BARAKAH
OFFSHORE PETROLEUM

ANNUAL REPORT 2015

A RELIABLE PARTNER IN

BRIDGING SOLUTIONS

VISION

TO BE THE PREMIER INTEGRATED SOLUTIONS PROVIDER TO THE OIL & GAS INDUSTRY

MISSION

COMMITTED TO ENSURE HIGH QUALITY AND INNOVATIVE SOLUTIONS WITHOUT COMPROMISING SAFETY

INSIDE *this report*

CORPOR

Barakah Offshore Petroleum Berhad ("Barakah" or "Company") was incorporated in Malaysia in March 2012 as an investment holding company for PBJV Group Sdn Bhd ("PBJV") and its subsidiary companies (collectively referred to as "Barakah Group" or "Group").

The business of PBJV started in August 2000 in offshore pipeline services. PBJV has since grown to become one of Malaysia's leading companies in pipeline services. And in 2012, PBJV was recognised with the Outstanding Vendor Award from PETRONAS Carigali Sdn Bhd. Being focused and committed in this ever-challenging industry and consistently striving to be the best, are the key success factors of the company.

From pipeline services, PBJV expanded its business activities into offshore transportation and installation works, hook-up and commissioning, onshore construction, underwater services and chartering of marine vessels and equipment.

In 2009, as part of its expansion strategy to strengthen its offshore installation services, PBJV commissioned the construction of its 137 meter length pipe-lay accommodation barge, known as "KOTA LAKSAMANA 101". With this barge ownership, PBJV is able to undertake bigger and more challenging offshore pipeline activities. Barakah Group is poised to be a "one-stop centre" as an integrated offshore transportation and installation service provider and a key player in the oil and gas industry.

With its depth of experience and strength, Barakah Group is positively gaining momentum towards its vision **'TO BE THE PREMIER INTEGRATED SOLUTIONS PROVIDER TO THE OIL AND GAS INDUSTRY'**. The Group is capable to undertake more technically challenging works and has set its sight to expand its business activities in Malaysia and beyond.

ATE profile

BUSINESS ACTIVITIES

OFFSHORE TRANSPORTATION AND INSTALLATION

- Pipeline/Riser/Submarine Cable Installation
- Transportation and Installation of Offshore Structures
- Shore Approach
- Pipeline and Structure Repairs

TOPSIDE MAJOR MAINTENANCE & HOOK-UP & COMMISSIONING

- Onshore pre-fabrication work for structural steel and process piping
- Offshore Hook-up, Tie Ins and Commissioning of pre-fabricated structural steel, process piping, mechanical equipment, electrical system and instrument control system for topside of offshore oil & gas production facilities
- Maintenance of offshore facilities
- Blasting and Painting work

EPCC ONSHORE PIPELINE AND CONSTRUCTION

- EPCC of Onshore Gas Transmission Pipeline
- Mechanical and Piping Erection for onshore process plant
- Minor Fabrication services
- Shutdown Maintenance Services
- EPCC of small to medium size process facilities

PIPELINE SERVICES

Pre-commissioning, Commissioning & De-commissioning:

- Cleaning Maintenance
- Gauging
- Hydrotesting
- Drying (Air/Vacuum)
- Flushing
- Deoiling
- Pigging
- Flooding
- Dewatering
- Leaks/Nitrogen Testing
- Degassing

DE-COMMISSIONING

- Pipeline, Structure and Topside
- Preservation and Abandonment

SHIP MANAGEMENT & CHARTERING

- Pipe Lay Barge
- Derrick Lay Barge
- Accommodation Work Barge
- Work Boat

UNDERWATER SERVICES

- DPDSV Services
- Subsea Underwater Services and Maintenance
- Underwater Repair

corporate INFORMATION

BOARD OF DIRECTORS

Dato' Mohamed Sabri Mohamed Zain
Independent Non-Executive Chairman

Nik Hamdan Daud
Group President & Chief Executive Officer
Non-Independent Executive Director

Sulaiman Ibrahim
Senior Independent
Non-Executive Director

Datuk Azizan Abd Rahman
Independent Non-Executive Director

Azman Shah Mohd Zakaria
Non-Independent Executive Director

Rasdee Abdullah
Non-Independent Executive Director

Nurhilwani Mohamad Asnawi
Independent Non-Executive Director

Oh Teik Chay
Independent Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Azizan Abd Rahman
Chairman

Dato' Mohamed Sabri Mohamed Zain

Sulaiman Ibrahim

NOMINATION & REMUNERATION COMMITTEE

Sulaiman Ibrahim
Chairman

Dato' Mohamed Sabri Mohamed Zain

Nurhilwani Mohamad Asnawi

EXECUTIVE COMMITTEE

Nik Hamdan Daud
Chairman

Azman Shah Mohd Zakaria

Rasdee Abdullah

Firdauz Edmin Mokhtar

ESOS COMMITTEE

Sulaiman Ibrahim
Chairman

Rasdee Abdullah

Nurhilwani Mohamad Asnawi

COMPANY SECRETARIES

Ng Heng Hooi (MAICSA 7048492)

Wong Mee Kiat (MAICSA 7058813)

REGISTERED OFFICE

Lot 6.08, 6th Floor
Plaza First Nationwide
No. 161 Jalan Tun H.S. Lee
50000 Kuala Lumpur
Malaysia
Tel : 603 2072 8100
Fax : 603 2072 8101

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7720 1188
Fax : 603 7720 1111

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Listed on 6 November 2013

Shariah-Compliant
Ordinary Shares
Stock Name : BARAKAH
Stock Code : 7251

Other Securities
Stock Name : BARAKAH – LA
Stock Code : 7251LA

AUDITORS

Messrs. Crowe Horwath
Chartered Accountants,
Level 16, Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 603 2788 9999
Fax : 603 2788 9998

SOLICITORS

Messrs. Fairuz Ali & Co
No. 12-1, 1st Floor, Jalan Opera B U2/B
TTDI Jaya, Section U2, 40150 Shah Alam
Selangor Darul Ehsan
Tel : 603 7831 3941/2605
Fax : 603 7831 3951

PRINCIPAL BANKERS

Malayan Banking Berhad
Export-Import Bank of Malaysia Berhad
Affin Bank Berhad
AmBank (M) Berhad
HSBC Amanah Malaysia Berhad

corporate STRUCTURE

BARAKAH OFFSHORE PETROLEUM

- **100%**
  PBJV GROUP SDN BHD
  Oil & Gas Services
  - **100%**
    KOTA LAKSAMANA MANAGEMENT SDN BHD
    Vessel Management
  - **100%**
    KOTA LAKSAMANA 101 LTD
    Vessel Ownership
  - **100%**
    PBJV INTERNATIONAL LTD
    Oil & Gas Services For The International Market
  - **85%**
    PBJV GULF CO LTD
    Oil & Gas Services For The Middle East Region
- **100%**
  PBJV ENERGY (LABUAN) LTD
  Exploration, Development & Production

- OUTSTANDING ORDERBOOK AT RM1.6 BILLION *

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OIL

* as at 31 December 2015

FINANCI

REVENUE RM592.6 MILLION
(*2014 : RM949.0 MILLION)

PROFIT BEFORE TAXATION RM5.6 MILLION
(*2014 : RM107.9 MILLION)

PROFIT AFTER TAXATION RM18.8 MILLION
(*2014 : RM80.2 MILLION)

THE COMPANY REMAINED PROFITABLE
DESPITE CHALLENGING INDUSTRY CONDITIONS.

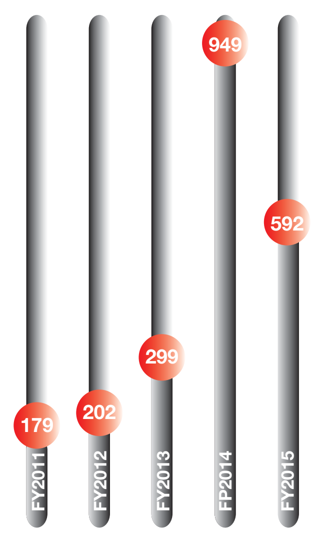
0 LOST-TIME DUE TO INJURY (LTI) IN FY2015

3,945,050 MAN-HOURS WITHOUT LTI IN FY2015

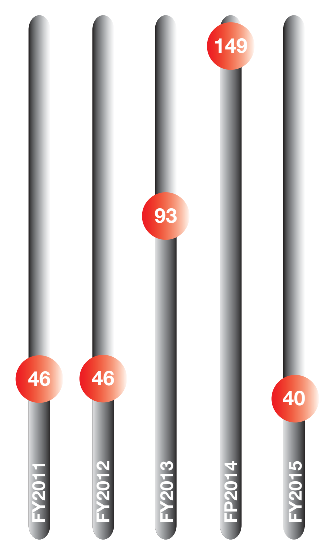
AL highlights

Financial Year/Period Ended (“FY”/“FP”)	30.09.2011 (FY2011) (RM’000)	30.09.2012 (FY2012) (RM’000)	30.09.2013 (FY2013) (RM’000)	31.12.2014 (FP2014) (15 months) (RM’000)	31.12.2015 (FY2015) (RM’000)
Revenue	178,583	201,956	298,901	949,037	**592,570**
EBITDA	46,166	46,118	93,272	149,446	**40,070**
Profit before taxation	39,717	39,451	57,621	107,863	**5,593**
Profit after taxation	34,227	33,214	41,103	80,226	**18,797**
Total assets	407,487	415,094	470,886	760,009	**674,720**
Shareholders' equity	97,584	130,812	172,946	351,913	**312,821**
Return on shareholders' equity (%)	35.1%	25.4%	23.8%	22.8%	**6.0%**
Basic EPS (RM)	1.37	0.07	0.08	0.13	**0.02**
Diluted EPS (RM)	n.a.	n.a.	0.08	0.11	**0.02**

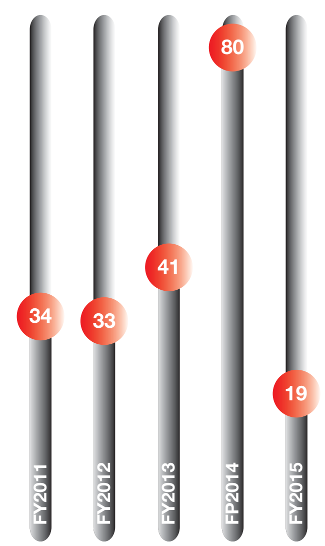
Note:
* FP2014-Financial Period from 1 October 2013 to 31 December 2014



Revenue (RM Million)



EBITDA (RM Million)



Profit After Taxation (RM Million)

board of DIRECTORS

Seated (from left to right):

Nik Hamdan Daud
Group President & Chief Executive Officer
Non-Independent Executive Director

Dato' Mohamed Sabri Mohamed Zain
Independent Non-Executive Chairman

Standing (from left to right):

Sulaiman Ibrahim
Senior Independent Non-Executive Director

Oh Teik Chay
Independent Non-Executive Director

Azman Shah Mohd Zakaria
Non-Independent Executive Director

Nurhilwani Mohamad Asnawi
Independent Non-Executive Director

Rasdee Abdullah
Non-Independent Executive Director

Datuk Azizan Abd Rahman
Independent Non-Executive Director

DIRECTORS *profile*

DATO' MOHAMED SABRI MOHAMED ZAIN

Independent Non-Executive Chairman

Dato' Mohamed Sabri, aged 60, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 7 July 2014 as an Independent Non-Executive Chairman. He has over 34 years working experience in the oil and gas business in both domestic and overseas ventures, primarily in PETRONAS Carigali Sdn Bhd ("PCSB"). Dato' Mohamed Sabri started his career at Petroliam Nasional Berhad (PETRONAS) in 1978 as a Petroleum Engineer. From 1980 until 2008, he built his career in PCSB, starting from an engineer to General Manager in various capacities. His management roles while in PCSB were General Manager for Vietnam operations from 1996 until 2000, development division from 2000 until 2004, for Middle East and Asia operations from 2004 until April 2006 and operations in Vietnam, Indonesia, Myanmar, Pakistan, Turkmenistan, Uzbekistan, Malaysia-Thailand JDA and Sudan from 2006 until 2008. From March 2008 until October 2010, he moved on to be the President of White Nile Petroleum Operating Company (WNPOC) in Sudan and later, the Vice President of Offshore Business Unit of MISC Berhad from 2010 until 2012.

Dato' Mohamed Sabri is currently the CEO of Yinson Energy Sdn Bhd, an associate company of Yinson Holdings Berhad, primarily involved in providing floating production solutions for the oil and gas industry worldwide. Prior to joining Yinson in May 2014, he served as the President of Puncak Oil & Gas Sdn Bhd and also the President of GOM Resources Sdn Bhd from January 2013 until April 2014. He graduated with Bachelor of Science in Petroleum Engineering, University of Wyoming, United States of America.

NIK HAMDAN DAUD

Group President & Chief Executive Officer
Non-Independent Executive Director

Nik Hamdan Daud, aged 49, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as an Executive Director. He is also the founder of PBJV Group Sdn Bhd and has been the Managing Director since its incorporation on 24 August 2000. From 2011 to 2013, he was the President & Chief Executive of PBJV. On 1 July 2013, he was re-designated as the Deputy Executive Chairman of Barakah and Executive Chairman of PBJV. With effect from 1 April 2016, he has been re-designated the Group President & Chief Executive Officer.

He has over 20 years of experience in the oil and gas industry, mainly in offshore pipeline installation and related services. During these years, he served various reputable oil and gas clients such as PETRONAS Carigali, Sarawak Shell Berhad, ExxonMobil, Petrofac, Newfield, Murphy Oil, Talisman Malaysia Limited and VietsoPetro, among others. Prior to founding PBJV, Nik Hamdan was the Managing Director of Pipetronix Sdn Bhd, a German-owned offshore pipeline service company, from 1996 to 2000. He was actively involved in the technical and commercial aspects of the business. From 1991 to 1996, he served Esso Production Malaysia Inc. as a Quality Control and Corrosion Engineer. He started his career as a Test Engineer in Motorola Sdn Bhd and worked with the company from 1989 to 1991.

He has been extensively involved in upstream activities, mainly in pipeline services, facilities integrity management, platform operations and maintenance, developing standard operating procedures, the training and development of engineers and Health Safety Environment Management Systems ("HSEMS").

He also holds directorships in several private limited companies. Nik Hamdan graduated with a Bachelor of Science in Electrical/Electronic Engineering from Worcester Polytechnic Institute MA, USA in 1989. He is also a qualified gas pipeline licensed contractor with Energy Commission of Malaysia.

SULAIMAN IBRAHIM

Senior Independent Non-Executive Director

Sulaiman Ibrahim, aged 56, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as a Non-Executive Director. On 12 December 2013 he was designated as the Senior Independent Non-Executive Director.

Sulaiman was with PETRONAS Carigali from 1986 to 2011, and was exposed to various areas such as engineering, construction, installation and structural installations. He has experienced the full cycle of project management from tendering exercises, detail design, procurement, fabrication and installation to hook-up and commissioning of offshore facilities and onshore sludge catchers and tank farms. He also holds directorships in other private limited companies.

Sulaiman graduated with a Bachelor's degree in Civil Engineering from University of Malaya in 1984.

DATUK AZIZAN ABD RAHMAN

Independent Non-Executive Director

Datuk Azizan Abd Rahman, aged 60, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 15 April 2013 as an Independent Non-Executive Director. He has more than 30 years of experience in the financial industry. He began his career in Bank Negara Malaysia ("BNM") in 1979 where he had exposure to finance, examination and supervision, and was also the Director of the Banking Supervision Department. While in BNM, Datuk Azizan was a board member of Kumpulan Wang Amanah Pencen and ERF Sdn Bhd, and also an Advisor to the Malaysian Accounting Standard Board. He was the former Director-General of Labuan Financial Services Authority ("Labuan FSA") where he served for more than six years until his retirement in 2011. While serving in Labuan FSA, Datuk Azizan was a member of several boards, including Labuan Corporation and Financial Park (Labuan) Sdn Bhd, as well as an executive committee member of the Malaysian Islamic Finance Committee.

He is currently a board member of MIDF Bhd, MIDF Amanah Investment Bank Bhd, Kensington Trust Labuan Ltd, Kensington Trust Malaysia Bhd, Malaysian Rating Corporation Bhd, Gibraltar BSN Life Insurance Bhd, City Credit Investment Bank Ltd, Cagamas Holdings Bhd and Cagamas SRP Bhd. He also holds directorships in several private limited companies.

Datuk Azizan graduated with a Bachelor's degree in Accounting from University of Malaya in 1979 and obtained his Masters in Business Administration from University of Queensland, Australia in 1994. He is a fellow member of CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants.

DIRECTORS profile

AZMAN SHAH MOHD ZAKARIA

Non-Independent Executive Director

Azman Shah Mohd Zakaria, aged 51, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 May 2012 as an Executive Director. He is one of the founding members of PBJV and is presently the President & Chief Executive of PBJV International Ltd. From July 2013 until November 2014, he was the President & Chief Executive of PBJV Group Sdn Bhd.

Azman has more than 16 years experience in the oil and gas industry, mainly in the areas of offshore pipeline installation, pre-commissioning and other related services. He started his career as an Aircraft Technician in 1988 with AIROD Sdn Bhd. In 1994, he joined Sukitronics Sdn Bhd as a Project Engineer and subsequently, Projass Engineering Sdn Bhd in 1995 until 1998 as a Lead Engineer where he headed the mechanical and piping construction team for power plant fabrication and construction work. He joined PTIS (M) Sdn Bhd as an Operation Manager in 1998 and headed the company's pre-commissioning and commissioning projects and operations. In 2000, he joined PBJV as General Manager and led the company in pre-commissioning and commissioning, T&I, onshore pipeline, HUC projects and operations.

Azman also holds directorships in several private limited companies. He graduated with a Higher Diploma in Mechanical and Manufacturing Engineering and BTEC Diploma in Mechanical and Manufacturing Engineering from Wigan and Leigh Technical College (Salford University), Greater Manchester, UK in 1994. He is also a qualified gas pipeline licensed contractor with the Energy Commission of Malaysia.

RASDEE ABDULLAH

Non-Independent Executive Director

Rasdee Abdullah, aged 45, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 May 2012 as an Executive Director. He has been the President & Chief Executive of PBJV Group Sdn Bhd since 2014. From 2011 until 2014, he was the Vice President of Operations in PBJV Group Sdn Bhd.

He has over 18 years of experience in areas such as project management, engineering, procurement, construction, and commissioning of onshore and offshore oil and gas facilities. He started his career in 1994 as a Mechanical Engineer in Drexel Bakti Oilfield Sdn Bhd. He joined MMC Engineering & Services Sdn Bhd as Project Engineer from 1995 to 1996. From 1997 to 2000, he was the Project Engineer at Shapadu Energy and Engineering Sdn Bhd. In 2000, he was appointed as a Construction Superintendent by Ranhill Engineers and Constructors Sdn Bhd. Then in 2003, he joined Baxtech Resources Sdn Bhd as Operations Director prior to joining PBJV in 2011.

Rasdee also holds directorships in other private limited companies. He graduated with a Bachelor of Science in Mechanical Engineering from University of Tulsa, Oklahoma, USA in 1993.

NURHILWANI MOHAMAD ASNAWI

Independent Non-Executive Director

Nurhilwani Mohamad Asnawi, aged 41, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as an Independent Non-Executive Director. She is a Chartered Accountant of the Malaysian Institute of Accountants and has 16 years of experience in accounting, finance and treasury.

She joined Konsortium Perkapalan Berhad in 1999 as an Accounts Supervisor and in 2000, Laras Architects Sdn Bhd where she held the position of Accountant. Nurhilwani graduated with a Bachelor's degree in Accountancy from University (Institute) Technology MARA in 1998.

OH TEIK CHAY

Independent Non-Executive Director

Oh Teik Chay, aged 42, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 September 2015 as an Independent Non-Executive Director.

He has 15 years of experience in cross border mergers and acquisitions, corporate restructurings and recovery, and turnaround activities, mainly within the energy and oil and gas related industry.

Mr. Oh began his career in 1996, when he entered into the Institute of Chartered Accountant in England and Wales (ICAEW) internship programme during which he was attached with Robert Teo, Kuan & Co., an accounting firm based in Kuala Lumpur, Malaysia. In 2000, he was appointed as General Manager for a group of companies involved in structural steel fabrication and civil works. He then started an advisory company based in Hong Kong which principal activities includes, provision of consultancy services, investment holdings and trading services. In 2006, he set up a boutique investment and advisory house based in Singapore, which provide business strategy and corporate advisory services. In 2013, he established a private equity firm in Singapore for which he currently is an advisor.

He holds directorships in several private limited companies in Malaysia, Singapore, and Hong Kong. Oh Teik Chay graduated with a Bachelor of Arts degree, majoring in Accounting and Finance, from Strathclyde University, Glasgow, United Kingdom.

