity Reporting Standards. The transition to FRS did not have any financial impact to the financial statements of CSB Group.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(a) During the FYE 2014, CPB and CSB Group have adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 - 2011 Cycle

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

(i) MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no financial impact on the financial statements of CPB and CSB Group upon their initial application but may impact their future disclosures.

(ii) MFRS 11 replaces MFRS 131 and introduces new accounting requirements for joint arrangements. MFRS 11 eliminates jointly controlled assets and only differentiates between joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, the option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. There will be no financial impact on the financial statements of CPB and CSB Group upon their initial application but may impact their future disclosures.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(a) During the FYE 2014, CPB and CSB Group have adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

(iii) MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Section 6.2.9 to the financial statements.

(iv) MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.

(v) The amendments to MFRS 7 (Disclosures - Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

(vi) The Annual Improvements to MFRSs 2009 - 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of CPB and CSB Group upon their initial application.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments	)
MFRS 9 (2010) Financial Instruments	) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	) announced) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	))
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(b) CPB and CSB Group have not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:- (Cont'd)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to CPB and CSB Group's operations except as follows:-

(i) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

(ii) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of CPB and CSB Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

CSB Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Contract Accounting

Contract accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Contract accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) **Critical Accounting Estimates And Judgements (Cont'd)**

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. CPB and CSB Group recognises tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Impairment of Trade and Other Receivables

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

(vi) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margin, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vii) Impairment of Available-for-sale Financial Assets

CPB and CSB Group review their available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. CPB and CSB Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, CPB and CSB Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(viii) Classification of Leasehold Land

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

(ix) Fair Value Estimates for Certain Financial Assets and Liabilities

CPB and CSB Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if CPB and CSB Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of CSB and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by CSB Group. CSB Group controls an entity when the CSB Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to CSB Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of CSB Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by CSB Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(ii) Non-controlling Interests

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

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

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

(iv) Loss of Control

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

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

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

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is CPB and CSB Group's functional and presentation currency.

(ii) Transactions and Balances

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Financial Instruments**

Financial instruments are recognised in the statements of financial position when CPB and CSB Group have become a party to the contractual provisions of the instruments.

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

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

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

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

(i) Financial Assets

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

- *Financial Assets at Fair Value Through Profit or Loss*

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

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Financial Assets at Fair Value Through Profit or Loss (Cont'd)*

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

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

  Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

- *Loans and Receivables Financial Assets*

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

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

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

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

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

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

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Financial Instruments (Cont'd)**

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

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

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

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

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

(iv) Derecognition

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

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments in Subsidiaries

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

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

(g) Joint Arrangements

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

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

A joint venture is a joint arrangement whereby CSB Group has rights only to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the joint venture made up to 30 June 2014. CSB Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of CSB Group, up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. CSB Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus CSB Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) **Joint Arrangements (Cont'd)**

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

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

When CSB Group retains an interest in the former joint venture and the retained interest is a financial asset, CSB Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, CSB Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, CSB Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not re-measured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses and is not depreciated.

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

Buildings	3%
Leasehold land	Over the lease period of 60 years
Furniture and fittings	20%
Operation equipment	20%
Operation tools and equipment	20%
Office equipment	20%
Plant and equipment	10%
Motor vehicles	20%
Renovation	20%
Computers	20%
Vessel	4%
Telecommunication equipment	20%

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

Vessel-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Vessel-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of the vessel-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to CPB and CSB Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which CPB and CSB Group are obligated to incur when the asset is acquired, if applicable.

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

(i) Construction Contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to survey of works performed. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probably that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Construction Contracts (Cont'd)

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount owing by contract customers. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount owing to contract customers.

(j) Impairment

(i) Impairment of Financial Assets

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

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

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

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Section 5.2(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(l) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income Taxes (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(m) Borrowing Costs

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

All other borrowing costs are recoginsed in profit or loss as expenses in the period in which they incurred.

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

During the FYE 2014, CPB and CSB Group excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows. This change has been applied retrospectively with an adjustment made against the opening balance of the cash and cash equivalents as at 1 July 2012.

(o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of CPB and CSB Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(p) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Provisions

Provisions are recognised when CPB and CSB Group have a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(s) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue and Other Income

(i) Services

Revenue is recognised upon the rendering of manpower services and when the outcome of the transaction can be estimated reliably. 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.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 5.2(i).

(iii) Interest Income

Interest income is recognised on an accrual basis.

(iv) Dividend Income

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

(v) Rental Income

Rental income is recognised on an accrual basis.

6. AUDITED FINANCIAL STATEMENTS

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from a combination of the audited financial statements except those in *italics* which are prepared based on calculation, representation and/or explanation provided by the management and those as otherwise indicated.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB

6.1.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Audited FPE 2013 RM'000	Audited FYE 2014 RM'000
Revenue		-	-
Administrative expenses		(5)	(36)
Loss for the financial period/year	6.1.5	(5)	(36)
Other comprehensive income		-	-
Total comprehensive expenses for the financial period/year		(5)	(36)

GP margin (%)	*n/a*	*n/a*
PBT margin (%)	*n/a*	*n/a*
PAT margin (%)	*n/a*	*n/a*
Effective tax rate (%)	*n/a*	*n/a*
Interest coverage (times)	*n/a*	*n/a*
Number of ordinary shares of RM0.50 each in issue ('000)	*	^
Gross earnings per share ("EPS") (RM)	*n/a*	*n/a*
Net EPS (RM)	*n/a*	*n/a*

Note:

(*) - *Represent 4 ordinary shares*
(^) - *Represent 40 ordinary shares*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.2 STATEMENT OF FINANCIAL POSITION

	Note	Audited FPE 2013 RM'000	Audited FYE 2014 RM'000
ASSET			
CURRENT ASSETS			
Prepayments		-	880
Cash and bank balances		*	3
TOTAL ASSET		*	883
EQUITY AND LIABILITY			
Share capital	6.1.7	*	#
Accumulated losses		(5)	(41)
TOTAL EQUITY		(5)	(41)
CURRENT LIABILITIES			
Other payables and accruals		5	13
Amount owing to a related party	6.1.8	-	911
TOTAL LIABILITY		5	924
TOTAL EQUITY AND LIABILITY		*	883
Number of ordinary shares of RM0.50 each in issue ('000)		^	**
*Net assets ("NA") (RM'000)**		*(5)*	*(41)*
*NA per ordinary share (RM)**		*(12.50)*	*(105)*
Trade receivables turnover period (days)		*n/a*	*n/a*
Trade payables turnover period (days)		*n/a*	*n/a*
Gearing ratio (times)		*n/a*	*n/a*

Note:

(*) - Represent RM2
(^) - Represent 4 ordinary shares
(#) - Represent RM20
(**) - Represent 40 ordinary shares