The above Directors have no family relationship with any Director and/or major shareholder of Barakah, have no conflict of interest with Barakah and have not been convicted of any offence within the past 10 years.

The details of the Board Committee whom the Directors belong to are on page 4 of the Annual Report.

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NIK HAMDAN DAUD
GROUP PRESIDENT &
CHIEF EXECUTIVE OFFICER

DATO' MOHAMED SABRI MOHAMED ZAIN
CHAIRMAN

ATEMENT to shareholders

BY THE CHAIRMAN AND GROUP PRESIDENT & CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS

We are pleased to present the corporate and financial reports for Barakah Offshore Petroleum Berhad ("Barakah" or "the Company") for financial year 2015 ("FY2015").

STRATEGIC REVIEW

The 65% drop in crude oil prices in 2015 from its peak in mid-2014 posed huge challenges to businesses in the oil and gas ("O&G") industry. This resulted in most oil companies reducing their capital expenditures substantially, leading to the review of major projects and the delay in the rollout of previously committed projects. This has impacted service providers in the oil and gas value chain including the Company.

We started 2015 reasonably optimistic of the prospects of maintenance and operations of oil and gas facilities, where we are predominantly involved in together with a strong outstanding orderbook of over RM1.6 billion. As the industry conditions deteriorated further, the issue of work orders for our main projects slowed. This has resulted in lower revenues and consequentially lower margins and profitability.

Throughout 2015, we planned for operational and financial discipline and have had kick-start some cost-cutting measures. We also reviewed the efficiencies within the supply chain and procurement process. We worked with our suppliers and vendors to identify cost-cutting measures while adhering to the highest standards of integrity, service excellence and professionalism. Owing to the gestation period for these measures, their full impact may only be seen starting from FY2016.

We continue to strengthen our current business model in the operations and maintenance segment of oil and gas facilities by aligning our capabilities and service offerings for fit-for-purpose and value-for-money solutions. As a turnkey service provider, we strongly believe we have an obligation to meet our clients' vision by providing enhanced solutions and strengthening our deliverables in an efficient and effective mode. That said, we remain steadfast in our vision to be the Premier Integrated Solutions Provider to the Oil and Gas Industry.

STATEMENT *to shareholders*

Revenue for FY2015

RM592.6 million

Earnings before interest, taxes, depreciation and amortisation ("EBITDA") for FY2015

RM40.0 million

Profit after taxation for FY2015

RM18.8 million

PERFORMANCE REVIEW

Financial Performance

We had a good FP2014, being the first year that we executed projects as a turnkey contractor in Transportation and Installation ("T&I") and Hook-Up and Commissioning, and Topside Major Maintenance ("HUC & TMM"). At the start of FP2014, we had raised our capacity of manpower and equipment to execute over RM2 billion orderbook. Although we were still busy in FY2015, especially with Engineering, Procurement, Construction and Commissioning ("EPCC") of Pengerang Pipeline Project ("Pengerang Project"), the work orders for our T&I, HUC and pipeline services had decreased significantly. The rapid deterioration of industry demand has created an overhang of capacity and margin squeeze that affect players across the industry. This resulted in the significantly lower financial performance in FY2015.

For FY2015, we achieved revenue of RM592.6 million, EBITDA of RM40.0 million, profit before taxation of RM5.6 million and profit after taxation of RM18.8 million. Nonetheless, we remain prudent in our capital management and maintain a healthy balance sheet. Net gearing ratio remained relatively low, at 24.2% as at 31 December 2015.

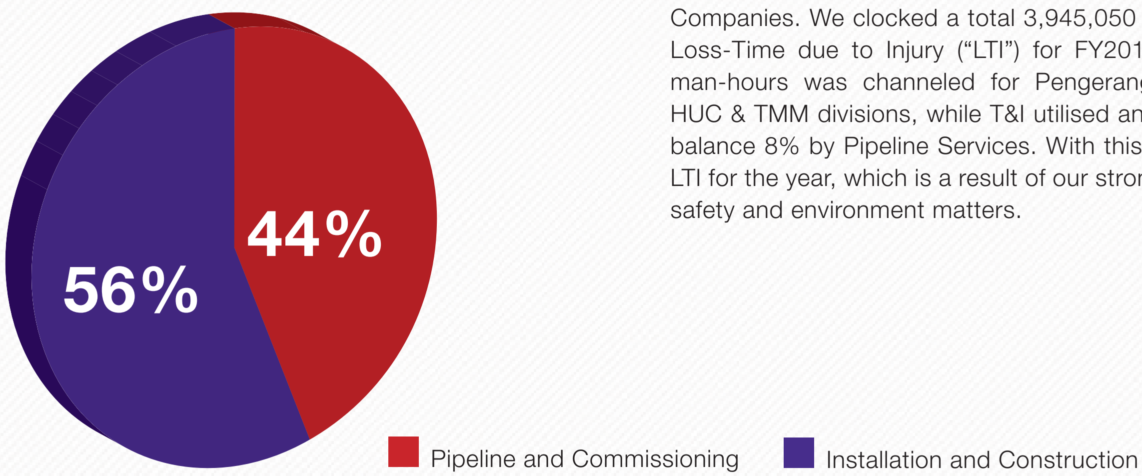
• *Pengerang Project - Line pipes awaiting to be stringed*

• *KL101 carrying out pipeline installation in Dalak, Sabah*

Our business is generally divided into 2 segments for reporting purposes, namely Pipeline and Commissioning Services, and Installation and Construction. Pipeline and Commissioning Services consists of two business divisions: pre-commissioning, commissioning and de-commissioning (collectively known as "Pipeline Services"), and HUC & TMM. Installation and Construction consists of Offshore T&I, and EPCC Onshore Pipeline and Construction operations.

For FY2015, Pipeline and Commissioning contributed 44% of total revenues. Installation and Construction generated the balance 56% of total revenue.

2015 REVENUE BREAKDOWN



Dividends

With a need to preserve capital to be resilient over the medium term, the Board of Directors does not recommend dividend for FY2015. Rest assured when industry visibility is clearer, we believe the Company will be back in a position to pay dividend while balancing with our long-term growth requirements.

REVIEW OF OPERATIONS

In FY2015, we executed mainly projects for HUC & TMM contract for Petrofac, Sapura Kencana Energy ("SKE") and Repsol (previously known as Talisman), the on-shore pipeline installation for Pengerang Project, various pre-commissioning projects and Pan Malaysia T&I, which is a turnkey project secured in December 2013 from 11 Production Sharing Companies. We clocked a total 3,945,050 man-hours without Loss-Time due to Injury ("LTI") for FY2015. Almost 80% of man-hours was channeled for Pengerang Project and the HUC & TMM divisions, while T&I utilised another 12% and the balance 8% by Pipeline Services. With this, we achieved zero LTI for the year, which is a result of our strong culture in health, safety and environment matters.

STATEMENT *to shareholders*

• *Underwater work in action*

• *EVA project for the North Malay Basin gas pipeline - Pre-commissioning work in progress*

On the new project wins, we are heartened to secure approximately RM170 million new contracts during the year, comprising:

- A 3+1 year contract in February from PETRONAS Carigali Sdn Bhd ("PCSB") to provide Engineering, Procurement, Fabrication, Installation, Commissioning and Maintenance works for pipe inspection gauges ("PIG") Trap System ("PIG Trap System") in Peninsular Malaysia, Sabah and Sarawak.
- TMM contract in Sabah for Kebabangan Petroleum Operating Company ("KPOC") in April.
- Operational PIG and pigging accessories contract for Sarawak and Sabah Shell in May.
- Supply and Maintenance of Cleaning PIG contract for the fields in Sabah and Sarawak for PCSB in August.
- A 1+1 year EPCC of Net Export Terminal Scraper station in Kemaman, Terengganu from Petronas Gas Bhd ("PGB") in November.
- A two-year contract by PGB for the repair and maintenance of the Sabah Sarawak Gas Pipeline ("SSGP") in December.

PIPELINE AND COMMISSIONING SERVICES

Work flows for these divisions were slower compared to FP2014. This segment contributed RM257.9 million to the Company's revenue on the back of on-going and new pipeline services contracts and Pan Malaysia HUC & TMM project.

We completed 132 jobs covering 700.2 km-pipes length and involving 216,382 man-hours without LTI in the year. Among the bigger projects that we worked on were EVA-North Malay Basin Project, pre-commissioning requirements for Baram and Temana Field with the PIG Trap System contract secured in February 2015.

For the HUC & TMM division, we were kept busy with works in eight fields for six clients with the bulk from Pan Malaysian HUC & TMM project. We completed de-bottlenecking project at KNDP-A platform for Repsol, TMM works and facilities improvement/upgrade for Petrofac, Repsol, SKE, Lundin and KPOC. Further to HUC and TMM jobs, we completed work for Enquest Petroleum.

INSTALLATION AND CONSTRUCTION SERVICES

Installation and Construction segment generated RM334.7 million revenue to the Company in FY2015.

We were busier with onshore activities in FY2015, the largest being Pengerang Project. This project involves constructing a 36 inch pipeline that connects from the existing PETRONAS Gas' Peninsular Gas Utilisation 2 Network at Ulu Tiram, Johor for 73km to the PETRONAS' Refinery and Petrochemical Integrated Development ("RAPID") in Pengerang, Johor. The pipeline crosses three development areas in Johor - Johor Tengah, Pasir Gudang and Kota Tinggi. Construction was in full swing. All pipes have been fully delivered to various locations along the Project's Right-Of-Way. As at 31 December 2015, we completed the construction for about 61km length of line-pipes, accounting for close to 85% of pipeline length for the entire project.

In respect of offshore activities, our project teams worked at the fields at Dalak, Sabah and PL381, Sarawak. In Dalak Field, we completed the work that started in previous FP2014 by finishing the final offshore pipeline connection in Sipitang site (KP 13) and riser installation and structural and civil work at the onshore connection at PETRONAS Methanol Plant in Labuan. Meanwhile for PL381 Field, we completed the riser installation at TKP-A platform and repaired riser for WLDP-C platform followed by pre-commissioning works.

Looking ahead to FY2016, we are encouraged by better visibility of order flows. In December 2015, we received two work orders for Pan Malaysia T&I project, namely P1 and P2; both located in Sarawak waters in Bardegg and Baronia Fields. P1 involves the installation of 24" x 43 km pipeline from TTJT-A platform to BNCPP-B platform and appurtenances that are pipeline/cable crossing, risers, sub-sea spool and pre-commissioning. Meanwhile, P2 involves the installation of 24" x 125km pipelines from BNCPP platform to E11RC platform. The project team has been mobilised in mid-March 2016 and we target to complete both jobs by third quarter of 2016.

Another new project that we will be busy with in FY2016 is the SSGP maintenance project. SSGP is a 503km network of onshore pipeline that link Sabah Oil and Gas Terminal in Kimanis, Sabah and Petronas' Liquefied Natural Gas ("LNG") Complex in Bintulu, Sarawak. Our work scope includes inspection, testing, repair and maintenance of the pipes and related infrastructures to maintain the pipeline integrity. Since mobilisation to site in January 2016, we have started doing rectification works in Kimanis area in Sabah.

• *Pengerang Project - Line pipes lowering into trenches*

• *Pipeline installation in Dalak, Sabah*

STATEMENT *to shareholders*

• *Pengerang Project - Aerial view of part of 73km pipeline*

Our ongoing turnkey onshore project, Pengerang Pipeline is in the last year of implementation. Major activities for this project this year will be to construct the pipeline across four major rivers, the longest being the 1.8km stretch at Sungai Johor. Other works for this project include mechanical and civil work at various locations along the pipeline and finally commissioning of the overall pipeline system. We target to complete the entire project in 4Q2016.

Another EPCC project involving the construction of a new scraper station for propane and butane pipelines at Teluk Kalong in Kemaman, Terengganu and the replacement of the Tanjung Sulong Export Terminal ("TSET") Scrapper Station and also the other facilities within TSET started in December 2015 and slated for completion in early December 2016.

With these jobs in place, we are definitely busier in 2016. Meanwhile, we are continuously engaging with the clients and bidding for new projects and looking to carry the momentum into 2017 and beyond.

• *Barakah 2015 Raya 'Warna Warni' Open House - Celebration with orphans*

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is more than just philanthropy – it is about sustainable development by creating value for society, be it through the services we provide, the employment we create, the wealth we share through dividends and taxes, or the community outreach activities we carry out.

Sustainability covers three key aspects – social, environmental and economic.

The social aspect covers our commitment to our employees and care for the communities that we touch. Our community outreach programme is aimed at helping the less fortunate and to nurture young minds. We provide educational support in the form of our school sponsorship programme, giving underprivileged but academically gifted children the opportunity to further their education.

We also constantly engage with local communities to share information and gather feedback. The exercise is an important aspect of our operations, taking into consideration community sensitivities and updating them on the positive impact of our projects.

STATEMENT *to shareholders*

• *Hook-Up & Commissioning - Materials transfer in progress at Bertam-A Platform for Lundin Petroleum*

HUMAN CAPITAL DEVELOPMENT

Human capital development is an essential part of our sustainability agenda, and we invest heavily in the advancement of our employees. We provide training programmes to enhance both soft skills and professional knowledge, and focus strongly on occupational health and safety.

On the environmental front, we look to minimise emissions and pollution in the course of our operations. We operate in an industry where the smallest of accidents can result in environmental disasters and we take stringent measures to prevent likelihood of such incidences.

Economically, we need to sustain our business in an ethical and transparent manner. Transparency and accountability are key demands from our stakeholders to ensure growth and sustainability. As such we share information about our operations through various channels which include stakeholder engagements and access to our website, *www.barakahpetroleum.com.*

INDUSTRY OUTLOOK AND FUTURE PROSPECTS

There are several O&G projects to be implemented in Malaysia, particularly in the downstream sector. One of the main projects is Pengerang Integrated Petroleum Complex. The downstream sector will benefit from the growth in consumption of oil and petrochemical products stimulated by the low oil prices and will be a key sustaining driver with oil and gas services identified as one of the strategic focus sectors under the 11th Malaysia Plan. For the upstream sector, selective T&I and HUC projects, involving integration of platforms and tie-ins of subsea structures would continue. These areas provide opportunities for our services over the next few years.

OUR PROSPECTS

We are more optimistic about the rollout of work orders for the major projects in our fold for 2016. Operations maintenance and facilities/structures replacement will be a key area in which we expect work to continue. This is an area in which we have built our reputation on, with about 60%-65% of our business catering for work in this segment.

We have an estimated outstanding order book of RM1.6 billion as at 31 December 2015, which will sustain our activities going forward. Internally, we consolidate our operational processes to be more cost competitive whilst being pro-active by providing fit-for-purpose solution to clients. Further, we are rationalizing our operations and staff so as to strengthen the Company for the new norms of the industry.

• *Goose-neck pipe joints installation at Bertam-A Platform for Lundin Petroleum*

STATEMENT *to shareholders*

We continue to hone in, and expand, on our core competencies. We have also proven ourselves as a reliable and capable turnkey operator and we aim to continue to excel in this respect.

Currently, our tender book is sizeable and we have been invited to bid in many projects. This is in part recognition by the industry on the expertise within our ranks even at the highest levels, with our top management hands-on with the day-to-day operations of the Company.

Our strategies and goals of building core competencies and recurring business income are very much intact. To be a major player in the industry, we need to extend our core competency to overseas markets. As such, we will continue our business development activities overseas with focus on markets in Vietnam, Brunei, Indonesia, and the Arabian Gulf Region.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, we would like to extend our appreciation to our clients, business partners, and all authorities for their continued support and cooperation.

In any organisation, people are the most important asset. This is even more so for us as human capital is essentially the mainstay of the Company. As such, we would like to extend our deepest appreciation to the employees of the Company who have given beyond 100% during this challenging period. Their dedication and professionalism is testimony to the vision of the Company.

Contributions from our colleagues on the Board, too, cannot be understated, as their professional knowledge and wisdom has strategically set the foundation on which we will build for the future.

We are also seeing the departure of Tuan Syed Abdul Rahim Syed Jaafar, who had served us well as President & Chief Executive of Barakah until March 2016. To Tuan Syed Abdul Rahim, we express our thanks and gratitude and wish him success in his future undertakings.

We also thank Boardroom Corporate Services (KL) Sdn Bhd for its services rendered as our previous company secretary.

We would also like to record our thanks to our valued shareholders for their trust in us. We are confident that with your continued support, we will grow Barakah towards long-term sustainability.

Thank you.

Dato' Mohamed Sabri Mohamed Zain
Chairman

Nik Hamdan Daud
Group President & Chief Executive Officer

5 April 2016

• Pre-commissioning team at work

CORPORATE *social responsibility*

• *Staff Team Building Programme, April 2015, A' Famosa, Malacca*

At Barakah we are committed to conducting our business in a socially responsible and ethical manner. In the broadest sense this essentially means contributing to the overall well-being of society through the sustainability of the Company.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Bursa Malaysia will be implementing new mandatory guidelines on sustainability reporting for financial year 2017, which will follow closely the Global Reporting Initiative ("GRI") G4 framework. One of the fundamental changes from previous iterations of the framework is that organisations will now be required to report only what matters, and where it matters, explicitly requiring reporting efforts to focus on materiality – i.e. on impacts, risks and opportunities.

GRI G4 also differs in terms of categorization, whereby the four pillars previously prescribed by Bursa – Workplace, Marketplace, Community and Environment, will come under three main aspects, which are Social, Environment and Economic.

CORPORATE *social responsibility*

The Social aspect covers marketplace and community activities while the Economic aspect discloses initiatives on human capital development, governance and financial performance. Environment, on the other hand, covers topics related to environmental issues.

We are presenting this section on Corporate Social Responsibility ("CSR") following a formal sustainability policy.

OUR SOCIAL COMMITMENT

Community well-being remained the key focus of our CSR initiatives in 2015. Our sustained commitment to the welfare of our community is carried out through our annual community outreach programmes which become permanent fixtures in our operating budget and calendar, our project related community engagement programmes and our ad hoc disaster relief efforts.

The floods that hit parts of the country at the end of 2014 and the beginning of 2015 was one of the worst in decades in Malaysia. At the height of the floods, many were left homeless and deprived of basic amenities, such as shelter, food and clothing.

In the early part of the year, we carried out two main activities to aid the victims. As part of our Tautan Kasih flood relief mission, we helped distribute essential items to the affected communities in the rural areas of Kelantan and Terengganu. We were also involved in the Humanity CSR Assistance at Dabong, Kelantan. The project, coordinated by the Prime Minister's Department, saw 15 of our staff assisting in the building of temporary homes for the flood victims.

• *Giving tokens at 'Yayasan Anak-Anak Yatim' (Orphanage Foundation) in Kelantan*

• *'Tautan Kasih' - Flood relief mission in Dabong, Kelantan*

• 'We Care' Homeless Programme, Jalan Tuanku Abdul Rahman (Chow Kit)

• Annual Programme, 'Sentuhan Kasih Barakah' (Visiting patients) at Sungai Buloh Hospital Pediatric Ward

• Annual programme, 'Barakah Iftar' (Break Fast) at orphanage home Rumah Kasih Harmoni

Even as the flood waters subsided, the victims faced a daunting task in getting their lives back on track. As part of our post-flood initiative, we collaborated with i-Bantu (IKRAM) to build a tube well to provide water supply at SK Banggol in Guchil, Kelantan. The school was one of the main flood evacuation centres in the Kuala Krai area.

We are also committed to helping out the underprivileged as part of our local community initiatives. Recognizing the endemic homeless problem in urban areas, we collaborated with PERTIWI Soup Kitchen for the "We Care" Homeless Programme on two occasions in 2015 to distribute pre-packed food for the homeless in the Kuala Lumpur area.

We have annual budget and programme for underprivileged children, be them sharing celebration with them or supporting their education for long-term development in human capital.

Barakah provides monthly grant to an orphanage Rumah Kasih Harmoni in Sungai Buloh. The orphanage provides a place to call home for more than 100 orphans and underprivileged children from age 5 to 18. Our grant enabled the orphanage to provide comfortable accommodation for the children and proper education and guidance for their development so that they have equal opportunity to reach tertiary education.

Barakah provides monthly allowance to 10 bright underprivileged students of Sekolah Menengah Kebangsaan Sungai Besar Selangor as part of our on-going student sponsorship programme. The programme started in 2014 and carried through to 2015. The allowance is given to the Form 4 and 5 students which we believe will give them the extra push to continue their excellence in their studies.

CORPORATE *social responsibility*

• *Outdoor training of Staff Team Building programme, April 2015, A' Famosa, Malacca*

• *Management Team Building, April 2015 - 'Journey of Success Workshop' at Janda Baik, Pahang*

The Sentuhan Kasih Barakah is an annual programme where we visited patients at hospital ward to bring cheer during the month of Ramadhan. For the FY2015, we had this programme at Hospital Besar Sungai Buloh ("HBSB") pediatric ward where we gave goodies to the patients. The programme is currently in its third year.