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.3 STATEMENT OF CASH FLOWS

	Audited FPE 2013 RM'000	Audited FYE 2014 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Loss for the financial period/year	(5)	(36)
Adjustment for:-		
Preliminary expenses written off	2	-
Operating loss before working capital changes	(3)	(36)
Increase in prepayments	-	(880)
Increase in other payables and accruals	5	8
NET CASH FROM/(FOR) OPERATING ACTIVITIES	2	(908)
NET CASH FOR INVESTING ACTIVITY		
Preliminary expenses	(2)	-
NET CASH FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	*	^
Advances from a related party	-	911
NET INCREASE IN CASH AND BALANCES	*	3
CASH AND BANK BALANCES AT BEGINNING OF THE INCORPORATION DATE/FINANCIAL YEAR	-	*
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD/YEAR	*	3

Note:

(*) - *Represent RM2*
(^) - *Represent RM18*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.4 STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Audited			
At 14.3.2012 (date of incorporation)	*	-	*
Loss for the financial period/Total comprehensive expenses for the financial period	-	(5)	(5)
At 30.6.2013/1.7.2013	*	(5)	(5)
Loss for the financial year/Total comprehensive expenses for the financial year	-	(36)	(36)
Contributions by and distribution to owners of CPB			
- Issuance of shares	#	-	#
At 30.6.2014	^	(41)	(41)

Note:

(*) - *Represent RM2*
(#) - *Represent RM18*
(^) - *Represent RM20*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.5 LOSS FOR THE FINANCIAL PERIOD/YEAR

	Audited FPE 2013 RM'000	Audited FYE 2014 RM'000
Loss for the financial period/year is arrived at after charging:-		
Audit fee	2	2
Preliminary expenses written off	2	-

6.1.6 INCOME TAX EXPENSE

CPB is not subject to tax as it is in a tax loss position.

During the FYE 2014, the statutory tax rate is at 25%.

A reconciliation of income tax expense applicable to the loss for the financial period/year at the statutory tax rate to income tax expense at the effective tax rate of CPB is as follows:-

	Audited FPE 2013 RM'000	Audited FYE 2014 RM'000
Loss for the financial period/year	(5)	(36)
Tax at the statutory tax rate of 25%	(1)	(9)
Tax effect of:-		
Non-deductible expenses	1	9
Tax for the financial period/year	-	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.7 SHARE CAPITAL

Audited	**FPE 2013**	**FYE 2014**	**FPE 2013**	**FYE 2014**
	Number of shares '000		**RM'000**	**RM'000**
Ordinary Shares				
Authorised				
At 14.3.2012 (date of incorporation)/1.7.2013	100	200	100	100
Sub-division of the Par value of the ordinary shares of RM1.00 each into RM0.50 each	100	-	-	-
At 30.6.2013/2014	200	200	100	100
Issued And Fully Paid-up				
At 14.3.2012 (date of incorporation)/1.7.2013	#	^	*	*
Value of the ordinary shares of RM1.00 each into RM0.50 each	#	-	-	-
Issuance of new shares	-	@	-	^^
At 30.6.2013/2014	^	**	*	##

On 8 January 2013, the shareholders of CPB at an Extraordinary General Meeting approved to sub-divide its authorised and issued and paid-up share capital of the CPB as follows:-

(i) the authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each be sub-divided into 200,000 ordinary shares of RM0.50 each; and

(ii) the issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each be sub-divided into 4 ordinary shares of RM0.50 each.

On 9 December 2013, CPB increased its issued and paid-up share capital from RM2 to RM20 by the allotment of 36 new ordinary shares of RM0.50 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of CPB.

Notes:

(*) - *Represent RM2*
(^) - *Represent 4 ordinary shares*
(#) - *Represent 2 ordinary shares*
(@) - *Represent 36 ordinary shares*
(**) - *Represent 40 ordinary shares*
(^^) - *Represent RM18*
(##) - *Represent RM20*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.8 AMOUNT OWING TO A RELATED PARTY

	Audited	
	FPE 2013	**FYE 2014**
	RM'000	**RM'000**
Amount owing to a related party	-	911

The amount owing is non-trade in nature, unsecured, interest-free and repayable on remand. The amount owing is to be settled in cash.

6.1.9 FINANCIAL INSTRUMENTS

The CPB activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The CPB overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the CPB financial performance.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

CPB does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

CPB does not have any interest-bearing borrowings or fixed deposits and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

CPB does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

CPB does not have any trade receivables and hence is not exposed to credit risk.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.9 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. CPB does not have sufficient cash to support its daily operations. As such, the shareholders have undertaken to provide continued financial support to meet the CPB working capital as and when they fall due.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed based on the rates at the end of the relevant reporting period):-

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
Audited	**RM'000**	**RM'000**	**RM'000**
FYE 2014			
Other payables and accruals	13	13	13
Amount owing to a related party	911	911	911
	924	924	924

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
Audited	**RM'000**	**RM'000**	**RM'000**
FPE 2013			
Other payables and accruals	5	5	5

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.9 FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The primary objective of CPB's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services to commensurate with the level of risk. The management sets the amount of capital in proportion to risk. There were no changes in the approach to capital management during the financial year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(c) Classification Of Financial Instruments

	Audited FPE 2013 RM'000	Audited FYE 2014 RM'000
Financial Assets		
Loans and receivables financial assets		
Cash and bank balances	*	3
Financial Liabilities		
Other financial liabilities		
Other payables and accruals	5	13
Amount owing to a related party	-	911
	5	924

Note:

(*) - *Represent RM2*

(d) Fair Value Information

At the Relevant Financial Period, there were no financial instruments carried at fair values.

The fair values of the financial assets and financial liabilities reported in the financial statements approximated their carrying amounts due to the relatively short-term maturity of these financial instruments. The fair values are included in level 2 of the fair value hierarchy.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.10 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 1 July 2014 at an Extraordinary General Meeting, CPB;

(i) increased its authorised share capital from RM100,000 comprising 200,000 ordinary shares to RM300,000,000 comprising 600,000,000 ordinary shares of RM0.50 each through the creation of an additional RM299,900,000 ordinary shares of RM0.50 each; and

(ii) increased its issued and paid-up share capital from RM2 comprising 4 ordinary shares to RM86,589,000 comprising 173,177,960 ordinary shares of RM0.50 each ("Shares") pursuant to the acquisitions of Carimin Sdn. Bhd. ("CSB") and Carimin Engineering Services Sdn. Bhd. ("Carimin Engineering") as disclosed in Section 6.1.10(b).

(b) Pursuant to the initial public offering ("IPO"), new authorised and issued and paid-up share capital, CPB had concurrently entered into a Share Sale Agreement ("SSA") on 9 December 2013 with Cipta Pantas Sdn. Bhd. ("Cipta Pantas"), Mokhtar Bin Hashim ("Mokhtar") and Shatar Bin Abdul Hamid ("Shatar") to acquire CSB and Carimin Engineering respectively.