These activities reflects the core value of the Company as a caring member of our community, instilling empathy among employees and provide an avenue where we are able to give back to society.

ECONOMIC SUSTAINABILITY

Employee Training and Development

The economic sustainability of the Company is very much dependent on the contribution of our employees, and as such we have allocated resources to ensure their development and continued contribution.

Our holistic approach aims at strengthening skill-sets for optimal performance and professional growth while grooming the next generation of leaders by specific on-the-job guidance by management and senior staff.

During the reporting period, 75 training courses were conducted - 49 of which were technical and 26 non-technical. These training sessions were attended by 210 employees, which represents 50% of our workforce.

0 LOST-TIME DUE TO INJURY (LTI) IN FY2015

3,945,050 MAN-HOURS WITHOUT LTI IN FY2015

• *Bone-mass Test being carried out*

In 2015, two team-building workshops were conducted for staff with the theme "Journey of Success". Both workshops were held off-site and conducted over two days. The workshop programmes include sessions on lesson learnt from completed projects and team bonding activities.

Health and Safety

Occupational health and safety is important to us and we adhere strongly to standard operating procedures to minimise injuries at the workplace. We encourage our staff to follow the best Health, Safety and Environment ("HSE") practice. Our HSE motto, "Think Family, Work Safely" is the cornerstone of Barakah culture. In FY2015, we recorded a total of 3,945,050 man-hours without Lost Time due to Injury ("LTI"), compared to 1,442,046 man-hours without LTI recorded in FP2014.

And as part of the PRISM project team, we celebrated 1 million man-hours without LTI and participated in the PRISM Jalinan Kasih CSR programme. The programme sponsored an outdoor programme and 6 units of outdoor chairs at Klinik Kesihatan Lunas.

Employee welfare

Employee well-being is very important to us, and we organize social and recreational activities on a regular basis to foster strong camaraderie within the Company and enhance their well-being at personal levels. We promote healthy lifestyle among our staff through regular sports activities, and health and safety talks.

Regular sports activities that include team games were organized on weekly basis, and two annual sports tournaments were held as part of our healthy lifestyle campaign among our staff. In FY2015, these included weekly badminton, futsal and football games as well as our annual futsal and bowling tournaments. We also held our first "Go Kart" challenge for the management.

The sports and team building activities foster bonding among the staff at all levels and create a sense of belonging for every staff as part of Barakah family.

Other activities include a health campaign featuring a health talk and spine checks for employees, and the production of a road safety video to promote safe driving on "Balik Kampung" trips during festive seasons.

Financial sustainability

The financial aspects are discussed in detail in other parts of this report. Please refer to the Statement to Shareholders on pages 14 to 25 and the audited financial statements on pages 65 to 123.

THE ENVIRONMENT

We adhere to all environmental and safety guidelines as required by the regulatory authorities and our respective clients. These guidelines are based on international standards for the oil and gas industry.

CORPORATE *social responsibility*

• *Safety Campaign - 2016 'Top 10 High Risk Task Force' launch*

In addition to project related safety procedures already typically embedded in each of our project execution plan, Barakah first launched company-wide safety campaign early in 2014 which we named Let's C.A.R.E. The programme continued momentum into 2015. It aims at strengthening our core principles of C.A.R.E – "Commitment and Communication", "Awareness and Attitude", "Roles and Responsibilities" and "Environment and Enforcement" by incorporating three focus areas in its implementation plan, namely Top 10 High Risk Task Force, HSE awareness contest and observation of practices at workplace. This programme demands awareness by everyone in the Company on safety aspects whether at project site, office or at home.

Top 10 High Risk Task Force plan is a three-pronged approach: the first, one risk champion is assigned for each of the top 10 risk areas relating to project related activities: hotwork, lifting (loading/unloading), land transportation, chemical handling, manual handling, sea transportation, excavation, working at heights/scaffolding, diving and electrical work. The respective risk champion will disseminate safety information and monitor compliance to safety procedures for the respective activity.

The second step: company-wide awareness is instilled by engaging staffs through the HSE awareness monthly contest to recognise staff observations and suggestion on safe acts at workplace, on the road and at home. It also include tests conducted among staff to gauge their understanding of safe acts.

The third component of the programme targets at enhancing working environment, increasing workers' efficiency and reducing cost, and developing ownership of job responsibilities among staffs. This will be done through regular observations by our HSE team on how safety aspects are practised by all staff in their daily activities at their workplace.

Environmental Awareness

The Company conducted an environmental awareness campaign among its staff which was launched in April 2015. The on-going Go Green Campaign – "Save Green, Save Planet" promoted re-cycling and employees were encouraged to use the provided re-cycling bins at all Barakah offices.

MOVING FORWARD

We aim to provide a more comprehensive and detailed section to report on sustainability and CSR for our next Annual Report. Where possible we will collate the necessary data; where it is not, we will look into putting in place the initiatives and systems to do so.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Barakah Offshore Petroleum Berhad ("Barakah" or "Company") and its subsidiary companies (collectively referred to as "Barakah Group" or "Group") recognises the importance of practicing the highest standard of corporate governance in protecting and enhancing shareholders' value. On this note, the Board has been reviewing and maintaining its policies and procedures and improving the Group's processes, controls and systems to comply in accordance with the Main Market Listing Requirements ("MMLR"). The Board also continuously reviews and where appropriate, takes steps to adopt the principles and recommendations on corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Board is pleased to present this statement on how the principles set out in the Code have been applied during the financial year ended (FY) 31 December 2015.

ESTABLISHING ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board is overall accountable to shareholders and other stakeholders for the performance and affairs of the Group. This accountability is formally documented through the Board Charter and Limits of Authority ("LOA") approved by the Board on 23 October 2013. The Board Charter governs the Board in its conduct of the overall business affairs and operations while the LOA clearly specifies relevant matters reserved for the Board's approval and of those delegated to the Board Committees, President & Chief Executive ("PCE") and management.

The roles and responsibilities of the Board and the management are clearly demarcated in the Board Charter. The Board's principle focus is the overall strategic direction, development and control of the Group in an effective and responsible manner. The role of the management, on other hand, is to develop business plan and to carry out business operations in accordance with the strategic direction and established LOA delegated from the Board. Nevertheless their respective functions remain mutually co-dependent enabling efficient and effective execution of their duties and responsibilities.

The Board Charter provides guidance and reference to the Board on the overall business affairs and operations in line with the principles of good corporate governance. The Board Charter outlines among others: the division of powers, roles and responsibilities of the Board, its key values, the Board's authorities, processes and procedures for convening Board's meetings. The full details of the Board Charter can be found on the Company's website *www.barakahpetroleum.com*.

The Board adopts its strategic business plans for the Group and reviews it annually. The Board also regularly reviews the operation and financial reports which are tabled at the Board meetings held at a minimum every quarter to ensure that the Group is in line to meet its targets set out in the business plan. Throughout the FY2015, the Board continued to guide and effectively steer the Group with well-planned strategies and action plans through involved and active engagement with the management at Board and Board Committees meetings as well as various other engagements.

The Board has adopted its Succession Planning Policy on 23 October 2013 to ensure a programme is in place for the orderly succession of senior management that involves the development of skills and abilities for the betterment of their current and future competencies. Succession planning helps to ensure continuity of business and prevent potential business and operational disruption due to any change of senior management personnel.

The Board also put in place on 23 October 2013 its Corporate Disclosure Policy to emphasise the importance of the development and implementation of a stakeholders communication policy for the Group.

The Board is ultimately responsible for adequacy and integrity of the internal control system of the Group. The Board establishes its Risk Management Policy/Framework on 23 October 2013 to ensure principal risks are adequately identified and appropriate internal controls and mitigation measures are implemented by the management in managing those risks. On 31 March 2016, the Board has revised the policy/framework as part of updates and continuous improvement. The Board reviews the internal control system as set out in the Statement on Risk Management and Internal Control of this Annual Report on pages 47 to 50.

STATEMENT ON CORPORATE GOVERNANCE

The Board exercises due diligence and care in discharging its duties and responsibilities to ensure high ethical standards and conduct are applied through compliance with relevant rules, regulations, directions and guidelines. The Board also supports and encourages policies within the Group that require the Board and its employees to observe the highest standards of ethical behaviour and to instil honesty and personal integrity in their dealings. Barakah has incorporated ethical values through the following policies, which were approved on 23 October 2013:

- Code of Ethics and Conduct Policy;
- Whistle-blowing Policy; and
- Insider Dealing Policy.

The above policies promote appropriate communication and feedback channels, including those that facilitate whistle-blowing. These policies also encourage every person in the Group to act in the best interest of the Group, safeguarding confidentiality, compliance with the relevant laws and regulations, safety provisions and avoiding any conflict of interest or duties. The above policies can be seen at our website *www.barakahpetroleum.com* as part of our investor relations information on corporate governance.

Barakah also has approved and adopted its Sustainability Policy on 23 October 2013 that establishes clear objectives for sustainability within the Group. The Board provides strategic guidance and oversight of management, which includes reviewing and approving the Group's sustainability strategy and ensuring transparent sustainability reporting. The sustainability policy encompasses the growing need for businesses to do their part in addressing the expectations of society with regards to Social, Environment and Economics ("SEE") initiatives. The Sustainability Policy adopted by Barakah covers four common areas, namely: marketplace, workplace, community, and environment. Further information on the implementation of the SEE can be found in the Corporate Social Responsibility report on pages 26 to 32.

Every member of the Board has full, timely and unrestricted access to all information pertaining to the Group's business affairs to enable them to discharge their duties effectively. The Board also has access to independent professional advice if necessary in terms of legal, financial, governance and expert advice, at the Company's expense. Such independent professional advice may be requested by any of the Board members to the Board during Board meetings, Board committee meetings or through any other form of communication.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board in accordance with their respective Terms of Reference namely;

1. Audit and Risk Management Committee
2. Nomination and Remuneration Committee
3. Employees Share Option Scheme Committee
4. Executive Committee

At each Board meeting, minutes of Board Committee meetings are presented to keep the Board informed. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

STATEMENT ON CORPORATE GOVERNANCE

Constant and continuous efforts have been made in enhancing Barakah's corporate governance infrastructure, internal process and systems to ensure that they remain relevant and robust. Reinforcing corporate governance is a strategic component in promoting Barakah business sustainability.

The Board had changed the Company Secretaries on 15 August 2015 as part of its on-going process for more involving engagement with the management. The Board is satisfied with the performance and support rendered by the qualified Company Secretaries to the Board in the discharge of its functions. The Company Secretaries have been advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group as well as best practices of governance. They have advised the Board of their obligations and duties to disclose their interests in securities, any conflict of interest in any transaction involving the Group, prohibition in dealing in securities and restriction on disclosure of price sensitive information. This is in support of Barakah's other policies such as the Related Party Transaction Policy, Directors Assessment and Remuneration Policy and Privacy Notice-Personal Data Protection Act.

All these policies as mentioned above are reviewed periodically or as and when required. Based on the above policies and procedures, business plan and regular engagement with management, the Board has been committed of their time and effort in overseeing that the performance of the Group is well managed and most importantly the Board is constantly mindful of safeguarding the interest of all stakeholders.

STRENGTH COMPOSITION

The Board has established a Nomination and Remuneration Committee ("NRC") that consists of three independent non-executive directors:

- Sulaiman Ibrahim, Chairman of NRC
- Dato' Mohamed Sabri Mohamed Zain, NRC member; and
- Nurhilwani Mohamad Asnawi, NRC member.

Sulaiman Ibrahim has been the Senior Independent Non-Executive Director since 12 December 2013.

The role of the NRC is to assist the Board in ensuring that the Group recruits, retains, trains, and develops suitably qualified and capable executive and non-executive directors and manages the Board's composition effectively. The NRC conducts detailed review to determine whether a director can continue to be independent in character and judgement, and also to take into account the need for progressive change of the Board's composition at the conclusion of a specific term of office. The NRC makes recommendations on the remuneration for the directors and the top management. The NRC also reviews and recommends the annual bonus pool for all employees of the Group. Details of the Terms of Reference of NRC can be found on the Company's official website.

STATEMENT ON CORPORATE GOVERNANCE

In determining the candidates for appointment to the Board Committees, various factors were considered, including time commitment of the Board Committee members in discharging their roles and responsibilities through their attendance at their respective meetings. The attendance of the respective directors in respect of Board and Board Committee meetings held during the FY2015 are set out below:

Board Members	Classification	BOD	ARMC	NRC	ESOS
Dato' Mohamed Sabri Mohamed Zain	Independent, Non-Executive	Chairman 5/5	5/7	2/3	
Nik Hamdan Daud	Non-Independent, Executive	Deputy Executive Chairman 5/5			
Sulaiman Ibrahim	Senior Independent, Non-Executive	5/5	7/7	Chairman 3/3	Chairman 2/2
Datuk Azizan Hj Abd Rahman	Independent, Non-Executive	5/5	Chairman 7/7		
Azman Shah Mohd Zakaria	Non-Independent, Executive	5/5			
Rasdee Abdullah	Non-Independent, Executive	5/5			2/2
Nurhilwani Mohamad Asnawi	Independent, Non-Executive	5/5		3/3	2/2
Oh Teik Chay (appointed on 1 September 2015)	Independent, Non-Executive	1/1			
Total number of meetings in the FY2015		5	7	3	2

Pursuant to the MMLR, all directors have complied with the requirement of at least 50% attendance at Board meetings held in the FY2015. Barakah has established a formal and transparent procedure for the appointment of new directors to the Board. The Board has maintained its Directors' Assessment and Remuneration Policy since 23 October 2013 that established a clear evaluation of the Board's competencies that bring the right mix of skills and knowledge towards the contribution of the Group's value and success.

All nominees for directors are first considered by the NRC taking into consideration the required mix of skills, competencies, experiences and other qualities required that are pertinent to the management, business and industry before they are recommended to the Board for consideration and approval. On 1 September 2015, with the recommendation from NRC, the Board had added a new member to its Board with the appointment of Mr. Oh Teik Chay as the Independent Non-Executive director. His profile can be found on page 13.

The NRC is also responsible for assessing the suitability of directors on an on-going basis. The NRC has conducted various assessments for FY2015, including: the Directors'/Key Officers' Evaluation Form - Exhibit 9 of the Corporate Governance Guide, 2nd Edition ("CGG") and Board Skills Matrix Form - Exhibit 10 of the CGG, Board and Board Committee Evaluation Form - Exhibit 11 of the CGG, to ensure the requirements of the committees are addressed.

In accordance to Article 86 of the Articles of Association ("AA") of Barakah, at least one-third of the directors, if their number is not three (3) or a multiple of three (3) then the number nearest to one-third (1/3) shall retire from office provided always that all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election at every AGM. The Board approved the recommendation of NRC for the two (2) directors to retire in the Third AGM in accordance to Article 86

STATEMENT ON CORPORATE GOVERNANCE

of the AA. The directors are Sulaiman Ibrahim and Rasdee Abdullah. In accordance to Article 92 of the AA the retiring director is Oh Teik Chay. The Board has approved the NRC's recommendation to support the re-election of all the said directors at the forthcoming AGM.

The Board maintains a mix of Directors with relevant backgrounds ranging from technical, financial and regulatory experience in the Oil and Gas and financial market. With its diversity of skills and professions, the Board has been able to provide effective collective leadership to the Group and has brought informed and independent judgement to the Group's action plans and strategies to ensure that high standards of conduct and integrity are practised at Barakah. The skills and experience of the members of the Board encompass a diverse professional background bringing diversity and depth in experience, expertise and perspective to Barakah's operations and ultimately the long-term enhancement of shareholders' value.

Although Barakah does not have a gender diversity policy in the Board composition, currently Barakah does have one lady director out of a total of eight (8) directors on the Board.

The Board, through NRC's recommendations, has reviewed annually the performance of the Executive Directors as a prelude to determining their fair annual remuneration, bonus and other benefits. NRC has evaluated their performance against the objectives set by the Board thereby aligning their remuneration to performance, business strategy and long-term sustainable business.

The remuneration of the Non-Executive Directors is determined by the Board. The level of Non-Executive Directors remuneration is competitive in order to attract and retain directors of such calibre and to provide the necessary skills and experience as required. Their remuneration comprises annual fees that reflect their expected roles and responsibilities. In addition, the Non-Executive members of the Board and Board Committees are paid meeting allowances for each meeting they attended. The directors' fees will be tabled for the shareholders' approval at the upcoming fourth AGM of the Company.

The Executive Directors' basic salaries and benefits-in-kind/emoluments are fixed for the duration of their employment terms. Any revision to the basic salaries and benefits-in-kind/emoluments will be reviewed and recommended by NRC and approved by the Board, taking into consideration individual performance, Company's performance and other relevant factors. The Executive Directors are not entitled to directors' fees and meeting allowance.

In addition to the above, any bonus payment to employees including the Executive Directors is reviewed and recommended by the NRC and approved by the Board.

Details of Board remuneration for the FY2015 are as follows:

Non-Executive Directors	**RM**
- Fees	644,000
- Other emoluments	130,500
- Benefits in kind	–
Executive Directors *	
- Salary	4,366,408
- Other emoluments ^	2,802,090
- Benefits in kind	37,094

Notes:-

* *The salaries, other emoluments and benefits in kind of Executive Directors are partially paid by PBJV for the FY2015.*

^ *Other emoluments include bonuses, defined contribution plan and SOCSO.*

STATEMENT ON CORPORATE GOVERNANCE

The number of directors whose remuneration for FY2015 fell within the respective bands is as follows:

Range of remuneration band	Number of directors
Non-Executive Directors	
RM1 to RM50,000	1
RM100,001 to RM150,000	1
RM150,001 to RM200,000	2
RM300,001 to RM350,000	1
Executive Directors	
RM1,400,001 to RM1,450,000	1
RM1,450,001 to RM1,500,000	1
RM4,300,001 to RM4,350,000	1

REINFORCED INDEPENDENCE

The Board undertook an annual assessment of its Independent Directors. The Board has adopted the Independent Directors' Self-Assessment Checklist - Exhibit 8 of the Corporate Governance Guide, 2nd Edition for the annual assessment. The Board is satisfied with the level of independence demonstrated by all the Non-Executive Directors and their abilities to act in the best interest of the Company. They have satisfactorily demonstrated that they are independent of management and free from any business or other relationships, which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company.

None of the Independent Directors' tenures had exceeded the cumulative term of nine years and none of the directors are over the age of seventy (70) years who are required to submit themselves for re-election annually in accordance with Section 129(6) of the Companies Act 1965.

The Board highly appreciates the distinct and separate roles and responsibilities of the Chairman of the Board, Executive Committee ("EXCO") and PCE that eventually promote accountability. The distinct and separate roles of the Chairman, EXCO and PCE with a clear division of responsibilities ensure a balance of power and authority such that no one individual has unfettered powers of decision-making. Each of their roles had been identified in the Board Charter and LOA.

The Chairman of the Board holds a non-executive function and takes a leadership role in overseeing of management and chairs the Board meetings and functions. The EXCO and PCE on the other hand have overall management responsibilities of the Group's operations and implementation of Board policies, directives, strategies and decisions. They report and discuss at the Board Meetings all material matters currently or potentially affecting Barakah and its performance. In addition three (3) of the EXCO members, by virtue of their positions as Board Members, also function as the intermediary between the Board and the management.

The Board is made up of a majority of Independent Directors which include five (5) Independent Non-Executive Directors and three (3) Executive Directors. The Chairman is also an Independent Non-Executive Director.

STATEMENT ON CORPORATE GOVERNANCE

FOSTER COMMITMENT

The Board is satisfied with the level of time commitment given by the directors towards fulfilling their roles and responsibilities as directors of the Company.

Board meetings are scheduled in advance and an annual meeting calendar that provides the scheduled dates for meetings of the Board and Board Committees, the AGM and the targeted dates of announcements of the Group's quarterly results are prepared and circulated to the directors before the beginning of the calendar year. This enables the directors to plan and accommodate the year's meetings into their schedules so that all members could devote their time to discharge their duties effectively.

The Board emphasises the importance of continuing education for its directors to ensure that they are equipped with the necessary skills and knowledge to meet business challenges and enjoy life-long learning. The Company provides a training budget for the continuing development of the Board members and employees.

For newly appointed director, engagement sessions with management were done to provide the relevant director with the necessary information to understand the operations of the Group, business strategies, and management structure. All directors had attended and successfully completed the Mandatory Accreditation Programme ("MAP") as required by the MMLR. The training budget allows them to keep abreast of various issues pertaining to the constantly changing environment within which the Group operates, including the areas of corporate governance and regulatory compliance. During the FY2015, the directors had attended conferences such as the 4th Sabah Oil and Gas Conference and 15th Oil and Gas Exhibition and trainings in Women Directors Programme workshop on Board leadership development.

The Directors had also keep abreast with the development issued by Bursa Malaysia through briefings from our Company Secretaries. The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board on these updates at Board meetings. The External Auditors also briefed the Board members on any change(s) to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board, and assisted by the ARMC, reviews the financial statements to ensure that the Group's financial statements are prepared in accordance with the provisions of the Companies Act 1965 and the applicable approved Financial Reporting Standards. The Statement of Directors' Responsibility in relation to the Financial Statements is presented in the appropriate section of this Annual Report as shown on page 51.

The ARMC reviewed all financial reports prepared by the management prior to submission to the Board for deliberation and approval. The external auditor and CFO provide assurance to the ARMC that appropriate accounting policies have been adopted and applied consistently and the relevant financial statements in giving a true and fair view of the state of affairs of the Group in compliance with the Malaysia Financial Reporting Standards and International Financial Reporting Standards as part of the Group's annual financial reports.

In addition to the above, the Internal Audit Department has performed limited review on the quarterly financial reports for additional reasonable assurance to the ARMC and Board.

ARMC has also adopted the Assessment of External Auditor Performance and Independence Checklist - Exhibit 14 of the Corporate Governance Guide, 2nd Edition for assessment of suitability and independence of an external auditor. This assessment was conducted in March 2015. The ARMC had two private meetings with the external auditors in the FY2015 and the external auditors had confirmed its independence in writing to the ARMC throughout the conduct of audit engagement in accordance to the terms of all relevant professional and regulatory requirements. The ARMC was satisfied with Messrs Crowe Horwath's technical competency and audit independence. Details of ARMC activities are stated in ARMC Report set out on pages 41 to 45.

STATEMENT ON CORPORATE GOVERNANCE

RECOGNISE AND MANAGE RISKS

The Board has approved the Risk Management Policy/Framework of the Group and they have delegated to the EXCO to carry-out the risk management process. To assist the ARMC and EXCO, a management working group in the form of the Risk Management Steering Committee was established to coordinate the identification, monitoring and mitigation of the risk issues of the Group. The ARMC continues to review its overall internal control system to ensure as far as possible the protection of its assets and its shareholders' investments. Details of ARMC activities are stated in the ARMC report set out on pages 41 to 45.

The internal audit function has been established within the Group in July 2013. The function is led by the Chief Internal Auditor who reports directly to the ARMC and is guided by its Internal Audit Charter that has been approved by the Board. The scope of Internal Audit covers review of governance, risk management and internal control. The Internal Audit function embraces the International Professional Practice Framework for Internal Auditors in the audit works. Details of Internal Audit activities are stated in the report set out on page 46.

Details of the Group's internal control system and framework are stated in the Statement of Risk Management and Internal Control set out on pages 47 to 50.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Group has in place its Corporate Disclosure Policy approved by the Board on 23 October 2013 which is in line with the MMLR to enhance corporate disclosure requirements on material information and to ensure it is accurately and timely announced to the public.

The Group is committed to ensure a high standard of communications in a timely manner to the stakeholders, institutional investors and the investing public at large. Barakah's corporate website at *www.barakahpetroleum.com* provides quick access to information about the Group. The information on the website includes the Group's corporate information, Board profiles, announcement to Bursa Malaysia, press releases, share information, financial results, annual report, corporate governance and corporate news. The website is regularly updated to provide current and comprehensive information on Barakah. This allows all shareholders and the public to gain access to information about the Group.

STRENGTHENING THE RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board encourages direct engagement with shareholders as it provides a better appreciation of the Group's objectives, quality of its management, and challenges while making the Group aware of the expectations and concerns of the shareholders.

The general meeting is a principal avenue for shareholders to communicate and engage in dialogue with the Board and management of Barakah. The highlights of the Group's operations and financial performance will be presented directly by the management to the shareholders. Shareholders are given the opportunity to raise questions on issues pertaining to the Group's operational and financial performance. The shareholders can exercise their voting rights and the meeting is convened in strict compliance with the laws and procedures of a general meeting. The fourth AGM will be held on 1 June 2016 and detailed information of this meeting can be found in the notice of general meeting.

COMPLIANCE STATEMENT

The Board is satisfied that in the financial year ended 31 December 2015, the Group has complied with the principles and recommendations as mentioned in the Code.

This corporate governance statement is made in accordance with the resolution of the Board dated 5 April 2016.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") held seven (7) meetings during the financial year ended 31 December 2015 ("FY2015") as follows:

Datuk Azizan Haji Abd Rahman *ARMC Chairman* *Independent Non-Executive Director*	7/7
Sulaiman Ibrahim *ARMC Member* *Senior Independent Non-Executive Director*	7/7
Dato' Mohamed Sabri Mohamed Zain *ARMC Member* *Independent Non-Executive Chairman*	5/7

TERMS OF REFERENCE ("TOR")

The TOR of ARMC is prepared and adopted by the Board based on the Main Market Listing Requirements ("MMLR") and the Malaysian Code on Corporate Governance 2012.

1. PURPOSE

The ARMC is established as a committee of the Board in providing assistance to the Board in fulfilling its statutory and fiduciary responsibilities for the audit and risk management activities of Barakah Group. Consistent with this function, the Committee shall encourage continuous adherence and improvement to the Group's policy, procedures and practices as well as the applicable laws and regulations.

The Committee is expected to ensure that the financial reports and processes are presented in a true and fair view for the Board's deliberation, assessment and approval. It is also expected to review the Group's risk management and internal controls instituted to enable the Group to achieve its objectives.

The Internal Audit Division reports directly to the ARMC and its functions are independent of the activities it audits and that the internal audit activities are free from interference in determining the scope of internal audit, performing the audit and communicating the audit results.

2. COMPOSITION OF ARMC

The following requirements are to be fulfilled by the Board in respect of the appointment of the ARMC from among its members:

i. The ARMC shall be composed of no fewer than three (3) members;

ii. All the ARMC members must be non-executive directors, with a majority of them being independent directors;

iii. The Chairman of the ARMC shall be appointed by the Board from among the Independent Non-Executive Directors;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

iv. At least one member of the ARMC
   a. Must be a member of the Malaysian Institute of Accountants ("MIA"); or
   b. If he is not a member of MIA, he must have at least three (3) years' working experience and;
      - must have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967; or
      - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Acts, 1967; or
   c. Fulfils such other requirement as prescribed or approved by Bursa Malaysia.

v. An Alternate Director shall not be appointed as a member of the ARMC;

vi. Subject to any regulatory disqualification, or provision in the Companies Act or removal of directors, members of the ARMC shall not be removed except by the Board; and

vii. In the event of any vacancy in the ARMC, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. In any event, the Board shall review the term of office and performance of the ARMC and each of its members at least once every three (3) years.

3. AUTHORITY

The ARMC is authorised by the Board to conduct any activities within its terms of reference. It is authorised to seek any information it requires from any employees and it has unlimited access to all the Company's and its subsidiary and associate companies' records and information.

The ARMC is authorised by the Board whenever necessary to seek external legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise.

4. ROLES AND RESPONSIBILITIES OF COMMITTEE

The ARMC shall assume six fundamental responsibilities, primarily:-

i. Overseeing the financial reporting:
   a. Reviewing the quarterly results and annual financial statements, prior to the approval by the Board, focusing on:
      - changes in or implementation of major accounting policies;
      - significant or unusual events;
      - the going concern assumptions;
      - compliance with accounting standards and other legal requirements;

ii. Reviewing the ARMC Report, Statement on Risk Management and Internal Control and Statement on Internal Audit.

iii. Assessing the risk and control environment:
   a. Determining that the Group has adequate administrative, operational and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
   b. Reviewing the Group's risk management framework, policy and risk registers and internal controls instituted for the achievement of Group's objectives. (This shall include reviewing the establishment of an appropriate overall internal control framework including financial information systems, and potential enhancement);
   c. Overseeing that the procedures are in place to ensure that the Group is in compliance with the Companies Act 1965, MMLR, Capital Market and Securities Act 2007 and other legislative and reporting requirements;

iv. Evaluating the internal auditor and external auditor;
   a. Ensuring that the Internal Audit Charter is properly in place so as to have an independent standing in the Group for its terms of reference and functions;
   b. Providing directions and overseeing the internal auditors and the external auditors so as to enhance their independence from management;
   c. Reviewing the adequacy of the scope, functions, competency and resources of the Internal Audit division and that it has the necessary authority to carry out its work;
   d. Reviewing and approving the scope of audit and the audit plan of the external auditors and the internal auditors, including any changes in the scope of the audit plan and to ensure the smooth coordination between internal auditor and external auditor;
   e. Recommending and reviewing the nomination, appointment, fees, resignation, dismissal and performance of the external auditors before making recommendations to the Board;
   f. Reviewing the appointment, transfer, resignation, remuneration, performance and dismissal of Chief Internal Auditor;
   g. Reviewing the external and internal audit reports to ensure that where major deficiencies in controls or procedures have been identified, appropriate and prompt actions is taken by management. The ARMC shall be required to provide assistance towards any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information, or investigation reports on any major misappropriation and fraud within the Group;
   h. Reviewing the significant/major audit findings during the interim and final audit in the year with external auditors and management's responses including the status of the previous audit recommendations;
   i. Reviewing with the external auditors, their evaluation of the system of internal control; and
   j. Reviewing the assistance given by the staff to the external auditors;
   k. Reviewing the related party transactions and any conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
   l. Performing any other activities consistent with the terms of reference, as the Committee or the Board deem necessary or appropriate.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the ARMC shall promptly report such matters to Bursa Malaysia.

5. RIGHTS OF ARMC

The ARMC shall, wherever necessary and reasonable, for the performance of its duties and in accordance with the procedures determined by the Board and at the cost of the Group:

a. Have authority to investigate any matter within its terms of reference;
b. Have the resources which are required to perform its duties;
c. Have full and unrestricted access to any information pertaining to the Group;
d. Have direct communication channels with the external auditors and internal auditors;
e. Be able to obtain independent professional advice or other advice; and
f. Be able to convene meetings with the external auditors, the internal auditors or both, without the attendance of other directors, management and employees of the Group, whenever deemed necessary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

6. QUORUM AND MEETINGS

The quorum for a meeting shall be any two (2) members where at least one shall be an independent director.

The ARMC shall meet a minimum of 4 times in a financial year or as frequently as the Chairman shall decide. ARMC shall be able to convene meetings with the external auditors, the internal auditors, or both, which may be without the attendance of the Executive Directors, management and employees of the Group, whenever deemed necessary.

The ARMC meeting shall be attended by its members and the Company Secretary/ies. Other Directors, members of the management, employees, and representatives of the internal auditors and external auditors shall attend the meeting only by invitation of the ARMC.

Upon request of the external auditors, the Chairman of the ARMC shall convene a meeting of the ARMC to consider any matter the external auditors believe should be brought to the attention of the directors and/or shareholders.

7. REVIEW OF TERMS OF REFERENCE

The ARMC's TOR may be reviewed by the ARMC/Board annually or whenever necessary to ensure its relevance in assisting the Board to discharge its duties with any changes in the laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

8. SUMMARY OF ACTIVITIES

1. Financial Reporting
   ARMC reviewed and deliberated quarterly results. As part of the review, ARMC would review Internal Audit Division ("IAD") report on the quarterly results (limited scope).

2. Annual Report
   ARMC reviewed the following reports/statements
   - Audit and Risk Management Committee Report
   - Statement on Internal Audit
   - Statement on Risk Management and Internal Control

3. External Auditor
   3.1 ARMC reviewed and deliberated
   - External Auditors' Plan and scope for the year
   - External Auditors' Reports based on review conducted

   3.2 ARMC carried out assessment of the External Auditors' performance annually based on the checklist provided in the Bursa's Corporate Governance Guide (2nd Edition).

   3.3 ARMC reviewed of external auditors' independence based on the checklist provided in the Bursa's Corporate Governance Guide (2nd Edition). ARMC also received the independence statement in writing from the external auditors.

   3.4 ARMC had two (2) private meetings with External Auditors without presence of Management and Executive Director.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Being satisfied with external auditors' performance, technical competency and audit independence, the ARMC recommended to the Board for the reappointment of external auditors, Messrs. Crowe Horwath for the financial year ending 31 December 2016, with the rotation of the audit engagement partner.

4. Internal Auditor
   4.1 ARMC reviewed and deliberated the adequacy of scope and coverage of IAD Plan FY2015. During the year, ARMC also approved the changes made to the IAD Plan.

   4.2 ARMC reviewed and deliberated the adequacy of resources, competency and functions of the IAD.

   4.3 ARMC reviewed and deliberated the IAD reports tabled during the year.

   4.4 ARMC appraised the annual performance and remuneration of Chief Internal Auditor.

   4.5 ARMC reviewed the auditee satisfaction survey FY2015 of IAD.

5. ARMC reviewed the Recurrent Related Party Transactions.

6. ARMC reviewed the Risk Management Report.

9. STATEMENT OF VERIFICATION ON ALLOCATION OF OPTIONS PURSUANT TO EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Audit and Risk Management Committee has verified the allocation of options pursuant to the ESOS for the FY2015 and noted its compliance with the criteria for the allocation of options in accordance with the By-Laws of the Barakah Group's ESOS.

The ARMC Report is made in accordance with the resolution of the Board dated 5 April 2016.

STATEMENT ON INTERNAL AUDIT

The Internal Audit Division ("IAD") is an integral part of the assurance structure of Barakah Group. The IAD provides independent, objective assurance and consultancy services designed to add value and improve the Group's operations. IAD implements a systematic approach to evaluate and improve the effectiveness of the Group's risk management, internal control and governance processes.

The IAD is an in-house function. In order to preserve its independence, the Chief Internal Auditor ("CIA") functionally reports to the Board's Audit and Risk Management Committee ("ARMC") Chairman and administratively to the Group President & Chief Executive Officer.

The IAD adopts a risk-based audit methodology to ensure that the effectiveness of relevant controls addressing the Group's key risks are reviewed on a periodically basis. The purpose, authority, responsibility and independence are clearly articulated in the Internal Audit Charter prepared in line with Main Market Listing Requirements ("MMLR"), Malaysian Code on Corporate Governance 2012 and the Institute of Internal Auditors' International Professional Practices Framework.

The IAD plan for FY2015 was reviewed by ARMC and subsequently approved by BOD. Amongst others, the plan include risk based internal audit engagement and consulting activities, manpower requirements of IAD, budget and key performance indicators of IAD. Feedback from ARMC, directors and management were obtained via auditee satisfaction survey and the analysis of the result and improvement plan were presented to the ARMC.

The IAD activities were carried out based on the approved risk based audit plan. IAD conducted ten (10) audit assignments for FY2015. The key internal audit engagements for FY2015 were:

- Audit of Health, Safety & Environment of Yard.
- Audit of Group Asset Management (co-source with external consultant).
- Audit of Risk Management Process.
- Review of ESOS Management Process.
- Review of Related Parties Transactions/Recurrent Related Parties Transactions.
- Limited Review of Quarterly Results.

The results of audit conducted were reviewed by the ARMC. The follow-up audits were conducted by IAD on semi-annual basis to ensure the corrective action were implemented within the agreed timeline. On quarterly basis, IAD updates its activities in relation to the approved audit plan, adhoc assignments and consulting activities performed.

Apart from the above, on periodically basis, IAD also provides advise to management on control, risk and governance matters whenever consulted. Nevertheless, the IAD ensure its independence is maintained during the consulting activities.

The total cost of IAD for FY2015 was RM663,650.

This statement is made in accordance with the resolution of the Board dated 5 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY AND ACCOUNTABILITY

In relation to risk management and internal control, pursuant to the requirement under the Malaysian Code on Corporate Governance 2012 ("Code") for companies listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board acknowledges their responsibilities under the MMLR of Bursa Malaysia as follows:

- Review on the risk management framework, processes and responsibilities in order to provide reasonable assurance that risks are managed within tolerable ranges and to embed risk management in all aspects of business operations and activities by identifying principal risks and implement appropriate control measures to manage those risks.
- Review on the adequacy and integrity of the risk management and internal control systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Establish the policies and procedures in the Group in ensuring the adequacy and effectiveness of the risk management and internal control systems as it oversees its roles and responsibilities towards promoting that environment within all aspects of the Group's activities.

The management of Barakah is accountable to provide assurance to the Board that the risk management and internal control systems are implemented as mentioned in this statement. The Board has received assurance from the Group President & Chief Executive Officer and Chief Financial Officer, on behalf of the EXCO, that the risk management framework and processes and also the internal control system are operating adequately and effectively as intended.

RISK MANAGEMENT POLICY

The risk management policy/framework was established and approved by the Board on 23 October 2013. It defined the risk management policy of the Group and risk management framework including the reporting structure to the Board. On 31 March 2016, the Board has revised the policy/framework as part of updates and continuous improvement.

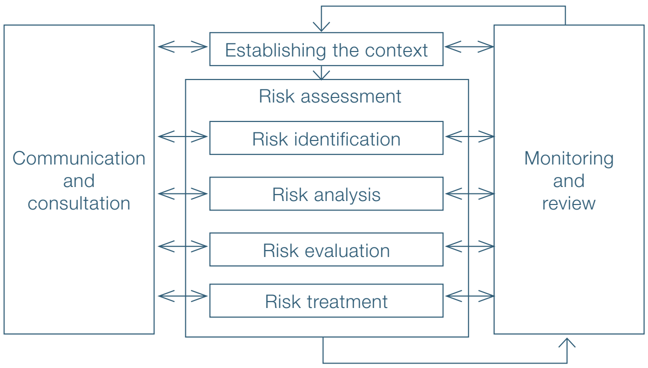
The Board has delegated the oversight role of risk management and internal control to the Audit and Risk Management Committee and supported by the EXCO and the Risk Management Steering Committee ("RMSC"). The primary role of RMSC is to facilitate the implementation of the risk management framework within the Group. The RMSC members comprise of PCE of Barakah as Chairman, Heads of Divisions and Departments whom are identified as the respective Risk Owners within their divisions/departments. The RMSC is coordinated by the Chief Corporate Officer of the Corporate Services Division and on 1 September 2015 the new Risk Management Division ("RMD"), was established specific to undertake risk management as part of its improvement plan and is headed by the General Manager-Risk Management, who is now being the new Risk Coordinator for the RMSC.

Our risk management framework based on enterprise risk management concept is incorporated in the Group on the following risk management processes and scopes of:- identifying, assessing, evaluating, reviewing, treating, monitoring and reporting. The framework is facilitated by the RMD whose primary role consists of issuance of risk reports, providing risk support to the operation and administration, maintaining appropriate risk policies, procedures and providing coordination of the Group integrated risk management in a holistic approach.

During the financial year under review, improvements have been made to the existing risk management framework referring to best practices and standards (including ISO31000:2009 Risk management - Principles and guidelines) for effective control and mitigation of risks. The RMD provided the risk management reports to the RMSC who reports to EXCO, ARMC and Board. The Board reviewed the risk management report including assessing the extent of reasonable assurance that all identified risks are continuously being monitored and managed within the tolerable level. The risk reports include the identification of risks, potential impact, and evaluation of effectiveness of the mitigations and control procedures. The reports also include recommendation for further controls or indicators where necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key elements of these Risk Management processes are as follows:



1. Establish, communicate and consult within the Group on its risk management and framework. This helps to establish the context, articulates the objectives, defining the internal and external parameters in managing risk, defining the risk criteria in line with our policy and establish the risk management process. After which the needs to conduct risk assessment exercise as to remain viable and robust covering:-

    a. Risk identification
    It involves identifying sources of risk, areas of impacts, events (including changes in circumstances) and their causes and their potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that might affect the achievement of objectives.

    b. Risk analysis
    It involves developing an understanding of the risk. Risk analysis provides an input to risk evaluation and to decisions on whether risks need to be treated, and on the most appropriate risk treatment strategies and methods. Risk analysis can also provide an input into making decisions where choices must be made and the options involve different types and levels of risk.

    c. Risk evaluation
    It involves comparing the level of risk found during the analysis process with risk criteria established when the context was considered. Based on this comparison, the need for treatment can be considered. The risk evaluation can also lead to a decision not to treat the risk in any way other than maintaining existing controls. And,

    d. Risk treatment
    It involves selecting and implementing the most appropriate method(s) for reducing risks. Once implemented, treatments provide or modify the controls. Risk treatment involves a cyclical process of assessing a risk treatment; deciding whether residual risk levels are tolerable; if not tolerable, generating a new risk treatment and assessing the effectiveness of that treatment.

2. Conduct risk awareness sessions by RMD with Risk Owners and staff on the risk management practice and on-going review sessions for continuous improvement and promoting a proactive risk management culture and environment.