(i) Acquisition of CSB

Prior to the implementation of the acquisition of CSB, the shareholders of CSB were Mokhtar (49.0% equity interest) and Cipta Pantas (51.0% equity interest). The acquisition of CSB involves the acquisition of 100% equity interest in CSB comprising 1,000,000 ordinary shares of RM1.00 each in CSB ("CSB Shares") from Mokhtar and Cipta Pantas for a purchase consideration of RM78,637,361 satisfied via the issuance of 157,274,722 new ordinary shares ("CPB Shares") at par to Mokhtar and Cipta Pantas, in the following manner:

Vendors	No. of CSB Shares acquired	% of share capital	Purchase consideration^ RM	No. of existing CPB Shares received *	No. of new CPB Shares received
Mokhtar	490,000	49.00	38,532,307	20	77,064,614
Cipta Pantas	510,000	51.00	40,105,054	20	80,210,108
	1,000,000	**100.00**	**78,637,361**	**40**	**157,274,722**

Notes:

^ *The total purchase consideration of RM78,637,361 for the entire equity interest in CSB was based on the audited net assets ("NA") of CSB as at 30 June 2013 of RM78,637,397.*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.10 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Cont'd

(i) Acquisition of CSB (Cont'd)

* *Prior to the implementation of the acquisition, the issued and paid-up share capital of CPB is RM20 comprising 40 CPB Shares. The existing 40 CPB Shares were held by Mazhar Bin Palil and Muhammad Hatta Bin Noah, each holding 20 CPB Shares. Consequent to the implementation of the acquisitions, the said 40 CPB Shares were transferred to Mokhtar and Cipta Pantas on an equal basis. Thereafter, Mazhar Bin Palil and Muhammad Hatta Bin Noah ceased to be shareholders of CPB.*

As a result of the implementation of the acquisition of CSB, 77,064,614 new CPB Shares were issued to Mokhtar and 80,210,108 new CPB Shares were issued to Cipta Pantas. Thereafter, CSB became a wholly-owned subsidiary of CPB.

Upon receipt of the 80,210,108 new CPB Shares by Cipta Pantas pursuant to the acquisition of CSB, Cipta Pantas proceeded to distribute 39,500,000 new CPB Shares received to its shareholders, namely Tan Sri Dato' Kamaruzzaman Bin Shariff and Platinum Castle Sdn. Bhd. in the following manner ("Distribution of CPB Shares"):

	No. of CPB Shares	**%**
New CPB Shares received by Cipta Pantas under the Acquisition of CSB	80,210,128	100.00
Less: Distribution of CPB Shares to:		
(i) Tan Sri Dato' Kamaruzzaman Bin Shariff	(7,000,000)	(8.73)
(ii) Platinum Castle Sdn Bhd	(32,500,000)	(40.52)
Total shares distributed	**(39,500,000)**	**(49.25)**
CPB Shares retained in Cipta Pantas	**40,710,128**	**50.75**

Upon completion of the Distribution of CPB Shares, the remaining 40,710,128 CPB Shares were retained by Cipta Pantas.

(ii) Acquisition of Carimin Engineering

Prior to the implementation of the acquisition of Carimin Engineering, the shareholders of Carimin Engineering were CSB (70.0% equity interest) and Shatar (30.0% equity interest). The acquisition of Carimin Engineering involves the acquisition of 30% of the equity interest in Carimin Engineering comprising 1,500,000 ordinary shares of RM1.00 each in Carimin Engineering ("Carimin Engineering Shares") by the Company from Shatar for a purchase consideration of RM7,951,619 satisfied via the issuance of 15,903,238 new CPB Shares at par, in the following manner:

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.10 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Cont'd

(ii) Acquisition of Carimin Engineering (Cont'd)

Vendor	No. of Carimin Engineering Shares acquired	% of share capital	Purchase consideration RM^	No. of CPB Shares issued
Shatar	1,500,000	30.00	7,951,619	15,903,238

Note:

^ *The total purchase consideration of RM7,951,619 for the 30% equity interest in CSB was based on the 30% of the audited NA of Carimin Engineering as at 30 June 2013 of RM7,951,619.*

As a result of the implementation of the acquisition of Carimin Engineering, 15,903,238 new CPB Shares were issued to Shatar. Thereafter, Carimin Engineering became a wholly-owned subsidiary of CPB whereby 70% equity interest is held via CSB and 30% equity interest is held by CPB.

(hereinafter referred to as the "Acquisitions").

The total purchase consideration of RM86,588,980 for the Acquisitions was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of CSB and Carimin Engineering as at 30 June 2013.

Details of the purchase consideration are as follows:

Company	% of equity interest acquired	Audited NA as at 30 June 2013 RM	Share of audited NA as at 30 June 2013 RM	Purchase considerati on RM
CSB	100.00%	78,637,397	78,637,397	78,637,361
Carimin Engineering	30.00%	26,505,398	7,951,619	7,951,619
		105,142,795	86,589,016	86,588,980

The Acquisition was completed on 1 July 2014. Thereafter, CSB and Carimin Engineering became CPB wholly-owned subsidiaries.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.10 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Cont'd

(iii) **Group re-organisation**

On 9 December 2013, CPB had entered into a Share Sale Agreement with its wholly-owned subsidiary, CSB to acquire the following companies from CSB:

Companies	Equity interest acquired %	Issued and paid-up share capital RM	Purchase consideration RM
Carimin Resources Services Sdn. Bhd. ("Carimin Resources")	100	10	10
Carimin Corporate Services Sdn. Bhd. ("Carimin Corporate")	100	10	10
Carimin Equipment Management Sdn. Bhd. ("Carimin Equipment")	100	1,000,000	1,000,000
Carimin Engineering	70	3,500,000	3,500,000
Carimin Marine Services Sdn. Bhd. ("Carimin Marine")	100	1,000,000	1,000,000
Total			5,500,020

The effective purchase consideration for the acquisition of these subsidiaries is based on the respective subsidiaries' issued and paid-up share capital, the rationale being that there is no change in the effective control of these subsidiaries as a result of the reorganisation of the Group.

The Group re-organisation was completed on 1 July 2014. Thereafter, these companies became CPB's direct subsidiaries.

(iv) **Public Issue**

Pursuant to the Public Issue, CPB shall issue 60,700,000 new Shares to be allocated in the following manner:

(a) 11,694,000 new Shares will be made available for application by the Malaysian Public, to be allocated via balloting;

(b) 3,000,000 new Shares made available to the Company's eligible Directors, employees and persons who have contributed to the success of the Group; and

(c) 46,006,000 new Shares by way of private placement to identified investors.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 CPB (CONT'D)

6.1.10 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Cont'd

(iv) Public Issue (Cont'd)

The new shares shall rank *pari passu* in all respects with CPB's existing issued Shares including the voting rights and will be entitled to all rights and dividends and other distributions, the entitlement date of which are subsequent thereof.

Upon completion of the Public Issue, the issued and paid-up share capital will increase from RM86,589,000 comprising 173,178,000 Shares to RM116,939,000 comprising 233,878,000 Shares.

(v) Offer for Sale

Concurrent with CPB's listing, the Offerors, namely Mokhtar and Platinum Castle Sdn. Bhd. will undertake an offer for sale of 5,890,000 Shares, representing approximately 2.52% of the enlarged issued and paid-up share capital to identified investors.