3. Record our risk management process as it provides the foundation for improvement in methods and tools. Report on the risks identified by the Risk Owners to the RMSC and RMD makes further deliberation of their risks analysis and management.

4. Monitoring and review on the identified risks during the RMSC meeting where each Risk Owners present updates of new risks and mitigations for improvements or further controls to be implemented. At the RMSC meeting, the risk reports were tabled, reviewed and challenged. And where necessary, recommendations were made for improvements on the risks mitigation actions. The risk report is further monitored and reviewed at the following levels with EXCO and ARMC.

5. Presentation of a risk report summarizing of risks to the Board through the Audit and Risk Management Committee for further deliberation where necessary.

There were four RMSC meetings held during the financial period under review.

KEY INTERNAL CONTROL PROCESSES

The Group's internal control system encompasses the following key processes:

Authority and Responsibility

1. Clear responsibilities have been delegated to the Board Committees through clearly defined Terms of Reference ("TOR") of the relevant committees and Limits of Authority ("LOA") which were approved on 23 October 2013. The LOA also encompasses delegation of authority not only to the Board Committees but also to the management. The delegation was based on the roles and responsibilities of individuals or committees.

2. The Board has established four (4) Board Committees to support the board functions. The committees are the ARMC, NRC, ESOS and EXCO. The detailed TOR of each committee can be found at our corporate website at *www.barakahpetroleum.com*.

3. The Group's system of internal control comprises but not limited to the following activities:-
   a. The ARMC comprises solely of Independent Non-Executive Directors with full access to both the internal and external auditors.
   b. The ARMC meetings are held separately from Board meetings.
   c. The ARMC is assisted by the company's in-house Internal Audit Department ("IAD").

4. During the financial year under review, the management had made its review of the LOA and risk management to reflect the continuous improvement of control and delegation for more effective management of risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Policies and Procedures

1. Formalised and documented internal policies are in place to ensure compliance to the MMLR and the Code. The Board has approved the following Policies of the Group on 23 October 2013:

    a. Whistle Blowing Policy
    b. Related Party Transaction Policy
    c. Risk Management Policy/Framework
    d. Insider Dealing Policy
    e. Code of Ethics and Conduct Policy
    f. Corporate Disclosure Policy
    g. Sustainability Policy
    h. Directors' Assessment and Remuneration Policy
    i. Succession Planning Policy
    j. Privacy Notice

2. PBJV is certified to ISO 9001:2008 Quality Management System since 13 May 2009 and OHSAS 18001:2007 Occupational Health and Safety Management System since year 2009. PBJV has also obtained ISO14001:2004 Quality Management System on 21 August 2015. The combination of the above certifications are now upgraded and recognised as "Integrated Management Systems". The Group embraces the international standards in its operations by implementing and complying with these management systems.

3. Continuous improvement are made to our Standard Operating Procedures (SOP) from time to time, if necessary, to meet the demand of the business and keeping abreast with the competition and new rules and regulation.

Audit

1. During the year under review, Bureau Veritas Certification (Malaysia) Sdn Bhd conducted Annual Surveillance Audits on PBJV in relation to the ISO 9001:2008 Quality Management System and OHSAS 18001:2007 Occupational Health and Safety Management System compliances. This is to ensure that the management quality system and occupational health and safety management system were consistently complied with.

2. Barakah has an in-house IAD reporting directly to the ARMC. The IAD provides an independent, objective assurance and consulting activity designed to add value to and improve Barakah's operations. It helps Barakah to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Further information on the IAD is provided on page 46 of the Annual Report.

CONCLUSION

The Board is of the view that the Group's internal control system is adequate and effective to safeguard the shareholders' interest and the Group's assets. However the Board also is aware of the fact that the Groups internal control system and risk management practices must continuously evolve to meet the challenges of the changing business environment. Therefore the Board will, when necessary, put in place appropriate action plans to further enhance the Group's internal control system and risk management framework.

This Statement of Risk Management and Internal Control is made in accordance with the resolution of the Board dated 5 April 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Group's and the Company's financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, the requirements of the Companies Act 1965 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2015, the Directors have:-

a) adopted and applied consistently accounting policies;

b) made judgement, estimates and assumptions based on their past experience and best knowledge of current events and actions;

c) ensured that accounting records are properly maintained; and

d) prepared the financial statements on a going concern basis.

The Directors have also taken the necessary steps to ensure that appropriate internal controls are in place to enable the preparation of the financial statements that are free from material misstatements, as well as to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1) UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2015.

2) SHARE BUY-BACK

The Company does not have a share buy-back scheme during the financial year ended 31 December 2015.

3) OPTIONS, WARANTS OR CONVERTIBLE SECURITIES

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the financial year, there were 10,200,800 units of share option granted under the Employees' Share Option Scheme ("ESOS"). Total units options granted stood at 19,246,900 units. There were 896,800 units shares that were exercised/lapse during the period and its total stood at 4,578,140 units. This options scheme will expire on 26 September 2018. A detailed breakdown of the allocation of the scheme as at 31 December 2015 is as follows:

	Directors and President & Chief Executive	Non-Executive Directors	Senior Management	Other Eligible Employees	Total
Units of options previously granted	2,212,500	–	2,214,000	4,619,600	9,046,100
Units of options granted in 2015	2,130,500	–	2,417,000	5,653,300	10,200,800
Total units of options granted	4,343,000	–	4,631,000	10,272,900	19,246,900
Percentage granted to the directors and senior management	46.6%			53.4%	100.0%
Units of options previously exercised/lapsed	–	–	465,000	3,183,940	3,648,940
Units of options exercised/lapsed in 2015	–	–	–	929,200	929,200
Total units of options exercised/lapsed	–	–	465,000	4,113,140	4,578,140
Total units of options yet to exercised	**4,343,000**	**–**	**4,166,000**	**6,159,760**	**14,668,760**

Pursuant to the Company's ESOS by-Laws, not more than 50% of the shares available under the scheme shall be allocated, in aggregate, to directors and senior management. At the commencement of the scheme, 46.6% of the options granted under the scheme was granted to directors and senior management. No options were granted to the Non-Executive Directors.

ADDITIONAL COMPLIANCE INFORMATION

REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS")

On 3 May 2013, the Securities Commission approved the issuance for 208,021,362 units RCULS of RM41,604,272.40 nominal value of 5 year 3.5% RCULS of RM0.20 each to entitled existing shareholders. Bursa Malaysia approved the listing of and quotation for said RCULS on the Main Market of Bursa Malaysia.

During the financial year ended 31 December 2015, 60,799,626 units RCULS of RM12,159,925 nominal value of 5-year 3.5% RCULS of RM0.20 each were converted to 60,799,626 ordinary shares of RM0.20 each of the Company.

There were no other warrants or convertible securities issued by the Company during the financial year ended 31 December 2015.

4) DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.

5) SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory body during the financial year ended 31 December 2015.

6) NON-AUDIT FEES

The total non-audit fees paid and payable to the Group's external auditors during the financial year ended 31 December 2015 amounted to RM48,000.

7) VARIATION IN RESULTS

There were no material variations between the audited results for the financial year ended 31 December 2015 with the unaudited results previously announced.

8) PROFIT GUARANTEE

The Company and its subsidiaries did not issue any profit guarantee or profit forecast results for the financial year ended 31 December 2015.

9) MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries, involving directors' and major shareholders' interest during the financial year ended 31 December 2015 except as disclosed in Note 33 to the financial statements.

ADDITIONAL COMPLIANCE INFORMATION

10) RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

On 19 March 2014, the Company had obtained shareholders' mandate for the Company and its subsidiaries ("the Group") to enter into recurrent related party transactions of a revenue and trading nature ("RRPT") with related parties in the ordinary course of the Group's business. This mandate has expired as of the Third Annual General Meeting on 11 June 2015.

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the aggregate value of transactions conducted pursuant to the shareholders' mandate from 1 January 2015 to the date of the Third Annual General Meeting on 11 June 2015 are as follows:

Company within the Group	Transacting Party	Nature of Transaction	Related Parties	Value of Transactions (RM'000)
PBJV Group Sdn. Bhd. ("PBJV")	HB Laboratories Sdn. Bhd. ("HB Lab")	Purchase of chemicals	Nik Hamdan Daud is a director and substantial shareholder of HB Lab and is also a director and substantial shareholder of the Company. Haniza Jaffar is a director and substantial shareholder of HB Lab and is also a key management of PBJV.	677
PBJV	PBJV E&C Sdn. Bhd. ("PBJV E&C")	Rental of premises located at 22A, 26 & 28 Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor	Nik Hamdan Daud is a director and substantial shareholder of PBJV E&C and is also a director and substantial shareholder of the Company. Azman Shah Mohd Zakaria is a shareholder of PBJV E&C and is also a director and shareholder of the Company.	330

FINANCIAL *statements*

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	18,797	17,742
Attributable to:-		
Owners of the Company	18,849	17,742
Non-controlling interest	(52)	–
	18,797	17,742

DIVIDENDS

A first and final single-tier dividend of 2 sen per ordinary share amounting to RM16,378,141 for the financial period from 1 October 2013 to 31 December 2014 was approved by the shareholders at the Annual General Meeting held on 11 June 2015 and paid on 10 July 2015.

The directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up ordinary share capital from RM152,667,386 to RM164,878,631 by:-

(i) the issuance of 60,799,626 new ordinary shares of RM0.20 each resulting from the conversion of 3.5% Redeemable Convertible Unsecured Loan Stocks ("RCULS") at the rate of one (1) RM0.20 nominal amount of RCULS into one (1) fully paid-up ordinary share of RM0.20 each in the Company;

(ii) the issuance of 76,600 new ordinary shares of RM0.20 each at RM0.65 per share pursuant to the Employees' Share Option Scheme of the Company; and

(iii) the issuance of 180,000 new ordinary shares of RM0.20 each at RM0.82 per share pursuant to the Employees' Share Option Scheme of the Company.

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

(c) there were no debentures issued by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employees' Share Option Scheme.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 23 May 2012. The ESOS is to be in force for a period of 5 years effective from 27 September 2013.

The main features of the ESOS are disclosed in Note 15 to the financial statements.

During the financial year, the Company has granted 10,200,800 share options under the ESOS. These options will expire on 26 September 2018.

The option prices and the details in the movement of the options granted are as follows:-

		Number Of Options Over Ordinary Shares Of RM0.20 Each				
Date of Offer	**Exercise Price**	**At 1.1.2015**	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2015**
27.9.2013	RM0.65	5,397,160	–	(76,600)	(142,100)	5,178,460
4.2.2015	RM0.82	–	7,425,500	(180,000)	(530,500)	6,715,000
1.9.2015	RM0.76	–	2,775,300	–	–	2,775,300
		5,397,160	10,200,800	(256,600)	(672,600)	14,668,760

The options which lapsed during the financial year were due to resignations of employees.

DIRECTORS' REPORT

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 170,500 ordinary shares of RM0.20 each. The names of option holders granted options to subscribe for 170,500 or more ordinary shares of RM0.20 each during the financial year, other than directors whose details are disclosed in the section on Directors' Interests in this report, are as follows:-

Name	Grant Date	Expiry Date	Exercise Price	← Number Of Share Options →	
				Granted	At 31.12.2015
Haniza Binti Jaffar	4.2.2015	26.9.2018	RM0.82	423,500	423,500
Kamarudin Bin Ismail	4.2.2015	26.9.2018	RM0.82	398,000	398,000
Alias Bin Anuar	4.2.2015	26.9.2018	RM0.82	339,000	339,000
Ahmad Azrai Abu Bakar	4.2.2015	26.9.2018	RM0.82	268,000	268,000
Nasiruddin Lim Bin Abdullah	4.2.2015	26.9.2018	RM0.82	191,500	191,500
Mohamad Sharil Bin Ahmad	4.2.2015	26.9.2018	RM0.82	170,500	170,500
DH Azizul Bin Daud	1.9.2015	26.9.2018	RM0.76	401,500	401,500

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 36 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The directors who served since the date of the last report are as follows:-

Nik Hamdan Bin Daud
Rasdee Bin Abdullah
Dato' Mohamed Sabri Bin Mohamed Zain
Datuk Azizan Bin Hj. Abd. Rahman
Azman Shah Bin Mohd Zakaria
Nurhilwani Binti Mohamad Asnawi
Sulaiman Bin Ibrahim
Oh Teik Chay (Appointed on 1 September 2015)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.20 Each			
	At 1.1.2015/ Date of appointment	Bought	Sold	At 31.12.2015
The Company				
Direct Interests				
Nik Hamdan Bin Daud	360,936,233	6,460,604	–	367,396,837
Azman Shah Bin Mohd Zakaria	20,611,624	–	–	20,611,624
Sulaiman Bin Ibrahim	5	–	–	5
Nurhilwani Binti Mohamad Asnawi	5	–	–	5
Oh Teik Chay	552,400@	6,322,517	–	6,874,917
Indirect Interests				
Nik Hamdan Bin Daud*	29,636,200	4,298,800	–	33,935,000
Oh Teik Chay	3,748,100^@	–	(2,548,100)	1,200,000
Oh Teik Chay	3,769,417#@	–	(3,769,417)	–

@ *From date of appointment as a director of the Company.*

* *Deemed interested by virtue of his direct substantial shareholding in United Power Group Holdings Limited.*

^ *Deemed interested by virtue of his direct shareholding in Energy Power Technology Limited pursuant to Section 6A of the Companies Act, 1965 held via Areca Captial Sdn. Bhd.*

Deemed interested by virtue of his shareholding in Paradigm Inspire Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 held via Areca Capital Sdn. Bhd.

	Number Of Options Over Ordinary Shares Of RM0.20 Each			
	At 1.1.2015	Granted	Exercised	At 31.12.2015
Share Options of The Company				
Nik Hamdan Bin Daud	900,000	819,000	–	1,719,000
Azman Shah Bin Mohd Zakaria	750,000	682,500	–	1,432,500
Rasdee Bin Abdullah	562,500	512,000	–	1,074,500

By virtue of their shareholdings in the Company, Nik Hamdan Bin Daud, Azman Shah Bin Mohd Zakaria, Sulaiman Bin Ibrahim, Nurhilwani Binti Mohamad Asnawi and Oh Teik Chay are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

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

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 31 March 2016.

Nik Hamdan Bin Daud

Rasdee Bin Abdullah

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Nik Hamdan Bin Daud and Rasdee Bin Abdullah, being two of the directors of Barakah Offshore Petroleum Berhad, state that, in the opinion of the directors, the financial statements set out on pages 65 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 31 March 2016.

Nik Hamdan Bin Daud

Rasdee Bin Abdullah

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Firdauz Edmin Bin Mokhtar, being the officer primarily responsible for the financial management of Barakah Offshore Petroleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 123 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Firdauz Edmin Bin Mokhtar,
at Kuala Lumpur in the Federal Territory
on this

31 MAR 2016

Before me

PESURUHJAYA SUMPAH
NO. W 668
LAI DIN
MALAYSIA

B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur

Commissioner for Oaths

Firdauz Edmin Bin Mokhtar

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD
(INCORPORATED IN MALAYSIA) COMPANY NO: 980542-H

Report on the Financial Statements

We have audited the financial statements of Barakah Offshore Petroleum Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 123.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD
(INCORPORATED IN MALAYSIA) COMPANY NO: 980542-H

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the presentation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 41 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

31 March 2016

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	**–**	–	**102,110**	97,878
Property, plant and equipment	6	**299,795**	302,349	**1,441**	1,852
		299,795	302,349	**103,551**	99,730
CURRENT ASSETS					
Trade receivables	7	**112,062**	202,319	**–**	–
Other receivables, deposits and prepayments	8	**44,336**	6,770	**1,790**	583
Current tax assets		**32,689**	1	**–**	–
Amount owing by subsidiaries	9	**–**	–	**123,075**	112,329
Short-term investments	10	**2,451**	108,667	**374**	13,314
Fixed deposits with licensed banks	11	**133,408**	95,370	**7,930**	7,654
Cash and bank balances		**49,979**	44,533	**3,159**	2,834
		374,925	457,660	**136,328**	136,714
TOTAL ASSETS		**674,720**	760,009	**239,879**	236,444
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	**164,879**	152,667	**164,879**	152,667
Share premium	13	**64,014**	62,684	**64,014**	62,684
Merger deficit	14	**(71,909)**	(71,909)	**–**	–
Employees' share option reserves	15	**5,350**	603	**5,350**	603
Redeemable convertible unsecured loan stocks ("RCULS")	16	**653**	4,145	**653**	4,145
Foreign exchange translation reserves	17	**(79,853)**	(23,493)	**–**	–
Retained profits		**229,687**	227,216	**1,400**	36
Equity attributable to owners of the Company		**312,821**	351,913	**236,296**	220,135
Non-controlling interest		**(3)**	44	**–**	–
TOTAL EQUITY		**312,818**	351,957	**236,296**	220,135

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015 (CONT'D)

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	18	**167**	3,775	**154**	1,239
Long-term borrowings	19	**188,250**	183,203	**893**	1,209
RCULS	16	**1,704**	9,491	**1,704**	9,491
		190,121	196,469	**2,751**	11,939
CURRENT LIABILITIES					
Trade payables	22	**88,867**	82,719	**–**	–
Other payables and accruals	23	**11,141**	14,401	**456**	1,037
Current tax liabilities		**81**	10,216	**61**	3,032
Short-term borrowings	24	**70,841**	100,041	**315**	301
Bank overdrafts	25	**851**	4,206	**–**	–
		171,781	211,583	**832**	4,370
TOTAL LIABILITIES		**361,902**	408,052	**3,583**	16,309
TOTAL EQUITY AND LIABILITIES		**674,720**	760,009	**239,879**	236,444

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		The Group		The Company	
	Note	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000
REVENUE	26	**592,570**	949,037	**17,779**	26,069
COST OF SALES		**(500,253)**	(726,379)	**–**	–
GROSS PROFIT		**92,317**	222,658	**17,779**	26,069
OTHER INCOME		**24,303**	14,682	**19,403**	1,278
		116,620	237,340	**37,182**	27,347
ADMINISTRATIVE EXPENSES		**(56,811)**	(52,934)	**(14,601)**	(11,228)
OTHER EXPENSES		**(38,393)**	(54,439)	**(2,076)**	(9,128)
FINANCE COSTS		**(15,823)**	(22,104)	**(1,503)**	(4,263)
PROFIT BEFORE TAXATION	27	**5,593**	107,863	**19,002**	2,728
INCOME TAX CREDIT/(EXPENSE)	28	**13,204**	(27,637)	**(1,260)**	(2,492)
PROFIT AFTER TAXATION		**18,797**	80,226	**17,742**	236
OTHER COMPREHENSIVE INCOME					
FOREIGN CURRENCY TRANSLATION DIFFERENCE FOR FOREIGN OPERATIONS		**(56,355)**	(23,521)	**–**	–
TOTAL OTHER COMPREHENSIVE INCOME		**(56,355)**	(23,521)	**–**	–
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR/PERIOD		**(37,558)**	56,705	**17,742**	236
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**18,849**	80,270	**17,742**	236
Non-controlling interest		**(52)**	(44)	**–**	–
		18,797	80,226	**17,742**	236
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**(37,511)**	56,746	**17,742**	236
Non-controlling interest		**(47)**	(41)	**–**	–
		(37,558)	56,705	**17,742**	236
EARNINGS PER SHARE (SEN)					
Basic	29(a)	**2.34**	12.62		
Diluted	29(b)	**2.29**	11.35		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Group	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Employees' Share Option Reserves RM'000	RCULS RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance at 1.10.2013	96,909	–	(71,909)	969	–	31	146,946	172,946	85	173,031
Profit after taxation for the financial period	–	–	–	–	–	–	80,270	80,270	(44)	80,226
Other comprehensive income for the financial period:										
- Foreign currency translation differences	–	–	–	–	–	(23,524)	–	(23,524)	3	(23,521)
Total comprehensive income for the financial period	–	–	–	–	–	(23,524)	80,270	56,746	(41)	56,705
Contributions by and distributions to owners of the Company:										
Issuance of RCULS	–	–	–	–	12,334	–	–	12,334	–	12,334
Issuance of shares pursuant to:-										
- Share Exchange	1,904	4,283	–	–	–	–	–	6,187	–	6,187
- Issuance of Share	26,000	58,500	–	–	–	–	–	84,500	–	84,500
- Conversion of RCULS	27,172	591	–	–	(7,804)	–	–	19,959	–	19,959
Share and RCULS issuance expenses	–	(2,591)	–	–	(385)	–	–	(2,976)	–	(2,976)
Employees' share option exercised	682	1,901	–	(366)	–	–	–	2,217	–	2,217
Total transactions with owners	55,758	62,684	–	(366)	4,145	–	–	122,221	–	122,221
Balance at 31.12.2014	152,667	62,684	(71,909)	603	4,145	(23,493)	227,216	351,913	44	351,957

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

The Group	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Employees' Share Option Reserves RM'000	RCULS RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance at 1.1.2015	152,667	62,684	(71,909)	603	4,145	(23,493)	227,216	351,913	44	351,957
Profit after taxation for the financial year	–	–	–	–	–	–	18,849	18,849	(52)	18,797
Other comprehensive income for the financial year:										
- Foreign currency translation differences	–	–	–	–	–	(56,360)	–	(56,360)	5	(56,355)
Total comprehensive income for the financial year	–	–	–	–	–	(56,360)	18,849	(37,511)	(47)	(37,558)
Contributions by and distributions to owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	12,160	1,083	–	–	(3,492)	–	–	9,751	–	9,751
Employees' share option:										
- Exercised	52	247	–	(100)	–	–	–	199	–	199
- Granted	–	–	–	4,847	–	–	–	4,847	–	4,847
Dividends by the Company	–	–	–	–	–	–	(16,378)	(16,378)	–	(16,378)
Total transactions with owners	12,212	1,330	–	4,747	(3,492)	–	(16,378)	(1,581)	–	(1,581)
Balance at 31.12.2015	164,879	64,014	(71,909)	5,350	653	(79,853)	229,687	312,821	(3)	312,818

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

The Company	Share Capital RM'000	Share Premium RM'000	Employees' Share Option Reserves RM'000	RCULS RM'000	(Accumulated Loss)/ Retained Profits RM'000	Total RM'000
Balance at 1.10.2013	96,909	–	969	–	(200)	97,678
Profit after taxation/ Total comprehensive income for the financial period	–	–	–	–	236	236
Contributions by and distributions to owners of the Company:						
Issuance of RCULS	–	–	–	12,334	–	12,334
Issuance of shares pursuant to:-						
- Share Exchange	1,904	4,283	–	–	–	6,187
- Issuance of Share	26,000	58,500	–	–	–	84,500
- Conversion of RCULS	27,172	591	–	(7,804)	–	19,959
Share and RCULS issuance expenses	–	(2,591)	–	(385)	–	(2,976)
Employees' share option exercised	682	1,901	(366)	–	–	2,217
Total transactions with owners	55,758	62,684	(366)	4,145	–	122,221
Balance at 31.12.2014/1.1.2015	**152,667**	**62,684**	**603**	**4,145**	**36**	**220,135**
Profit after taxation/ Total comprehensive income for the financial year	**–**	**–**	**–**	**–**	**17,742**	**17,742**
Contributions by and distributions to owners of the Company:						
Issuance of shares pursuant to conversion of RCULS	**12,160**	**1,083**	**–**	**(3,492)**	**–**	**9,751**
Employees' share option:						
- Exercised	**52**	**247**	**(100)**	**–**	**–**	**199**
- Granted	**–**	**–**	**4,847**	**–**	**–**	**4,847**
Dividends by the Company	**–**	**–**	**–**	**–**	**(16,378)**	**(16,378)**
Total transactions with owners	**12,212**	**1,330**	**4,747**	**(3,492)**	**(16,378)**	**(1,581)**
Balance at 31.12.2015	**164,879**	**64,014**	**5,350**	**653**	**1,400**	**236,296**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	The Group 1.1.2015 to 31.12.2015 RM'000	The Group 1.10.2013 to 31.12.2014 RM'000	The Company 1.1.2015 to 31.12.2015 RM'000	The Company 1.10.2013 to 31.12.2014 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		**5,593**	107,863	**19,002**	2,728
Adjustments for:-					
Depreciation of property, plant and equipment	6	**23,268**	23,144	**411**	206
Interest expense		**15,475**	21,870	**1,498**	4,257
Interest income		**(4,266)**	(3,431)	**(405)**	(1,276)
Unrealised gain on foreign exchange		**(19,404)**	(3,506)	**–**	–
Share options to employees		**4,847**	–	**615**	–
Property, plant and equipment written off	6	**1,414**	–	**–**	–
Impairment loss on receivables	7	**37**	–	**–**	–
Dividend income		**–**	–	**(18,900)**	–
Bad debts written off		**–**	1,028	**–**	–
Impairment loss on goodwill		**–**	8,408	**–**	–
Gain on disposal of property, plant and equipment		**–**	(452)	**–**	–
(Gain)/Loss on disposal of a subsidiary		**–**	(2,221)	**–**	6,187
Operating profit before working capital changes		**26,964**	152,703	**2,221**	12,102
Decrease/(Increase) in trade and other receivables		**52,648**	(105,481)	**(1,207)**	(583)
Increase in amount owing by a subsidiary		**–**	–	**(8,226)**	(25,498)
Increase/(Decrease) in trade and other payables		**2,898**	59,726	**(581)**	950
CASH FROM/(FOR) OPERATIONS		**82,510**	106,948	**(7,793)**	(13,029)
Interest paid		**(14,314)**	(19,213)	**(337)**	(1,600)
Interest received		**4,266**	3,431	**405**	1,276
Income tax paid		**(32,424)**	(28,877)	**(4,513)**	(183)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/BALANCE CARRIED FORWARD		**40,038**	62,289	**(12,238)**	(13,536)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Note	The Group 1.1.2015 to 31.12.2015 RM'000	The Group 1.10.2013 to 31.12.2014 RM'000	The Company 1.1.2015 to 31.12.2015 RM'000	The Company 1.10.2013 to 31.12.2014 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES/BALANCE BROUGHT FORWARD		**40,038**	62,289	**(12,238)**	(13,536)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	30	**(21,202)**	(17,927)	**–**	(431)
Proceeds from disposal of property, plant and equipment		**–**	1,710	**–**	–
Acquisition of a subsidiary, net cash and cash equivalents acquired		**–**	51	**–**	–
Proceeds from disposal of a subsidiary		**–**	(51)	**–**	^
Change in pledge fixed deposits		**(9,241)**	(40,902)	**(245)**	(7,654)
Dividend received		**–**	–	**16,379**	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(30,443)**	(57,119)	**16,134**	(8,085)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment of hire purchase obligation		**(359)**	(213)	**(302)**	(115)
Drawdown of term loans		**–**	182,092	**–**	–
Repayment of term loans		**(22,143)**	(224,097)	**–**	–
Drawdown of trust receipts		**156,647**	102,605	**–**	–
Repayment of trust receipts		**(199,206)**	(26,307)	**–**	–
Net proceeds from issuance of shares		**–**	81,909	**–**	81,909
Net proceeds from issuance of RCULS		**–**	40,642	**–**	40,642
Proceeds from exercise of employees' share options		**199**	2,217	**199**	2,217
Dividend paid		**(16,378)**	–	**(16,378)**	–
Advances from/(to) a subsidiary		**–**	–	**1**	(87,307)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		**(81,240)**	158,848	**(16,480)**	37,346
NET (DECREASE)/INCREASE OF CASH AND CASH EQUIVALENTS		**(71,645)**	164,018	**(12,584)**	15,725
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		**3,027**	(36)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		**169,953**	5,971	**16,148**	423
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	31	**101,335**	169,953	**3,564**	16,148

Note:-
^ - Denotes RM1

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161 Jalan Tun H.S. Lee, 50000 Kuala Lumpur.
Principal place of business	:	No. 28, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 March 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

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

Amendments to MFRS 119: Defined Benefit Plans - Employee Contribution
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

3. BASIS OF PREPARATION (CONT'D)

(a) The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

(b) The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (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 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

(i) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

4. 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 the 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.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(iii) 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.

(iv) 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 loans 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.

(v) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The 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, the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vi) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial 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 the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(vii) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(viii) 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 to 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 margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisitions of businesses are accounted for using the acquisition method other than those which resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

(i) Merger accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(i) Merger accounting for common control business combinations (Cont'd)

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

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

(ii) Acquisition method of accounting for non-common control business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquire 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.

(iii) Non-controlling interest

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

(iv) Changes in ownership interest in subsidiaries without change of control

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

(v) Loss of control

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

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

(b) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

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

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

(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.

(iii) *Foreign Operations*

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributable to the owners of the Company and non-controlling interests, as appropriate.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

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

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

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

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

(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 the Group's right to receive payment is established.

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

- *Held-to-maturity Investments*

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

- *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.

- *Available-for-sale Financial Assets*

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) 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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

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

(iii) Equity Instruments

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

- *Ordinary Shares*

  Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

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

- *Redeemable Convertible Unsecured Loan Stocks ("RCULS")*

  The RCULS are regarded as compound financial instruments, consisting of a liability component and an equity component. The component of RCULS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The interests on RCULS are recognised as interest expense in the profit or loss using the effective interest rate method. On issuance of the RCULS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability.

  The residual amount, after deducting the fair value of the liability component, is the equity component and is included in shareholder's equity, net of transaction costs. The equity component is not remeasured subsequent to initial recognition.

  Transaction costs are apportioned between the liability and equity components of the RCULS based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(v) Financial Guarantee Contracts

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

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(e) Property, Plant and Equipment

Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on 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:-

Leasehold land	Over the lease period of 99 years
Building	2%
Computers	50%
Furniture and fittings	10%
Communication equipment	10%
Machinery and equipment	10%
Motor vehicles	20%
Office equipment	10%
Renovation	10%
Barge and pipe laying equipment	4% - 10%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken specifically to finance the purchase of the assets, net of interest income on the temporary investment of those borrowings.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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 the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is 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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

During the financial year, the Group changed the depreciation rate for the following asset:-

Pipe laying equipment	From 4% per annum to 10% per annum

The change in the depreciation rate arose from a review of the useful life of the asset concerned. The effect of the change in the depreciation rate resulted in a decrease in the profit before taxation of the Group by RM1,903,356 for the current financial year.

(f) Investments in Subsidiaries

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

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

(g) 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 an objective evidence of impairment.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) 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 an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of 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 using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

(h) Assets under Hire Purchase or Finance Lease

Assets acquired under hire purchase or finance lease are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase or finance lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase or finance lease outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase or finance lease agreements.

(i) Income Taxes

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Income Taxes (Cont'd)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and 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 adjusted against 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.

(j) Cash and Cash Equivalents

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

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(l) 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 the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee Benefits (Cont'd)

(iii) Share-based Payment Transactions (Cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

(m) 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.

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 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personal defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue And Other Income

(i) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(ii) Services

Revenue is recognised upon the rendering of 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.

(iii) Interest Income

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

(iv) Rental Income

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

(v) Dividend Income

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

(o) Borrowing Costs

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

All other borrowing costs are recognised 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.

(p) Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise redeemable convertible unsecured loan stock and share options granted to employees.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Contingent Liabilities (Cont'd)

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.

(s) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(t) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

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. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	**2014**
	RM'000	**RM'000**
Unquoted ordinary shares, at cost	**97,878**	97,878
Share options granted to employees of a subsidiary	**4,232**	–
	102,110	97,878

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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Companies	Principal Place of Business	Effective Equity Interests 2015	Effective Equity Interests 2014	Principal Activities
PBJV Group Sdn. Bhd. ("PBJV") *	Malaysia	**100%**	100%	Providing and carrying out onshore and offshore contracting works such as pipeline pre-commissioning, commissioning and de-commissioning, pipeline installation, fabrication, hook-up, topside maintenance and other related activities.
PBJV Energy (Labuan) Limited @ #	Federal Territory of Labuan, Malaysia	**100%**	–	Oil and gas exploration, development and production.
Subsidiaries of PBJV				
Kota Laksamana Management Sdn. Bhd. *	Malaysia	**100%**	100%	Conducting service expedition relating to marine activities for the oil and gas industry.
PBJV International Limited @ * #	Federal Territory of Labuan, Malaysia	**100%**	100%	Ship-owning and other shipping related activities.
PBJV Gulf Co. Ltd ^ * #	Kingdom of Saudi Arabia	**85%**	85%	Providing offshore pipeline installation and maintenance services.
Kota Laksamana 101 Ltd @ *	Federal Territory of Labuan, Malaysia	**100%**	100%	Ship-owning and other shipping related activities.

@ These subsidiaries were audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member.
^ This subsidiary was audited by other firm of chartered accountants.
* These subsidiaries were consolidated using the merger method of accounting.
# These subsidiaries are inactive during the financial year.

(a) The statutory financial year end of PBJV Gulf Co. Ltd was 30 September 2015 and did not coincide with the Group. The subsidiary has been consolidated based on management accounts for the 12-month period ended 31 December 2015.

(b) The non-controlling interest at the end of the reporting period comprise the following:-

	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	The Group 2015 RM'000	The Group 2014 RM'000
PBJV Gulf Co. Ltd	**85**	85	**(3)**	44

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The financial information (before intra-group elimination) for a subsidiary that has non-controlling interest is not presented as it is not material to the Group.

(d) On 31 March 2015, the Company had incorporated a 100% owned subsidiary known as PBJV Energy (Labuan) Limited ("PBJV Energy"), a company limited by shares, under the Labuan Companies Act 1990. PBJV Energy has an issued and paid-up capital of USD100 comprising 100 ordinary shares of USD1.00 each. The nature of business to be carried out by PBJV Energy is in oil and gas exploration, development and production.

The incorporation of PBJV Energy did not have any material effect on the Group's revenue and profit after tax during the current financial year.

6. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2015 RM'000	(Note 30) Additions RM'000	Write off RM'000	Transfer From/(To) RM'000	Depreciation Charge RM'000	Exchange Difference RM'000	At 31.12.2015 RM'000
The Group							
Net Book Value							
Leasehold land	1,685	–	–	–	(19)	–	1,666
Building	114	–	–	–	(4)	–	110
Computers	1,459	258	–	–	(1,161)	–	556
Furniture and fittings	612	3	–	–	(156)	6	465
Communication equipment	253	–	–	–	(60)	–	193
Machinery and equipment	28,459	9,063	(1,414)	2,882	(6,380)	265	32,875
Motor vehicles	2,540	1,117	–	–	(675)	–	2,982
Office equipment	635	18	–	–	(120)	–	533
Renovation	3,037	325	–	327	(497)	6	3,198
Barge and pipe laying equipment	260,346	–	–	–	(14,196)	–	246,150
Capital work-in-progress	3,209	10,418	–	(3,209)	–	649	11,067
	302,349	21,202	(1,414)	–	(23,268)	926	299,795

	At 1.10.2013 RM'000	(Note 30) Additions RM'000	Transfer From/(To) RM'000	Depreciation Charge RM'000	Exchange Difference RM'000	At 31.12.2014 RM'000
The Group						
Net Book Value						
Leasehold land	1,709	–	–	(24)	–	1,685
Building	162	–	–	(48)	–	114
Computers	582	2,020	–	(1,143)	–	1,459
Furniture and fittings	722	76	–	(187)	1	612
Communication equipment	289	38	–	(74)	–	253
Machinery and equipment	24,403	10,427	–	(6,371)	–	28,459
Motor vehicles	31	2,850	–	(341)	–	2,540
Office equipment	581	191	–	(137)	–	635
Renovation	2,443	1,049	43	(500)	2	3,037
Barge and pipe laying equipment	274,665	–	–	(14,319)	–	260,346
Capital work-in-progress	43	3,209	(43)	–	–	3,209
	305,630	19,860	–	(23,144)	3	302,349

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2015			
Leasehold land	**1,858**	**(192)**	**1,666**
Building	**440**	**(330)**	**110**
Computers	**5,134**	**(4,578)**	**556**
Furniture and fittings	**1,661**	**(1,196)**	**465**
Communication equipment	**639**	**(446)**	**193**
Machinery and equipment	**72,120**	**(39,245)**	**32,875**
Motor vehicles	**4,227**	**(1,245)**	**2,982**
Office equipment	**1,297**	**(764)**	**533**
Renovation	**5,486**	**(2,288)**	**3,198**
Barge and pipe laying equipment	**286,371**	**(40,221)**	**246,150**
Capital work-in-progress	**11,067**	**–**	**11,067**
	390,300	**(90,505)**	**299,795**
2014			
Leasehold land	1,858	(173)	1,685
Building	440	(326)	114
Computers	4,876	(3,417)	1,459
Furniture and fittings	1,650	(1,038)	612
Communication equipment	639	(386)	253
Machinery and equipment	64,156	(35,697)	28,459
Motor vehicles	3,110	(570)	2,540
Office equipment	1,279	(644)	635
Renovation	4,825	(1,788)	3,037
Barge and pipe laying equipment	286,371	(26,025)	260,346
Capital work-in-progress	3,209	–	3,209
	372,413	(70,064)	302,349

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

The Company	At 1.1.2015 RM'000	Depreciation Charge RM'000	At 31.12.2015 RM'000
Net Book Value			
Computers	**2**	*****	**2**
Furniture & fittings	**2**	*****	**2**
Motor vehicles	**1,846**	**(411)**	**1,435**
Office equipment	**2**	*****	**2**
	1,852	**(411)**	**1,441**

	At 1.10.2013 RM'000	(Note 30) Additions RM'000	Depreciation Charge RM'000	At 31.12.2014 RM'000
Net Book Value				
Computers	–	3	(1)	2
Furniture & fittings	–	2	*	2
Motor vehicles	–	2,051	(205)	1,846
Office equipment	2	–	*	2
	2	2,056	(206)	1,852

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2015			
Computers	**3**	**(1)**	**2**
Furniture & fittings	**2**	*****	**2**
Motor vehicles	**2,051**	**(616)**	**1,435**
Office equipment	**2**	*****	**2**
	2,058	**(617)**	**1,441**
2014			
Computers	3	(1)	2
Furniture & fittings	2	*	2
Motor vehicles	2,051	(205)	1,846
Office equipment	2	*	2
	2,058	(206)	1,852

Note:-

** - Denotes less than RM400*

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

Included in the property, plant and equipment of the Group and the Company are the following assets acquired under finance lease and hire purchase terms:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Leasehold land	**1,666**	1,685	**–**	–
Motor vehicles	**1,712**	2,201	**1,435**	1,846
Machinery and equipment	**2,474**	2,977	**–**	–
Barge and pipe laying equipment	**246,150**	260,346	**–**	–
	252,002	267,209	**1,435**	1,846

The net book value of the property, plant and equipment of the Group at the end of the reporting period pledged as security for banking facilities are as follows:-

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Building	**–**	114	**–**	–
Leasehold land	**1,666**	1,685	**–**	–
Motor vehicles	**1,712**	2,201	**1,435**	1,846
Machinery and equipment	**2,474**	2,977	**–**	–
Barge and pipe laying equipment	**246,150**	260,346	**–**	–
	252,002	267,323	**1,435**	1,846

Capital work-in-progress represents cost incurred on renovation of the Group's premises as well as cost incurred in the construction of machinery and equipment.

As at the end of the previous reporting period, the building with a net book value of approximately RM114,184, which was pledged as security for a banking facility, was in the process of being discharged as the facility granted had been fully settled in the financial year ended 30 September 2013. As at the end of the reporting period, the discharge of the pledge on the building has been completed.

7. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables	**57,092**	200,017
Accrued revenue	**55,007**	2,302
	112,099	202,319
Allowance for impairment losses	**(37)**	–
	112,062	202,319
Allowance for impairment losses:-		
At 1.1.2015/1.10.2013	**–**	–
Addition during the financial year/period (Note 27)	**37**	–
At 31.12.2015/31.12.2014	**37**	–

The Group's normal trade credit terms range from 60 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables:-				
Third parties	**8,733**	38	**77**	11
Advances to subcontractors	**27,752**	–	**–**	–
	36,485	38	**77**	11
Deposits	**5,640**	4,598	**1,634**	572
Prepayments	**2,211**	2,134	**79**	–
	44,336	6,770	**1,790**	583

Included in deposits of the Group at the end of the reporting period is an aggregate amount of RM806,300 (2014 – RM3,883,277) being deposits placed for the rental of machinery and equipment.

Included in deposits of the Group at the end of the reporting period is an aggregate amount of RM1,665,930 (2014 – NIL) being margin deposits placed for trust receipts facility provided by certain banks.

Included in deposits of the Company at the end of the reporting period is an aggregate amount of RM1,633,909 (2014 – RM567,263) being deposit paid for the purchase of a motor vehicle.

The prepayments of the Group amounting to RM1,860,716 (2014 – RM1,910,963) is in respect of prepayments for facility charges.

The advances to subcontractors are unsecured and interest-free. The amount owing will be offset against future services rendered from the subcontractors.

9. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Amount owing by subsidiaries:-		
Trade balance	**33,724**	25,498
Non-trade balance	**89,351**	86,831
	123,075	112,329

The trade balance is subject to the normal trade credit terms ranging from 60 days to 90 days. The amount owing is to be settled in cash.