(vi) Listing

Upon completion of the IPO, CPB's entire enlarged issued and paid-up share capital of RM116,939,000 comprising 233,878,000 Shares shall be listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

(c) On 3 September 2014, Bursa Securities had approved the admission to the Official List and listing and quotation of the entire issued and paid-up share capital of CPB of RM116,939,000 comprising 233,878,000 Shares of RM0.50 each on the "Trading/Services" sector of the Main Market of Bursa Securities.

6.1.11 COMPARATIVE FIGURES

The comparative figures of CPB are in respect of the financial period from 14 March 2012 (date of incorporation) to 30 June 2013.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP

6.2.1 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Revenue	6.2.5	158,422	368,868	325,787	245,575
Cost of sales		(137,168)	(330,485)	(285,972)	(202,491)
Gross profit ("GP")		21,254	38,383	39,815	43,084
Other income		217	592	1,773	1,748
		21,471	38,975	41,588	44,832
Administrative expenses		(6,995)	(12,962)	(14,238)	(12,761)
Other expenses		(1,747)	(2,700)	(2,016)	(1,930)
Finance costs		(90)	(369)	(315)	(246)
Share of profit of joint venture, net of tax		-	347	1,102	791
Profit before taxation ("PBT")		12,639	23,291	26,121	30,686
Depreciation		1,313	2,195	2,422	3,380
Interest expense		90	685	694	1,656
Interest income		(131)	(335)	(281)	(502)
Earning before depreciation, interest and taxation		13,911	25,836	28,956	35,220
Depreciation		(1,313)	(2,195)	(2,422)	(3,380)
Interest expense		(90)	(685)	(694)	(1,656)
Interest income		131	335	281	502
PBT	6.2.6	12,639	23,291	26,121	30,686
Income tax expense	6.2.7	(3,109)	(6,487)	(6,613)	(8,751)
Profit after taxation ("PAT")		9,530	16,804	19,508	21,935
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		9,530	16,804	19,508	21,935

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.1 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
PAT attributable to:-				
Owners of the Company	8,312	13,984	17,077	17,219
Non-controlling interests	1,218	2,820	2,431	4,716
	9,530	16,804	19,508	21,935
Total comprehensive income attributable to:-				
Owners of the Company	8,312	13,984	17,077	17,219
Non-controlling interests	1,218	2,820	2,431	4,716
	9,530	16,804	19,508	21,935
GP margin (%)	*13.42*	*10.41*	*12.22*	*17.54*
PBT margin (%)	*7.98*	*6.31*	*8.02*	*12.50*
PAT margin (%)	*6.02*	*4.56*	*5.99*	*8.93*
Effective tax rate (%)	*24.60*	*27.85*	*25.32*	*28.52*
Interest coverage (times)	*141*	*35*	*39*	*20*
Number of ordinary shares of RM1.00 each in issue ('000)	*1,000*	*1,000*	*1,000*	*1,000*
Gross earnings per share ("EPS") (RM)	*12.64*	*23.29*	*26.12*	*30.69*
Net EPS (RM)	*9.53*	*16.80*	*19.51*	*21.94*

Note:

* - *The Gross EPS and Net EPS (excluding non-controlling interests) were computed using the PBT and PAT divided by the weighted average number of ordinary shares in issue during the Relevant Financial Period.*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Audited			
		FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6.2.8	13,598	16,881	14,282	53,065
Investment in joint venture	6.2.9	-	1,747	2,849	3,640
Other investments	6.2.10	50	50	50	50
		13,648	18,678	17,181	56,755
CURRENT ASSETS					
Amount owing by contract customers	6.2.11	3,129	4,963	29,877	12,157
Trade receivables	6.2.12	42,613	81,063	47,201	78,639
Other receivables, deposits and prepayments	6.2.13	1,569	12,749	15,139	20,213
Amount owing by joint venture	6.2.14	-	-	2,130	2,130
Amount owing by a related party	6.2.15	-	-	-	911
Tax recoverable		18	-	-	20
Fixed deposits with licensed banks	6.2.16	5,906	15,471	16,188	17,125
Cash and bank balances		14,058	20,581	23,766	16,561
		67,293	134,827	134,301	147,756
TOTAL ASSETS		80,941	153,505	151,482	204,511
EQUITY AND LIABILITIES					
EQUITY					
Share capital	6.2.17	1,000	1,000	1,000	1,000
Retained profits	6.2.18	50,676	61,244	77,621	93,990
Capital reserve	6.2.19	17	17	17	17
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		51,693	62,261	78,638	95,007
NON-CONTROLLING INTERESTS		3,226	5,971	7,952	12,458
TOTAL EQUITY		54,919	68,232	86,590	107,465

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited			
		FYE 2011	FYE 2012	FYE 2013	FYE 2014
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Long-term borrowings	6.2.20	2,678	6,801	5,677	33,210
Deferred taxation	6.2.21	333	677	19	-
		3,011	7,478	5,696	33,210
CURRENT LIABILITIES					
Trade payables	6.2.24	14,655	18,058	20,681	11,778
Other payables and accruals	6.2.25	7,518	46,341	31,011	39,424
Amount owing to holding company	6.2.26	-	28	-	-
Dividend payable		-	3,000	-	210
Provision for taxation		369	2,817	2,283	3,735
Short-term borrowings	6.2.27	469	5,007	5,221	7,497
Bank overdrafts	6.2.28	-	2,544	-	1,192
		23,011	77,795	59,196	63,836
TOTAL LIABILITIES		26,022	85,273	64,892	97,046
TOTAL EQUITY AND LIABILITIES		80,941	153,505	151,482	204,511
Number of ordinary shares of RM1.00 each in issue ('000)		*1,000*	*1,000*	*1,000*	*1,000*
*Net assets ("NA") (RM'000)**		*51,693*	*62,261*	*78,638*	*95,007*
*NA per ordinary share (RM)**		*51.69*	*62.26*	*78.64*	*95.01*
Trade receivables turnover period (days)		*98*	*80*	*53*	*117*
Trade payables turnover period (days)		*9*	*18*	*14*	*17*
Gearing ratio (times)		*0.06*	*0.21*	*0.13*	*0.39*

Note:

* - *Excluding non-controlling interests*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.3 CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	12,639	23,291	26,121	30,686
Adjustments for:-				
Depreciation of property, plant and equipment	1,313	2,195	2,422	3,380
Impairment losses on:				
- trade receivables	-	-	120	425
- property, plant and equipment	-	-	500	160
Interest income	(131)	(335)	(281)	(502)
Interest expense	90	685	694	1,656
(Gain)/Loss on disposal of property, plant and equipment	11	(20)	(8)	(5)
Property, plant and equipment written off	-	#	1	#
Preliminary expenses written off	23	7	4	-
Share of profit of joint venture	-	(347)	(1,102)	(791)
Unrealised gain on foreign exchange	-	(238)	(136)	(18)
Operating profit before working capital changes	13,945	25,238	28,335	34,991
(Increase)/Decrease in amount owing by contract customers	(3,129)	(1,834)	(24,914)	17,720
(Increase)/Decrease in trade and other receivables	(6,699)	(49,399)	31,488	(36,919)
Increase/(Decrease) in trade and other payables	3,049	42,226	(12,711)	(490)
CASH FROM OPERATIONS	7,166	16,231	22,198	15,302
Interest received	131	335	281	502
Interest paid	(90)	(685)	(694)	(1,656)
Tax refunded	-	-	266	-
Tax paid	(2,682)	(3,677)	(8,071)	(7,338)
NET CASH FROM OPERATING ACTIVITIES	4,525	12,204	13,980	6,810
BALANCE CARRIED FORWARD	4,525	12,204	13,980	6,810