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

10. SHORT-TERM INVESTMENTS

	The Group			
	2015		2014	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Equity fund unit trusts in Malaysia, at fair value	**2,451**	**2,451**	108,667	108,667

	The Company			
	2015		2014	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Equity fund unit trusts in Malaysia, at fair value	**374**	**374**	13,314	13,314

11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.70% to 3.70% (2014 – 2.35% to 3.30%) per annum. The fixed deposits have maturity periods ranging from 7 days to 365 days (2014 – 7 days to 365 days).

Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM83,651,785 (2014 – RM74,411,404) and RM7,898,910 (2014 – RM7,654,289) respectively which have been pledged to several licensed banks as security for banking facilities granted to the Group and to the Company.

12. SHARE CAPITAL

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

		The Group/The Company			
		2015	2014	2015	2014
	Note	Number Of Shares('000)		RM'000	
Authorised					
Ordinary shares of RM0.20 each		**10,000,000**	10,000,000	**2,000,000**	2,000,000
Issued And Fully Paid-Up					
At 1.1.2015/1.10.2013		**763,337**	484,545	**152,667**	96,909
Issuance of shares pursuant to:-					
- Share Exchange		**–**	9,519	**–**	1,904
- Issuance of Shares		**–**	130,000	**–**	26,000
- Conversion of RCULS		**60,800**	135,862	**12,160**	27,172
New shares issued under the employees' share option scheme for cash	15	**256**	3,411	**52**	682
At 31.12.2015/31.12.2014		**824,393**	763,337	**164,879**	152,667

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

13. SHARE PREMIUM

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

14. MERGER DEFICIT

The merger deficit of RM71,909,061 resulted from the difference between the carrying value of the investment in a subsidiary and the nominal value of the shares of the Company's subsidiary upon consolidation under the merger accounting principle.

15. EMPLOYEES' SHARE OPTION RESERVES

The employees' share option reserves represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 23 May 2012. The ESOS is to be in force for a period of 5 years effective from 27 September 2013.

15. EMPLOYEES' SHARE OPTION RESERVES (CONT'D)

The main features of the ESOS are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group;

(ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 5%, or any such amount or percentage as may be permitted by the relevant authorities and approved by ordinary resolution of the shareholders of the Company of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the ESOS scheme;

(iii) The subscription price, in respect of the options granted prior to the date of listing of the Company's entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, shall be RM0.65 per share. Subsequently, the option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the Company, whichever is higher;

(iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS; and

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares.

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price	Remaining Contractual Life of Options Price	Number Of Options Over Ordinary Shares Of RM0.20 Each At 1.1.2015	Granted	Exercised	Lapsed	At 31.12.2015
27.9.2013	RM0.65	3 years	5,397,160	–	(76,600)	(142,100)	5,178,460
4.2.2015	RM0.82	3 years	–	7,425,500	(180,000)	(530,500)	6,715,000
1.9.2015	RM0.76	3 years	–	2,775,300	–	–	2,775,300
			5,397,160	10,200,800	(256,600)	(672,600)	14,668,760

Date of Offer	Exercise Price	Remaining Contractual Life of Options Price	Number Of Options Over Ordinary Shares Of RM0.20 Each At 1.10.2013	Granted	Exercised	Lapsed	At 31.12.2014
27.9.2013	RM0.65	4 years	9,046,100	–	(3,411,340)	(237,600)	5,397,160

The options which lapsed during the financial year were due to resignations of employees.

15. EMPLOYEES' SHARE OPTION RESERVES (CONT'D)

The number of options exercisable as at 31 December 2015 was 14,668,760 (2014 – 5,397,160) and have an exercise price in the range of RM0.65 to RM0.82 (2014 – RM0.65) and a weighted average contractual life of 3 years (2014 – 4 years).

During the financial year, the Company has granted 10,200,800 share options under the ESOS. These options expire on 26 September 2018 and are exercisable from the date of grant.

In the previous financial period, 3,411,340 share options were exercised at an exercise price of RM0.65 each in exchange for 3,411,340 new ordinary shares.

The fair values of the share options granted were estimated using an option model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	31.12.2015	**30.9.2013**
Fair value of share options at the grant date (RM)		
- 27.9.2013	N/A	0.1070
- 4.2.2015	0.5289	N/A
- 1.9.2015	0.3443	N/A
Weighted average share price (RM)	0.88 – 0.95	–
Exercise price (RM)	0.76 – 0.82	0.65
Expected volatility (%)	43.75 – 69.28	8.68
Expected life (years)	3.00	5.00
Risk free rate (%)	3.78 – 4.10	3.26
Expected dividend yield (%)	0.00	0.00

16. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS")

	The Group/The Company	
	2015	**2014**
Equity	**RM'000**	**RM'000**
At 1.1.2015/1.10.2013	**4,145**	–
Issuance of RCULS, net of deferred tax liabilities	**–**	12,334
RCULS issuance expenses	**–**	(385)
Converted during the financial year/period	**(3,492)**	(7,804)
At 31.12.2015/31.12.2014	**653**	4,145

16. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") (CONT'D)

	The Group/The Company	
Non-current liabilities	**2015 RM'000**	**2014 RM'000**
At 1.1.2015/1.10.2013	**9,491**	–
Issuance of RCULS	**–**	24,966
RCULS issuance expenses	**–**	(577)
Converted during the financial year/period	**(8,948)**	(17,555)
Amortisation charge during the financial year/period	**1,161**	2,657
At 31.12.2015/31.12.2014	**1,704**	9,491

The salient terms of the RCULS are as follows:-

(a)	Issue size and price	Issue size Up to RM41,604,273 nominal value of RCULS. Issue price 100% of nominal value of the RCULS of RM0.20 each.
(b)	Tenure of issue	Five (5) years from and including the date of first issuance of the RCULS ("Issue Date") and shall mature on the fifth (5th) anniversary of the Issue Date ("Maturity Date"). The RCULS were issued on 25.10.2013.
(c)	Interest/Coupon rate	3.5% per annum payable semi-annually during the tenure of the RCULS prior to redemption or conversion.
(d)	Status	The RCULS constitute direct, unconditional, unsubordinated and unsecured obligations of the Company ranking pari passu without discrimination, preference or priority among themselves and at least pari passu to all present and future unsecured obligations of the Company.
(e)	Conversion rights	Each RCULS can be converted into 1 new ordinary share of RM0.20 each in the Company, on any business day after the first (1st) anniversary of the Issue Date of the RCULS until Maturity Date. Any outstanding RCULS which have not been redeemed or converted shall automatically be converted into new ordinary shares of RM0.20 each in the Company at maturity.
(f)	Conversion price	Fixed at par value of RM0.20 per ordinary share of the Company and shall be satisfied by surrendering one (1) RCULS of nominal value of RM0.20 each for every one (1) new ordinary share in the Company.
(g)	Status of new ordinary shares	The new ordinary shares to be issued pursuant to the conversion of the RCULS will upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company in issue except that the new ordinary shares will not be entitled to any dividends, rights, allotment or other distributions that may be declared, made or paid prior to the relevant allotment date of the said new ordinary shares.
(h)	Redemption rights	Redemption shall be at the option of the Company, based on the par value of RM0.20 each. Redemption can only be made on a coupon payment date. Redemption, if made, shall be made pari passu to all holders of the RCULS. If not redeemed, the RCULS shall automatically be converted into new ordinary shares of RM0.20 each in the Company at the Maturity Date.

17. FOREIGN EXCHANGE TRANSLATION RESERVES

The foreign exchange translation reserves arose from the translation of the financial statements of foreign subsidiaries.

18. DEFERRED TAX LIABILITIES

Presented after appropriate offsetting as follows:-

	At 1.1.2015 RM'000	(Note 28) Recognised in Profit or Loss RM'000	Conversion of RCULS RM'000	At 31.12.2015 RM'000
The Group				
2015				
Deferred Tax Liabilities				
Property, plant and equipment	**2,540**	**(988)**	**–**	**1,552**
RCULS	**1,235**	**(290)**	**(803)**	**142**
	3,775	**(1,278)**	**(803)**	**1,694**
Deferred Tax Assets				
Provisions	**–**	**(9)**	**–**	**(9)**
Unused tax losses	**–**	**(1,518)**	**–**	**(1,518)**
	–	**(1,527)**	**–**	**(1,527)**
	3,775	**(2,805)**	**(803)**	**167**

	At 1.10.2013 RM'000	(Note 28) Recognised in Profit or Loss RM'000	Issuance and Conversion of RCULS RM'000	At 31.12.2014 RM'000
2014				
Deferred Tax Liabilities				
Property, plant and equipment	15,943	(13,403)	–	2,540
RCULS	–	(665)	1,900	1,235
	15,943	(14,068)	1,900	3,775

18. DEFERRED TAX LIABILITIES (CONT'D)

Presented after appropriate offsetting as follows (Cont'd):-

	At 1.1.2015 RM'000	(Note 28) Recognised in Profit or Loss RM'000	Conversion of RCULS RM'000	At 31.12.2015 RM'000
The Company				
2015				
Deferred Tax Liabilities				
Property, plant and equipment	**4**	**8**	**–**	**12**
RCULS	**1,235**	**(290)**	**(803)**	**142**
	1,239	**(282)**	**(803)**	**154**

	At 1.10.2013 RM'000	(Note 28) Recognised in Profit or Loss RM'000	Issuance and Conversion of RCULS RM'000	At 31.12.2014 RM'000
2014				
Deferred Tax Liabilities				
Property, plant and equipment	–	4	–	4
RCULS	–	(665)	1,900	1,235
	–	(661)	1,900	1,239

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM12,912,862 (2014 – NIL) and RM8,083,800 (2014 – NIL) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

19. LONG-TERM BORROWINGS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hire purchase payables (Note 20)	**1,061**	1,437	**893**	1,209
Term loans (Note 21)	**187,189**	181,766	**–**	–
	188,250	183,203	**893**	1,209

20. HIRE PURCHASE PAYABLES (SECURED)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum hire purchase payments:				
- not later than one year	**434**	434	**365**	365
- later than one year and not later than five years	**1,129**	1,563	**950**	1,315
	1,563	1,997	**1,315**	1,680
Less: Future finance charges	**(127)**	(202)	**(107)**	(170)
Present value of hire purchase payables	**1,436**	1,795	**1,208**	1,510
Current (Note 24)				
- not later than one year	**375**	358	**315**	301
Non-current (Note 19)				
- later than one year and not later than five years	**1,061**	1,437	**893**	1,209
	1,436	1,795	**1,208**	1,510

The hire purchase payables of the Group and of the Company are secured by the Group's and the Company's motor vehicles under hire purchase.

The hire purchase payables of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 4.64% to 4.68% (2014 – 4.64% to 4.68%) and from 4.64% to 4.68% (2014 – 4.64% to 4.68%) respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. TERM LOANS (SECURED)

	The Group 2015 RM'000	The Group 2014 RM'000
Current portion (Note 24):		
- not later than one year	**35,499**	22,157
Non-current portion (Note 19):		
- later than one year and not later than five years	**187,189**	151,335
- later than five years	**–**	30,431
	187,189	181,766
	222,688	203,923

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

	Effective Interest Rates %	The Group 2015 RM'000	The Group 2014 RM'000
Floating rate term loan	4.01 – 7.60	**222,688**	203,923

The term loans are secured by:-

(i) a first legal charge over certain leasehold land and building as disclosed in Note 6 to the financial statements;
(ii) a guarantee from a director of the Group;
(iii) a corporate guarantee from the Company and one of its subsidiary, PBJV;
(iv) a legal debenture on equipment financed by certain banks as disclosed in Note 6 to the financial statements;
(v) mortgage over the barge known as "Kota Laksamana 101" to a licensed financial institution as disclosed in Note 6 to the financial statements;
(vi) an assignment of charter proceeds and charge over the Project Account to a licensed financial institution;
(vii) an assignment of the barge's insurance policies to a licensed financial institution;
(viii) a negative pledge from the Group not to pledge its existing asset to other bank without the licensed financial institutions' consent; and
(ix) an undertaking from the current shareholders of the Group that they will not relinquish their shareholdings without the licensed financial institution's prior written approval so long as the facility remains outstanding.

22. TRADE PAYABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade payables	**56,825**	61,061
Accrued purchases	**32,042**	21,658
	88,867	82,719

The normal trade credit terms granted to the Group range from 60 to 90 days.

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	**1,043**	4,457	**78**	327
RCULS interest payable	**13**	84	**13**	84
Accruals	**10,085**	9,860	**365**	626
	11,141	14,401	**456**	1,037

24. SHORT-TERM BORROWINGS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hire purchase payables (Note 20)	**375**	358	**315**	301
Term loans (Note 21)	**35,499**	22,157	**–**	–
Trust receipts	**34,967**	77,526	**–**	–
	70,841	100,041	**315**	301

The trust receipts are secured by margin deposits, fixed deposits and corporate guarantees provided by the Company and one of its subsidiary, PBJV, as disclosed in Note 8, Note 11 and Note 21 to the financial statements.

25. BANK OVERDRAFTS

The bank overdrafts of the Group bore an effective interest rate of 8.10% (2014 – 8.29%) per annum at the end of the reporting period.

The bank overdrafts are secured by:-

(i) a pledge of the fixed deposits of the Group as disclosed in Note 11 to the financial statements;
(ii) a guarantee from a director of the Group;
(iii) an irrevocable letter of instruction from the Group to the main contractor and their agreement to remit payment to the bank; and
(iv) a placement of a half yearly sinking fund of RM100,000.

26. REVENUE

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000
Pipeline and commissioning services	**257,850**	374,100	**–**	–
Installation and construction services	**334,720**	574,937	**–**	–
Management fee	**–**	–	**17,779**	26,069
	592,570	949,037	**17,779**	26,069

27. PROFIT BEFORE TAXATION

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Audit fee	**219**	219	**34**	34
Bad debts written off	**–**	1,028	**–**	–
Depreciation of property, plant and equipment (Note 6)	**23,268**	23,144	**411**	206
Directors' emoluments:				
- directors' fee	**644**	701	**644**	701
- salaries, allowances and bonuses	**6,528**	6,236	**3,995**	2,477
- defined contribution plan	**768**	565	**464**	268
- other benefits	**40**	50	**1**	1
- share option expenses	**693**	–	**347**	–

27. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	**1.10.2013 to 31.12.2014 RM'000**	**1.1.2015 to 31.12.2015 RM'000**	**1.10.2013 to 31.12.2014 RM'000**
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdrafts	**496**	723	**–**	–
- hire purchase	**75**	45	**63**	30
- term loans	**9,075**	15,110	**–**	–
- RCULS	**1,326**	4,201	**1,326**	4,201
- trust receipts	**4,503**	1,791	**109**	26
Rental expenses on:-				
- equipment and machineries	**403**	820	**–**	–
- premises	**1,206**	891	**–**	–
- motor vehicle	**93**	374	**–**	–
Staff costs (including other key management personnel as disclosed in Note 34):				
- salaries, allowances and bonuses	**33,164**	32,855	**6,172**	5,181
- defined contribution plan	**4,084**	4,016	**741**	620
- other benefits	**147**	180	**27**	14
- share option expenses	**4,154**	–	**268**	–
Realised loss on foreign exchange	**7,048**	68	**1**	–
Corporate exercise expenses	**–**	1,403	**–**	1,403
Impairment loss on:				
- goodwill	**–**	8,408	**–**	–
- trade receivables	**37**	–	**–**	–
Property, plant and equipment written off (Note 6)	**1,414**	–	**–**	–
Dividend income from a subsidiary	**–**	–	**(18,900)**	–
Unrealised gain on foreign exchange	**(19,404)**	(3,506)	**–**	–
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposits with licensed banks	**(3,246)**	(2,171)	**(246)**	(216)
- cash and bank balances	**(1,020)**	(1,260)	**(159)**	(1,060)
Rental income	**(24)**	(38)	**–**	–
Gain on disposal of property, plant and equipment	**–**	(452)	**–**	–
(Gain)/Loss on disposal of a subsidiary	**–**	(2,221)	**–**	6,187

28. INCOME TAX (CREDIT)/EXPENSE

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000
Current tax:				
- for the financial year/period	**995**	41,625	**919**	3,120
- (over)/underprovision in the previous financial period/year	**(11,394)**	80	**623**	33
	(10,399)	41,705	**1,542**	3,153
Deferred tax (Note 18):				
- originating and recognition of temporary differences	**(3,732)**	(14,072)	**(282)**	(661)
- underprovision in the previous financial period/year	**927**	4	**–**	–
	(2,805)	(14,068)	**(282)**	(661)
	(13,204)	27,637	**1,260**	2,492

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

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

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000
Profit before taxation	**5,593**	107,863	**19,002**	2,728
Tax at the statutory tax rate of 25% (2014 – 25%)	**1,398**	26,966	**4,751**	682
Tax effects of:				
Non-deductible expenses	**2,906**	9,320	**651**	2,449
Income not subject to tax	**(5,473)**	(3,966)	**(4,765)**	–
Utilisation of deferred tax assets previously not recognised	**–**	(673)	**–**	(672)
Effects of differential in tax rates of subsidiaries	**(3,278)**	(4,094)	**–**	–
Deferred tax assets not recognised during the financial year/period	**1,710**	–	**–**	–
Underprovision of deferred tax in the previous financial period/year	**927**	4	**–**	–
(Over)/Underprovision of income tax in the previous financial period/year	**(11,394)**	80	**623**	33
Income tax (credit)/expense for the financial year/period	**(13,204)**	27,637	**1,260**	2,492

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

28. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

No deferred tax assets/(liabilities) was recognised for the following items:

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Accelerated capital allowances	**(14,192)**	–
Provisions	**37**	–
Unused tax losses	**12,913**	–
Unabsorbed capital allowances	**8,084**	–
	6,842	–

29. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	The Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
Profit attributable to owners of the Company (RM'000)	**18,849**	80,270
Weighted average number of ordinary shares in issue ('000)	**805,014**	635,851
Basic earnings per share (Sen)	**2.34**	12.62

(b) Diluted

The diluted earnings per share is arrived at by adjusting for the dilutive effects of all potential ordinary shares, such as the share options granted to employees and the conversion of RCULS, on the Group's profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year/period.

	The Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
Profit attributable to owners of the Company (RM'000)	**18,849**	80,270
Weighted average number of ordinary shares in issue ('000)	**805,014**	635,851
Effects of dilution from share options granted to employees ('000)	**6,846**	3,143
Effect of conversion of RCULS ('000)	**11,361**	68,370
	823,221	707,364
Diluted earnings per share (Sen)	**2.29**	11.35

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000	1.1.2015 to 31.12.2015 RM'000	1.10.2013 to 31.12.2014 RM'000
Cost of property, plant and equipment (Note 6)	**21,202**	19,860	**–**	2,056
Amount financed through hire purchase	**–**	(1,933)	**–**	(1,625)
Cash disbursed for purchase of property, plant and equipment	**21,202**	17,927	**–**	431

31. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term investments	**2,451**	108,667	**374**	13,314
Fixed deposits with licensed banks	**133,408**	95,370	**7,930**	7,654
Cash and bank balances	**49,979**	44,533	**3,159**	2,834
Bank overdrafts	**(851)**	(4,206)	**–**	–
	184,987	244,364	**11,463**	23,802
Less: Deposits pledged to licensed banks (Note 11)	**(83,652)**	(74,411)	**(7,899)**	(7,654)
	101,335	169,953	**3,564**	16,148

32. OPERATING SEGMENTS

No segmental information is provided as the Group is involved in the oil and gas industry (one business segment) and the Group's activities are primarily predominantly in Malaysia. The overseas segment account for less than 10% of the consolidated revenue and assets. Accordingly, the information by business and geographical segments is not presented.