Note:-

\# - *negligible*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.3 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		Audited			
		FYE 2011	FYE 2012	FYE 2013	FYE 2014
	Note	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD		4,525	12,204	13,980	6,810
CASH FLOWS FOR INVESTING ACTIVITIES					
Purchase of property, plant and equipment	6.2.29	(5,484)	(855)	(237)	(9,323)
Proceeds from disposal of property, plant and equipment		6	40	8	5
Acquisition of joint venture		-	(1,400)	-	-
Advances to a related party		-	-	-	(911)
Advances to joint venture		-	-	(2,130)	-
NET CASH FOR INVESTING ACTIVITIES		(5,478)	(2,215)	(2,359)	(10,229)
CASH FLOWS FOR FINANCING ACTIVITIES					
Drawdown of term loans		-	962	-	-
Drawdown of invoice financing		-	2,950	1,034	-
Drawdown of revolving credits		-	850	-	60
Dividend paid		(900)	(416)	(3,700)	(850)
Dividend paid to non-controlling interests		(23)	(75)	(450)	-
Placement of pledged deposits		(1,498)	(9,565)	(717)	(937)
Advances from/(Repayment to) holding company		-	28	(28)	-
Repayment of term loans		(301)	(341)	(487)	(819)
Repayment of hire purchase obligations		-	(403)	(694)	(748)
Repayment of invoice financing		-	-	-	(1,684)
Repayment of revolving credits		-	-	(850)	-
Repayment of bills payable		(907)	-	-	-
NET CASH FOR FINANCING ACTIVITIES		(3,629)	(6,010)	(5,892)	(4,978)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,582)	3,979	5,729	(8,397)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		18,640	14,058	18,037	23,766
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6.2.30	14,058	18,037	23,766	15,369

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Audited	Note	*Non-Distributable* Share Capital RM'000	Capital Reserve RM'000	*Distributable* Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.7.2010		1,000	17	43,264	44,281	2,031	46,312
Profit after taxation/Total comprehensive income for the financial year		-	-	8,312	8,312	1,218	9,530
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	6.2.32	-	-	(900)	(900)	-	(900)
- by subsidiaries to non-controlling interests		-	-	-	-	(23)	(23)
Balance at 30.6.2011/1.7.2011		1,000	17	50,676	51,693	3,226	54,919
Profit after taxation/Total comprehensive income for the financial year		-	-	13,984	13,984	2,820	16,804
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	6.2.32	-	-	(3,416)	(3,416)	-	(3,416)
- by subsidiaries to non-controlling interests		-	-	-	-	(75)	(75)
Balance at 30.6.2012/1.7.2012		1,000	17	61,244	62,261	5,971	68,232

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Non-Distributable		Distributable			
Audited	**Note**	**Share Capital RM'000**	**Capital Reserve RM'000**	**Retained Profits RM'000**	**Attributable To Owners Of The Company RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Balance at 30.6.2012/1.7.2012		1,000	17	61,244	62,261	5,971	68,232
Profit after taxation/Total comprehensive income for the financial year		-	-	17,077	17,077	2,431	19,508
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	6.2.32	-	-	(700)	(700)	-	(700)
- by subsidiaries to non-controlling interests		-	-	-	-	(450)	(450)
Balance at 30.6.2013/1.7.2013		1,000	17	77,621	78,638	7,952	86,590
Profit after taxation/Total comprehensive income for the financial year		-	-	17,219	17,219	4,716	21,935
Contributions by and distributions to owners of the Company:							
- Dividends:							
- by the Company	6.2.32	-	-	(850)	(850)	-	(850)
- by subsidiaries to non-controlling interests		-	-	-	-	(210)	(210)
Balance at 30.6.2014		1,000	17	93,990	95,007	12,458	107,465

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.5 REVENUE

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Manpower services				
- Engineering and exploration	15,976	18,559	21,692	31,430
- Project development	56,528	66,048	81,679	54,686
- Production operations	18,368	24,175	13,192	42
Offshore hook up and commissioning, and production platform system maintenance and upgrading services	43,931	237,190	206,011	158,928
Minor fabrication services	23,605	22,896	3,181	120
Equipment rental	14	-	32	369
	158,422	368,868	325,787	245,575

6.2.6 PROFIT BEFORE TAXATION

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Audit fees:				
- statutory	30	89	114	124
- under/(over)provision in the previous financial year	-	3	6	(3)
- special	-	21	-	(5)
Depreciation of property, plant and equipment	1,313	2,195	2,422	3,380
Directors' remuneration				
- other emoluments	447	523	552	554
Property, plant and equipment written off	-	#	1	#

Note:
 # - negligible

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.6 PROFIT BEFORE TAXATION (CONT'D)

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Impairment loss on trade receivables	-	-	120	425
Impairment loss on property, plant and equipment	-	-	500	160
Interest expense:				
- bank overdrafts	-	38	49	55
- hire purchase	-	100	207	155
- invoice financing	-	400	183	239
- revolving credits	-	-	54	1
- term loans	90	147	201	1,206
Rental of machinery and equipment	3,403	2,540	5,757	803
Rental of premises	70	62	198	412
Rental of vehicles, yard and others	8	772	710	781
Preliminary expenses written off	23	7	4	-
Staff costs:				
- salaries and other benefits	62,051	64,474	62,947	42,574
- defined contribution plan	3,521	4,391	2,122	2,607
(Gain)/Loss on foreign exchange:				
- realised	683	865	(1,069)	(1)
- unrealised	-	(238)	(136)	(18)
(Gain)/Loss on disposal of property, plant and equipment	11	(20)	(8)	(5)
Interest income:				
- fixed deposits	(131)	(335)	(281)	(502)
- others	#	-	#	#
Rental income	(38)	(43)	(83)	-

Note:

\# - *negligible*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.7 INCOME TAX EXPENSE

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Current tax expense:				
- for the financial year	3,058	6,134	7,278	8,252
- (over)/underprovision in the previous financial year	(13)	9	(7)	518
	3,045	6,143	7,271	8,770
Deferred tax expense (Section 6.2.21):				
- for the financial year	64	(75)	(319)	(19)
- under/(over)provision in the previous financial year	-	419	(339)	-
	64	344	(658)	(19)
	3,109	6,487	6,613	8,751

The corporate tax rate for the Relevant Financial Period under review is 25%.

The statutory tax rate will be reduced to 24% from the Relevant Financial Period rate of 25% effective year of assessment 2016.

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

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.7 INCOME TAX EXPENSE (CONT'D)

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Profit before taxation	12,639	23,291	26,121	30,686
Tax at the statutory tax rate of 25%	3,160	5,823	6,530	7,672
Tax effects of:-				
Share of profit of joint venture	-	(87)	(276)	(198)
Non-deductible expenses	288	349	540	283
Utilisation of deferred tax assets not recognised in the previous financial year	(301)	-	-	-
Deferred tax assets not recognised during the financial year	-	-	192	501
Non-taxable income	-	(1)	(2)	-
Differential in tax rates	(25)	(25)	(25)	(25)
(Over)/underprovision in the previous financial year				
- current tax	(13)	9	(7)	518
- deferred tax	-	419	(339)	-
Income tax expense for the financial year	3,109	6,487	6,613	8,751

No deferred tax assets/(liabilities) was recognised for the following items:

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Accelerated capital allowances	-	68	229	(13,781)
Unrealised gain on foreign exchange	-	-	(24)	(18)
Allowance for impairment losses on trade receivables	-	-	14	487
Allowance for impairment losses on property, plant and equipment	-	-	500	660
Unutilised tax losses	-	9	125	123
Unabsorbed capital allowances	-	-	-	15,375
	-	77	844	2,846

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.8 PROPERTY, PLANT AND EQUIPMENT

Audited	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Buildings-in-progress RM'000	Furniture and fittings RM'000	Operation equipment RM'000	Operation tools and equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Renovation RM'000	Vessel RM'000	Vessel-in-progress RM'000	Others# RM'000	Total RM'000
Net book value															
at 1.7.2010	225	424	5,211	636	202	1,746	-	195	449	-	99	-	-	257	9,444
Additions	-	-	1,133	1,115	77	526	1,827	103	3	-	591	-	-	109	5,484
Disposals	-	-	-	-	-	-	-	(17)	-	-	-	-	-	-	(17)
Depreciation charge	-	(11)	(303)	-	(69)	(512)	(118)	(53)	(124)	-	(30)	-	-	(93)	(1,313)
Net book value															
at 30.6.2011/1.7.2011	225	413	6,041	1,751	210	1,760	1,709	228	328	-	660	-	-	273	13,598
Additions	-	-	1,156	130	102	22	2,334	72	252	836	313	-	-	281	5,498
Disposals	-	-	-	-	(1)	-	-	-	(19)	-	-	-	-	-	(20)
Written off	-	-	-	-	-	-	-	-	-	-	-	-	-	*	*
Depreciation charge	-	(18)	(355)	-	(83)	(529)	(706)	(68)	(155)	(58)	(75)	-	-	(148)	(2,195)
Net book value															
at 30.6.2012/1.7.2012	225	395	6,842	1,881	228	1,253	3,337	232	406	778	898	-	-	406	16,881
Additions	-	-	-	-	22	-	56	3	-	-	209	-	-	34	324
Reclassification	-	-	1,881	(1,881)	-	(20)	-	-	-	-	-	-	-	20	-
Written off	-	-	-	-	*	-	-	-	(1)	-	-	-	-	-	(1)
Impairment losses	-	-	-	-	-	(350)	-	(50)	-	-	(30)	-	-	(70)	(500)
Depreciation charge	-	(22)	(354)	-	(92)	(528)	(843)	(93)	(140)	(84)	(124)	-	-	(142)	(2,422)
Net book value															
at 30.6.2013/1.7.2013	225	373	8,369	-	158	355	2,550	92	265	694	953	-	-	248	14,282
Additions	-	-	-	-	11	-	156	55	-	87	-	39,521	2,482	11	42,323
Written off	-	-	-	-	*	-	-	-	-	-	-	-	-	-	*
Impairment losses	-	-	-	-	-	-	-	(75)	-	-	-	-	-	(85)	(160)
Depreciation charge	-	(22)	(417)	-	(59)	(111)	(1,066)	(57)	(129)	(88)	(119)	(1,187)	-	(125)	(3,380)
Net book value															
at 30.6.2014	225	351	7,952	-	110	244	1,640	15	136	693	834	38,334	2,482	49	53,065

Notes:

\# *Others includes computers and telecommunication equipment*

* *Negligible*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.8 PROPERTY, PLANT AND EQUIPMENT

Audited	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Buildings-in-progress RM'000	Furniture and fittings RM'000	Operation equipment RM'000	Operation tools and equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Renovation RM'000	Vessel RM'000	Vessel-in-progress RM'000	Others# RM'000	Total RM'000
At 30.6.2011															
At cost	225	440	6,782	1,751	411	2,762	1,827	374	1,164	-	735	-	-	746	17,217
Accumulated depreciation	-	(27)	(741)	-	(201)	(1,002)	(118)	(146)	(836)	-	(75)	-	-	(473)	(3,619)
Net book value	225	413	6,041	1,751	210	1,760	1,709	228	328	-	660	-	-	273	13,598
At 30.6.2012															
At cost	225	440	7,938	1,881	512	2,784	4,161	446	1,306	836	1,048	-	-	1,025	22,602
Accumulated depreciation	-	(45)	(1,096)	-	(264)	(1,531)	(824)	(214)	(900)	(58)	(150)	-	-	(619)	(5,721)
Net book value	225	395	6,842	1,881	228	1,253	3,337	232	406	778	898	-	-	406	16,881
At 30.6.2013															
At cost	225	440	9,820	-	533	2,764	4,217	449	1,303	836	1,257	-	-	1,080	22,924
Accumulated depreciation	-	(67)	(1,451)	-	(375)	(2,059)	(1,667)	(307)	(1,038)	(142)	(274)	-	-	(762)	(8,142)
Accumulated impairment losses	-	-	-	-	-	(350)	-	(50)	-	-	(30)	-	-	(70)	(500)
Net book value	225	373	8,369	-	158	355	2,550	92	265	694	953	-	-	248	14,282
At 30.6.2014															
At cost	225	440	9,820	-	542	2,764	4,374	504	1,303	923	1,257	39,521	2,482	1,092	65,247
Accumulated depreciation	-	(89)	(1,868)	-	(432)	(2,170)	(2,734)	(364)	(1,167)	(230)	(393)	(1,187)	-	(888)	(11,522)
Accumulated impairment losses	-	-	-	-	-	(350)	-	(125)	-	-	(30)	-	-	(155)	(660)
Net book value	225	351	7,952	-	110	244	1,640	15	136	693	834	38,334	2,482	49	53,065

Note:

 # Others includes computers and telecommunication equipment

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in net book value of property, plant and equipment at the end of the Relevant Financial Period are the following assets pledged to financial institutions as security for banking facilities granted to CSB Group:-

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Buildings	4,939	6,898	6,523	6,148
Vessel	-	-	-	37,562
	4,939	6,898	6,523	43,710

Included in the net book value of property, plant and equipment of CSB Group at the end of the Relevant Financial Period are the following assets acquired under hire purchase terms:-

	Audited FYE 2011 RM'000	Audited FYE 2012 RM'000	Audited FYE 2013 RM'000	Audited FYE 2014 RM'000
Operation tools and equipment	-	2,569	2,031	1,343
Plant and equipment	-	778	694	611
	-	3,347	2,725	1,954

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.9 INVESTMENT IN JOINT VENTURE

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Unquoted shares, at cost	-	1,400	1,400	1,400
Share of post-acquisition profits	-	347	1,449	2,240
	-	1,747	2,849	3,640

On 19 September 2011, CSB Group acquired 15,000 ordinary shares of RM1.00 each representing 15% of the issued and paid-up capital of Synergy Kenyalang Offshore Sdn. Bhd. ("SKO") for a total cash consideration of RM15,000.

On 12 June 2012, SKO allotted 9,900,000 ordinary shares and CSB Group subscribed for the additional 1,485,000 ordinary shares of RM1.00 each to retain its equity interest of 15%.

On 22 June 2012, CSB Group transferred 100,000 ordinary shares of RM1.00 each representing 1% of the issued and paid-up capital of SKO to a third party.

The details of the joint venture are as follows:-

Name of company	Country of incorporation	Interest in equity held by								Principal activity
		CSB				Carimin Marine				
		2011	2012	2013	2014	2011	2012	2013	2014	
Synergy Kenyalang Offshore Sdn. Bhd.*	Malaysia	-	-	-	-	-	14%	14%	14%	Providing chartering of offshore support vessel.

-* Not audited by Messrs. Crowe Horwath

(a) Held by Carimin Marine. The results of SKO are equity accounted based on the audited financial results for the period from 1 January 2013 to 31 December 2013, (FYE 2013 - 1 January 2012 to 31 December 2012; FYE 2012 - 30 June 2011 (date of incorporation to 31 December 2011), and the unaudited management accounts for the period ended 30 June 2014 (FYE 2013 - 30 June 2013; FYE 2012 - 30 June 2012) respectively.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.9 INVESTMENT IN JOINT VENTURE (CONT'D)

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

	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
	RM'000	RM'000	RM'000	RM'000
At 30 June				
Non-current assets	-	85,187	80,658	76,130
Current assets	-	14,508	21,995	26,859
Non-current liabilities	-	(521)	(62,908)	(63,716)
Current liabilities	-	(86,698)	(15,839)	(12,548)
	-	12,476	23,906	26,725
Financial year ended 30 June				
Revenue	-	21,041	26,750	27,009
Profit for the financial year	-	2,476	7,877	5,650
Total comprehensive income	-	2,476	7,877	5,650
Group's share of profit for the financial year	-	347	1,102	791
Group's share of total comprehensive income	-	347	1,102	791
Dividend received	-	-	-	-
Reconciliation of net assets to carrying amount				
Group's share of net assets above	-	1,747	3,347	3,742
Goodwill on acquisition	-	-	-	-
Carrying amount of the Group's interest in this joint venture	-	1,747	2,849	3,640

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.10 OTHER INVESTMENTS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Investment in club membership, at fair value	50	50	50	50

Investment in club membership of CSB is designated as available-for-sale financial assets and is measured at fair value.

6.2.11 AMOUNT OWING BY CONTRACT CUSTOMERS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Contract costs incurred to-date	28,022	48,355	95,396	78,648
Attributable profits	4,190	8,523	12,026	12,353
	32,212	56,878	107,422	91,001
Progress billings	(29,083)	(51,915)	(77,545)	(78,884)
	3,129	4,963	29,877	12,117

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.12 TRADE RECEIVABLES

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Trade receivables	27,139	37,975	25,878	21,830
Allowance for impairment losses	-	-	(120)	(545)
	27,139	37,975	25,758	21,285
Accrued billings	14,699	41,814	20,692	57,134
Retention sum	775	1,274	751	220
	42,613	81,063	47,201	78,639

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Allowance for impairment losses:				
At 1 July	-	-	-	(120)
Additions during the financial year	-	-	(120)	(425)
At 30 June	-	-	(120)	(545)

CSB Group normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Other receivables	3	100	607	705
Advances	1,258	10,003	10,042	18,513
Deposits	165	2,379	3,895	249
Prepayments	143	267	595	746
	1,569	12,749	15,139	20,213

Included in other receivables, deposits and prepayments of CSB Group are the following advances paid to suppliers for future supplies of services and materials:

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Advances to suppliers	1,018	9,967	9,855	17,239

These deposits shall be recovered by way of set-off against the supplies of services and materials.

6.2.14 AMOUNT OWING BY JOINT VENTURE

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Amount owing by joint venture	-	-	2,130	2,130

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.15 AMOUNT OWING BY A RELATED PARTY

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Amount owing by a related party	-	-	-	911

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

6.2.16 FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits were the following deposits pledged to licensed banks as security for banking facilities granted to CSB Group:-

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Fixed deposits with licensed banks	5,906	15,471	16,188	17,125

The effective interest rates and maturity periods of the fixed deposits at the end of the Relevant Financial Period are as follows:-

	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Effective interest rates %	2.50% to 2.85%	2.55% to 5.00%	2.55% to 5.00%	2.55% to 3.20%
Maturity period (days)	365	30 to 365	30 to 365	30 to 365

6.2.17 SHARE CAPITAL

	FYE 2011	FYE 2012	FYE 2013	FYE 2014				
	Number of shares				FYE 2011	FYE 2012	FYE 2013	FYE 2014
Audited	('000)	('000)	('000)	('000)	RM'000	RM'000	RM'000	RM'000
Ordinary shares of RM1 each:-								
Authorised	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Issued and fully paid-up	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.18 RETAINED PROFITS

Under the single-tier tax system, tax on CSB's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

6.2.19 CAPITAL RESERVE

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Capital reserve	17	17	17	17

The capital reserve represents surplus arising from the takeover of assets and liabilities of a business by CSB in previous financial years.

6.2.20 LONG-TERM BORROWINGS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Hire purchase payables (Section 6.2.22)	-	2,675	2,000	1,199
Term loans (Section 6.2.23)	2,678	4,126	3,677	32,011
	2,678	6,801	5,677	33,210

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.21 DEFERRED TAXATION

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
At 1 July	269	333	677	19
Recognised in profit or loss (Section 6.2.7)	64	344	(658)	(19)
At 30 June	333	677	19	-

The deferred tax liabilities/(asset) are attributable to the following:-

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Taxable temporary differences:				
Accelerated capital allowances	333	665	17	-
Other temporary differences	-	12	28	-
	333	677	45	-
Deductible temporary differences:				
Allowance for impairment losses on trade receivables	-	-	(26)	-
	333	677	19	-

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.22 HIRE PURCHASE PAYABLES

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Minimum hire purchase payments:				
- not later than one year	-	883	904	904
- later than one year and not later than five years	-	2,977	2,157	1,254
	-	3,860	3,061	2,158
Less: Future finance charges	-	(504)	(312)	(157)
Present value of hire purchase payables	-	3,356	2,749	2,001

The net hire purchase payables are repayable as follows:-

	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Current (Section 6.2.27):				
- not later than one year	-	681	749	802
Non-current (Section 6.2.20):				
- later than one year and not later than five years	-	2,675	2,000	1,199
	-	3,356	2,749	2,001

The effective interest rates of the hire purchase payables at the end of the Relevant Financial Period are as follows:-

	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Effective interest rate per annum	-	3.50%	3.50%	3.50%

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.23 TERM LOANS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Current portion: (Section 6.2.27)				
- not later than one year	469	526	488	4,335
Non-current portion: (Section 6.2.20)				
- later than one year and not later than two years	469	552	488	4,539
- later than two years and not later than five years	1,407	1,780	2,181	14,867
- later than five years	802	1,794	1,008	12,605
	2,678	4,126	3,677	32,011
	3,147	4,652	4,165	36,346

The effective interest rates of the term loans at the end of the Relevant Financial Period are as follows:-

	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Effective interest rates per annum	2.20%	3.00% to 5.00%	3.00% to 5.00%	3.00% to 5.00%

Details of repayment terms are as follows:

Term Loans	Number of Monthly Instalments	Monthly Instalment RM	Date of Commencement of Repayment	Interest Rate Per Annum	Amount Outstanding FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
1	108	39,200	1 February 2010	4.40%	3,147	2,813	2,463	2,100
2	120	9,896	1 May 2012	4.60%	-	955	880	801
3	120	10,227	1 August 2012	4.45%	-	884	822	748
4	96	437,343	1 December 2013	4.80%	-	-	-	32,697
					3,147	4,652	4,165	36,346

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.23 TERM LOANS (CONT'D)

The term loans are secured by:-

(i) a Facility Agreement totalling RM17,000,000 stamped as principal instruments;
(ii) legal charges over certain buildings and the vessel as disclosed in Section 6.2.8;
(iii) a Deed of Assignment and an assignment over the Collection Account over certain contract proceeds;
(iv) a letter of set-off against sinking funds account and subordination of debts;
(v) pledges of fixed deposits as disclosed in Section 6.2.16;
(vi) a first preferred mortgage on the vessel;
(vii) a first fixed and floating charge by way of Debenture on the present and future assets of a subsidiary inclusive of the vessel;
(viii) an insurance policy assignment on the vessel;
(ix) a corporate guarantee of the holding company; and
(x) a joint and several guarantee of certain directors of CSB Group.

6.2.24 TRADE PAYABLES

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Trade payables	14,655	18,058	20,681	11,778

The normal trade credit terms granted to CSB Group at the end of the Relevant Financial Period are as follows:-

	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Credit terms (days)	30 - 120	30 - 60	30 - 60	30 - 60

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.25 OTHER PAYABLES AND ACCRUALS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Other payables	94	61	109	25
Accruals	7,424	46,265	30,887	39,399
Deposits received	-	15	15	-
	7,518	46,341	31,011	39,424

6.2.26 AMOUNT OWING TO HOLDING COMPANY

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Amount owing to holding company	-	28	-	-

The amount owing in FYE 2012 was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.27 SHORT-TERM BORROWINGS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Invoice financing	-	2,950	3,984	2,300
Hire purchase payables (Section 6.2.22)	-	681	749	802
Revolving credits	-	850	-	60
Term loans (Section 6.2.23)	469	526	488	4,335
	469	5,007	5,221	7,497

The effective interest rates of the invoice financing and revolving credits of CSB Group at the end of the Relevant Financial Period are as follows:-

	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Effective interest rate per annum per annum				
Invoice financing	-	4.51% to 4.90%	4.46% to 4.47%	4.58% to 4.60%
Revolving credits	-	4.51% to 4.90%	-	4.58% to 4.60%

The invoice financing and revolving credits at the end of the Relevant Financial Periods were secured in the same manner as the term loans as disclosed in Section 6.2.23 in this report.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.28 BANK OVERDRAFTS

The bank overdrafts at the end of the Relevant Financial Period of CSB Group bore the following effective interest rates:

Bank overdrafts	Audited			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Effective interest rates per annum	-	8.10%	-	8.10%

The bank overdrafts are secured in the same manner as the term loans as disclosed in Section 6.2.23 in this report.

6.2.29 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Cost of property, plant and equipment purchased	5,484	5,498	324	42,323
Amount financed through borrowings	-	(4,643)	(87)	(33,000)
Cash disbursed for purchase of property, plant and equipment	5,484	855	237	9,323

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.30 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Fixed deposits with licensed banks (Section 6.2.16)	5,906	15,471	16,188	17,125
Cash and bank balances	14,058	20,581	23,766	16,561
Bank overdrafts (Section 6.2.28)	-	(2,544)	-	(1,192)
	19,964	33,508	39,954	32,494
Less: Fixed deposits pledged to licensed banks	(5,906)	(15,471)	(16,188)	(17,125)
	14,058	18,037	23,766	15,369

6.2.31 ACQUISITION OF SUBSIDIARIES

During the FYE 2013, a subsidiary of CSB Group, Carimin Marine Services Sdn. Bhd. ("Carimin Marine") acquired 100% of the equity interest comprising 3 ordinary shares of RM1.00 each in Carimin Airis Offshore Sdn. Bhd. ("Carimin Airis") for a total cash consideration of RM3.00 which represents the entire issued and paid-up capital of Carimin Airis.

During the FYE 2012, CSB acquired 100% of the equity interest comprising 2 ordinary shares of RM1.00 each in Carimin Marine for a total cash consideration of RM2.00 which represents the entire issued and paid-up capital of Carimin Marine.

During the FYE 2011, CSB acquired 100% of the equity interest comprising 10 ordinary shares of RM1.00 each in Carimin Equipment, Carimin Resources and Carimin Corporate for a total cash consideration of RM10.00 each which represent the entire issued and paid-up capital of Carimin Equipment, Carimin Resources and Carimin Corporate.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.31 ACQUISITION OF SUBSIDIARIES (CONT'D)

The fair values of the identifiable assets and liabilities of the subsidiaries acquired as at the date of acquisition have no material impact on the financial statements of CSB Group.

The acquired subsidiaries have contributed the following results to CSB Group:

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Revenue	-	-	-	-
Loss after taxation	(153)	(34)	(8)	-

6.2.32 DIVIDENDS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Paid:				
Single-tier interim dividend of RM0.90 per ordinary share, in respect of the FYE 2011	900	-	-	-
First single-tier interim dividend of RM0.416 per ordinary share, in respect of the FYE 2012	-	416	-	-
Single-tier interim dividend of RM0.70 per ordinary share, in respect of the FYE 2013	-	-	700	-
Single-tier interim dividend of RM0.85 per ordinary share, in respect of the FYE 2014	-	-	-	850
Declared and payable:				
Second single-tier interim dividend of RM3.00 per ordinary share, in respect of the FYE 2012	-	3,000	-	-
	900	3,416	700	850

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 CSB GROUP (CONT'D)

6.2.33 RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

(b) Other than those disclosed elsewhere in the financial statements, CSB Group carried out the following transactions with the related parties during the Relevant Financial Period under review:-

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
(i) Joint venture Synergy Kenyalang Offshore Sdn. Bhd. - charter fees	-	-	-	22,906

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
(ii) Key management personnel compensation: - short-term employee benefits	447	523	552	554

6.2.34 CAPITAL COMMITMENTS

	Audited			
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000
Contracted but not provided for:-				
Purchase of property, plant and equipment	293	-	33,520	77,088