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group Revenue		
	2015 RM'000	**2014 RM'000**	**Segment**
Customer #1	**272,929**	399,284	Oil and gas
Customer #2	**133,968**	113,551	Oil and gas

33. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	**1.10.2013 to 31.12.2014 RM'000**	**1.1.2015 to 31.12.2015 RM'000**	**1.10.2013 to 31.12.2014 RM'000**
Company in which certain Directors have interests				
Purchases	**4,020**	4,535	**–**	–
Donations	**600**	750	**–**	–
Subsidiary				
Management fee received/receivable	**–**	–	**17,779**	26,069
Dividend receivable	**–**	–	**18,900**	–

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

34. KEY MANAGEMENT PERSONNEL COMPENSATION

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

(a) The key management personnel compensation during the financial year/period are as follows:-

	The Group		The Company	
	1.1.2015 to 31.12.2015 RM'000	**1.10.2013 to 31.12.2014 RM'000**	**1.1.2015 to 31.12.2015 RM'000**	**1.10.2013 to 31.12.2014 RM'000**
Directors				
Executive directors				
Short-term employee benefits:				
- salaries, allowances and bonuses	**6,398**	6,046	**3,865**	2,287
- other benefits	**3**	4	**1**	1
	6,401	6,050	**3,866**	2,288
Defined contribution benefits	**768**	565	**464**	268
Share option expenses	**693**	–	**347**	–
Benefits-in-kind	**37**	46	**–**	–
	7,899	6,661	**4,677**	2,556
Non-executive directors				
Short-term employee benefits:				
- fees	**644**	701	**644**	701
- allowances	**130**	190	**130**	190
	774	891	**774**	891
Total directors' remuneration	**8,673**	7,552	**5,451**	3,447
Other key management personnel				
Short-term employee benefits	**8,267**	14,132	**3,347**	5,586
Defined contribution benefits	**991**	1,923	**401**	760
Share option expenses	**1,028**	–	**222**	–
Total compensation for other key management personnel	**10,286**	16,055	**3,970**	6,346

34. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group	
	1.1.2015 to 31.12.2015	1.10.2013 to 31.12.2014
	Number Of Directors	
Executive directors:-		
RM1,250,001 to RM1,300,000	**–**	1
RM1,400,001 to RM1,450,000	**1**	–
RM1,450,001 to RM1,500,000	**1**	–
RM1,550,001 to RM1,600,000	**–**	1
RM3,800,001 to RM3,850,000	**–**	1
RM4,300,001 to RM4,350,000	**1**	–
Non-executive directors:-		
RM1 to RM50,000	**1**	–
RM50,001 to RM100,000	**–**	1
RM100,001 to RM150,000	**1**	–
RM150,001 to RM200,000	**2**	3
RM250,001 to RM300,000	**–**	1
RM300,001 to RM350,000	**1**	–
	8	8

35. CAPITAL COMMITMENTS

	The Group	
	2015 RM'000	2014 RM'000
Approved and contracted for:-		
Property, plant and equipment	**26,891**	6,635
Approved but not contracted for:-		
Property, plant and equipment	**10,987**	–

36. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group		The Company	
Unsecured	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	**–**	–	**256,117**	345,624
Bank guarantees extended to clients	**97,686**	58,556	**4,135**	353

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Saudi Riyal ("SAR") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that are based on the carrying amounts of the financial instruments at the end of the reporting period is summarized below:-

Foreign currency exposure

	SGD RM'000	USD RM'000	SAR RM'000	EUR RM'000	Others RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group							
2015							
Financial assets							
Trade receivables	–	351	–	–	–	111,711	112,062
Other receivables and deposits	–	–	70	–	–	42,055	42,125
Short-term investments	–	–	–	–	–	2,451	2,451
Fixed deposits with licensed banks	–	–	–	–	–	133,408	133,408
Cash and bank balances	3	7,340	1,143	24	–	41,469	49,979
	3	7,691	1,213	24	–	331,094	340,025
Financial liabilities							
Trade payables	117	807	–	–	31	87,912	88,867
Other payables and accruals	–	–	8	–	–	11,133	11,141
Term loans	–	220,300	–	–	–	2,388	222,688
Trust receipts	–	–	–	–	–	34,967	34,967
Hire purchase payables	–	–	–	–	–	1,436	1,436
RCULS	–	–	–	–	–	1,704	1,704
Bank overdrafts	–	–	–	–	–	851	851
	117	221,107	8	–	31	140,391	361,654
Net financial (liabilities)/assets	(114)	(213,416)	1,205	24	(31)	190,703	(21,629)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	–	217,678	(1,205)	–	–	(190,087)	26,386
Currency exposure	(114)	4,262	–	24	(31)	616	4,757

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

	SGD RM'000	USD RM'000	SAR RM'000	EUR RM'000	Others RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group							
2014							
Financial assets							
Trade receivables	–	201	–	–	–	202,118	202,319
Other receivables and deposits	–	–	9	–	–	4,627	4,636
Short-term investments	–	–	–	–	–	108,667	108,667
Fixed deposits with licensed banks	–	–	–	–	–	95,370	95,370
Cash and bank balances	2	2,025	931	22	^	41,553	44,533
	2	2,226	940	22	^	452,335	455,525
Financial liabilities							
Trade payables	(408)	(1,746)	–	(206)	(5)	(80,354)	(82,719)
Other payables and accruals	–	(1,032)	(178)	–	–	(13,191)	(14,401)
Term loans	–	(200,821)	–	–	–	(3,102)	(203,923)
Trust receipts	–	–	–	–	–	(77,526)	(77,526)
Hire purchase payables	–	–	–	–	–	(1,795)	(1,795)
RCULS	–	–	–	–	–	(9,491)	(9,491)
Bank overdrafts	–	–	–	–	–	(4,206)	(4,206)
	(408)	(203,599)	(178)	(206)	(5)	(189,665)	(394,061)
Net financial (liabilities)/assets	(406)	(201,373)	762	(184)	(5)	262,670	61,464
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	–	200,960	(762)	–	–	(262,670)	(62,472)
Currency exposure	(406)	(413)	–	(184)	(5)	–	(1,008)

Note:-

^ - Denotes RM19

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

<u>Foreign currency risk sensitivity analysis</u>

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 21, Note 24 and Note 25 to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Effects on profit after taxation		
Increase of 100 basis points	**(1,939)**	(2,142)
Decrease of 100 basis points	**1,939**	2,142
Effects on other comprehensive income		
Increase of 100 basis points	**(1,939)**	(2,142)
Decrease of 100 basis points	**1,939**	2,142

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profile.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk

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

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 85% of its trade receivables (including related parties) as at the end of the reporting period.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowances for impairment losses (where applicable).

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	**Gross Amount RM'000**	**Individual Impairment RM'000**	**Collective Impairment RM'000**	**Carrying Value RM'000**
2015				
Not past due	**103,178**	**–**	**–**	**103,178**
Past due:-				
- less than 2 months	**6,013**	**–**	**–**	**6,013**
- 2 to 6 months	**627**	**–**	**–**	**627**
- over 6 months	**2,281**	**(37)**	**–**	**2,244**
	112,099	**(37)**	**–**	**112,062**

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows (Cont'd):-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2014				
Not past due	171,039	–	–	171,039
Past due:-				
- less than 2 months	20,040	–	–	20,040
- 2 to 6 months	8,939	–	–	8,939
- over 6 months	2,301	–	–	2,301
	202,319	–	–	202,319

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2015						
Hire purchase payables	**4.66**	**1,436**	**1,563**	**434**	**1,129**	**–**
Term loans	**4.05**	**222,688**	**246,634**	**44,113**	**202,521**	**–**
Trust receipts	**6.75**	**34,967**	**34,967**	**34,967**	**–**	**–**
RCULS	**15.60**	**1,704**	**2,511**	**80**	**2,431**	**–**
Trade payables	**–**	**88,867**	**88,867**	**88,867**	**–**	**–**
Other payables and accruals	**–**	**11,141**	**11,141**	**11,141**	**–**	**–**
Bank overdrafts	**8.10**	**851**	**851**	**851**	**–**	**–**
		361,654	**386,534**	**180,453**	**206,081**	**–**

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2014						
Hire purchase payables	4.66	1,795	1,997	434	1,563	–
Term loans	4.05	203,923	231,373	30,164	170,397	30,812
Trust receipts	6.08	77,526	77,526	77,526	–	–
RCULS	15.60	9,491	16,452	505	15,947	–
Trade payables	–	82,719	82,719	82,719	–	–
Other payables and accruals	–	14,401	14,401	14,401	–	–
Bank overdrafts	8.29	4,206	4,206	4,206	–	–
		394,061	428,674	209,955	187,907	30,812

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2015						
Hire purchase payables	**4.66**	**1,208**	**1,315**	**365**	**950**	**–**
RCULS	**15.60**	**1,704**	**2,511**	**80**	**2,431**	**–**
Other payables and accruals	**–**	**456**	**456**	**456**	**–**	**–**
		3,368	**4,282**	**901**	**3,381**	**–**
2014						
Hire purchase payables	4.66	1,510	1,680	365	1,315	–
RCULS	15.60	9,491	16,452	505	15,947	–
Other payables and accruals	–	1,037	1,037	1,037	–	–
		12,038	19,169	1,907	17,262	–

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The Group manages its capital based on debt-to-equity ratio that complies with the debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Hire purchase payables (Note 20)	**1,436**	1,795
Term loans (Note 21)	**222,688**	203,923
Trust receipts (Note 24)	**34,967**	77,526
RCULS (Note 16)	**1,704**	9,491
Bank overdrafts (Note 25)	**851**	4,206
	261,646	296,941
Less: Short-term investments (Note 10)	**(2,451)**	(108,667)
Less: Fixed deposits with licensed banks (Note 11)	**(133,408)**	(95,370)
Less: Cash and bank balances	**(49,979)**	(44,533)
Net debt	**75,808**	48,371
Total equity	**312,818**	351,957
Debt-to-equity ratio	**0.24**	0.14

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Loans and receivables financial assets				
Trade receivables	**112,062**	202,319	**–**	–
Other receivables and deposits	**42,125**	4,636	**1,711**	583
Amount owing by a subsidiary	**–**	–	**123,075**	112,329
Fixed deposits with licensed banks	**133,408**	95,370	**7,930**	7,654
Cash and bank balances	**49,979**	44,533	**3,159**	2,834
	337,574	346,858	**135,875**	123,400
Fair value through profit or loss: Held-for-trading				
Short-term investments	**2,451**	108,667	**374**	13,314
Financial liabilities				
Other financial liabilities				
Hire purchase payables	**1,436**	1,795	**1,208**	1,510
Term loans	**222,688**	203,923	**–**	–
Trust receipts	**34,967**	77,526	**–**	–
RCULS	**1,704**	9,491	**1,704**	9,491
Trade payables	**88,867**	82,719	**–**	–
Other payables and accruals	**11,141**	14,401	**456**	1,037
Bank overdrafts	**851**	4,206	**–**	–
	361,654	394,061	**3,368**	12,038

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group that are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table set out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments Not Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2015								
Financial Asset								
Short-term investments								
– unit trusts	**2,451**	**–**	**–**	**–**	**–**	**–**	**2,451**	**2,451**
Financial Liabilities								
Hire purchase payables	**–**	**–**	**–**	**–**	**1,436**	**–**	**1,436**	**1,436**
Term loans	**–**	**–**	**–**	**–**	**222,688**	**–**	**222,688**	**222,688**
RCULS	**–**	**–**	**–**	**–**	**1,777**	**–**	**1,777**	**1,704**
2014								
Financial Asset								
Short-term investments								
– unit trusts	108,667	–	–	–	–	–	108,667	108,667
Financial Liabilities								
Hire purchase payables	–	–	–	–	1,795	–	1,795	1,795
Term loans	–	–	–	–	203,923	–	203,923	203,923
RCULS	–	–	–	–	10,217	–	10,217	9,491

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

The Company	Fair Value of Financial Instruments Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments Not Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2015								
Financial Asset								
Short-term investments								
– unit trusts	**374**	**–**	**–**	**–**	**–**	**–**	**374**	**374**
Financial Liabilities								
Hire purchase payables	**–**	**–**	**–**	**–**	**1,208**	**–**	**1,208**	**1,208**
RCULS	**–**	**–**	**–**	**–**	**1,777**	**–**	**1,777**	**1,704**
2014								
Financial Asset								
Short-term investments								
– unit trusts	13,314	–	–	–	–	–	13,314	13,314
Financial Liabilities								
Hire purchase payables	–	–	–	–	1,510	–	1,510	1,510
RCULS	–	–	–	–	10,217	–	10,217	9,491

(i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.

(ii) The fair values of hire purchase payables, term loans and RCULS are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group 2015 %	The Group 2014 %	The Company 2015 %	The Company 2014 %
Hire purchase payables	4.66	4.66	4.66	4.66
Term loans	4.05	4.05	–	–
RCULS	12.68	13.40	12.68	13.40

(iii) There were no transfer between level 1 and level 2 during the financial year.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

(a) On 4 February 2015, the Company granted 7,425,500 share options under the ESOS at an exercise price of RM0.82 per ESOS option. These options will expire on 26 September 2018.

(b) On 6 February 2015, PBJV, a wholly-owned subsidiary of the Company, was awarded a contract for the provision of engineering, procurement, fabrication, installation, commissioning and maintenance works of pig trap system ("Contract") in Peninsular Malaysia, Sabah and Sarawak. The Contract duration is from 23 January 2015 to 22 January 2018, with an extension option of one (1) year, from 23 January 2018 to 22 January 2019. The total value of the Contract will depend on the actual work orders to be issued by the customer from time to time during the Contract period.

(c) On 1 April 2015, the Company announced that it had incorporated a new subsidiary, PBJV Energy (Labuan) Limited with 100% equity interest comprising 100 ordinary shares of USD1.00 each for a total cash consideration of USD100.00. The intended principal activity is as an oil and gas exploration, production and development company.

(d) On 3 April 2015, PBJV was awarded a contract from Kebabangan Petroleum Operating Company Sdn. Bhd. for the provision of topside maintenance services ("Contract") in Sabah. The Contract duration is for one (1) year effective from 2 April 2015 with an option for extension for a further one (1) year. The mobilisation date for the work is expected to be on 1 May 2015.

(e) On 25 May 2015, PBJV received a Letter of Award from Sarawak Shell Berhad/Sabah Shell Petroleum Co. Ltd. ("collectively referred to as "Shell") for price agreement for the supply of operational pipeline inspection gauges ("pig") and its related accessories, equipment and services ("LOA"). The pigging operations will be carried out offshore Sarawak and Sabah mainly for the operational maintenance of oil and gas pipelines. The duration of the LOA is for three (3) years from 15 April 2015 until 14 April 2018 with an option to extend for a further one (1) year.

(f) On 12 August 2015, PBJV was awarded a contract from Petronas Carigali Sdn. Bhd. ("PCSB") for the supply, refurbishment and maintenance of cleaning pipeline inspection gauges ("pig") and associated services ("Contract") in Sabah and Sarawak. The work scope covers the procurement and supply of pigs, procurement of refurbishment kits, refurbishment of pigs, training and ad hoc services related to pigging operations. The scope is part of PCSB's yearly Operational Pigging Programme. The Contract duration is for two (2) years from 26 June 2015 to 25 June 2017 with an option for extension for a further one (1) year.

(g) On 13 August 2015, PBJV entered into a Memorandum of Collaboration ("MOC") with Ocean Installer Ltd., a Norwegian subsea service provider, to exclusively work together in Malaysia to provide deepwater installation of subsea umbilicals, risers and flowlines ("SURF") and related services.

(h) On 1 September 2015, the Company granted 2,775,300 share options under the ESOS at an exercise price of RM0.76 per ESOS option. These options will expire on 26 September 2018.

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

(i) On 21 October 2015, PBJV entered into a Memorandum of Understanding ("MOU") with Hilong Marine Engineering (Hong Kong) Limited (HMEL), a subsidiary of the Hong Kong-listed Hilong Holding Limited (Hilong) (hereinafter referred to as "Hilong Group"), to work together on a non-exclusive basis in exploring opportunities for collaboration in offshore transportation and installation prospects including pipelay and platform installation and full Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") for field developments projects. The MOU duration is for two (2) years effective from 21 October 2015 with an option for extension upon mutual agreement by PBJV and Hilong Group.

(j) On 25 November 2015, PBJV was awarded a contract for Engineering, Procurement, Construction and Commissioning of New Export Terminal Scraper Station ("Contract") in Kemaman, Terengganu. The Contract duration is for one (1) year from 6 November 2015 to 6 December 2016.

(k) On 8 December 2015, PBJV was awarded a contract for the provision of repair and maintenance of Sabah Sarawak Gas Pipeline ("Contract"). The scope of the Contract include inspection, testing, repair and maintenance of the pipes and related infrastructures to maintain the pipeline integrity. The Contract duration is for two (2) years from 1 December 2015 to 30 November 2017, with a one (1) year extension option.

39. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as follows:-

(a) On 29 January 2016, PBJV received the 2016 work scope for the Transportation and Installation of Offshore Facilities for Year 2014-2016 ("Work Scope"), which comprises two (2) pipeline projects; namely Bardegg and Baronia Pipeline 24" x 43 km TTJT-A to BNCPP-B ("P1") and Bardegg and Baronia Pipeline 24" x 125 km DNCPP-B to E11RC ("P2"). The tentative installation date for P1 and P2 is March 2016 and May 2016 respectively.

(b) On 16 February 2016, PBJV was awarded a subcontract agreement for the provision of engineering, procurement, installation and related activities for floating liquefied natural gas located offshore Sarawak/Sabah ("Contract"). The Contract's value is approximately RM19.1 million for a duration from December 2015 to October 2016.

40. COMPARATIVE FIGURES

In the previous financial period, the Company and its subsidiaries have changed their financial year end from 30 September to 31 December. Accordingly, the financial statements of the Group and the Company for the financial period ended 31 December 2014 cover a 15 month period from 1 October 2013 to 31 December 2014.

The following figures have been reclassified to conform to the presentation of the current financial year:-

	The Group		The Company	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Statements of Financial Position (Extract):-				
Short-term investments	108,667	–	13,314	–
Cash and bank balances	44,533	153,200	2,834	16,148

41. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	**227,946**	246,227	**1,554**	1,275
- unrealised	**19,237**	(269)	**(154)**	(1,239)
	247,183	245,958	**1,400**	36
Add: Consolidation adjustments	**(17,496)**	(18,742)	**–**	–
At 31.12.2015/31.12.2014	**229,687**	227,216	**1,400**	36

LIST OF PROPERTIES

PROPERTY OWNED BY BARAKAH GROUP

No.	Name of registered owner	Approximate age of building/ Tenure/Date of expiry of leasehold interest	Title identification/ Postal address	Description and existing use	Land area/ Built up area	Restriction in Interest/ Encumbrances	Audited net book value as at 31.12.2015
1.	PBJV (registered under the previous name of PBJV. Being PTIS-Baxtech JV Sdn Bhd)	Leasehold, 99 years, expiring on 12.07.2098* Gran No:7522	PN91735, Lot No. 17895, Mukim Dengkil, District of Sepang, Selangor Lot 9504, Jalan Meranti Permai, Meranti Permai Industrial Park, Batu 15, 47100 Puchong, Selangor	Open yard fabrication facilities Category of land use: Industrial	Land area: 44,670 square feet	The land can only be transferred, leased or charged with the consent of the State Authority of Selangor Charged to CIMB Bank Berhad (previously known as Bumiputra Commerce Bank Berhad)	RM786,547
2.	PBJV	Leasehold, 60 years, expiring on 14.08.2056	Lot 1244, Block 5 Kuala Baram Land District, in the locality of Lutong- Kuala Baram Road, Miri Sarawak (Registration Number: 04-LCLS-005-005-01244) Lot 1244, Jalan Marigold Desa Senadin 98100, Miri Sarawak	Open yard fabrication facilities Category of land use: Town land to be used as a 2-storey detached building where the ground floor is to be used for industrial purposes and the first floor to be used as office, storage cum watchmen's quarters.	Land Area: 36,425 square feet	The land can only be transferred or subleased (if subleased within 5 years from 15.08.96) with the written consent of the Director of Lands and Surveys, Miri Charged to Public Bank Berhad Date acq: 15.05.2009	RM880,429
3.	PBJV	Leasehold, 99 years, expiring on 22.01.2102 Gran No: 181276 Lot No: Lot 23	PN 14099, Lot 1949, Seksyen 13, Bandar Shah Alam, District of Petaling, Selangor No.23, Jalan Badminton 13/29, Seksyen 13, 40100 Shah Alam, Selangor	2 Storey shop office held as investment property which is currently rented out Category of land use: Building	Built up area: 3,078 square feet	The land can only be transferred, leased or charged with the consent of the State Authority of Selangor	RM109,742

* *Approximate age of building is not applicable as the yard does not contain any fixed structures or buildings*

** *Abbreviation: GM: Geran Mukim, PN: Pajakan Negeri, PM: Pajakan Mukim*

GROUP CORPORATE DIRECTORY

HEAD OFFICE:

BARAKAH OFFSHORE PETROLEUM BERHAD (980542-H)
PBJV GROUP SDN BHD (524536-A)
No. 28, Jln PJU 5/4
Dataran Sunway, Kota Damansara
47810 Petaling Jaya
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Fax : +603 6141 8857/26/31/41/51

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Tel : +966 3 881 77 22
Fax : +966 3 889 85 80

PBJV SUPPORT OFFICES:

KUALA LUMPUR

PBJV GROUP SDN BHD
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TERENGGANU

PBJV GROUP SDN BHD
No. 4, 1st Floor
Wisma NDP, Jln Besar Paka
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Fax : +609 827 6171

SARAWAK

PBJV GROUP SDN BHD
Sublot 9, Lot 597
1st Floor, Blok 5
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98100 Miri, Sarawak

Tel : +6085 622 880
Fax : +6085 622 884

ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2016

SHARE CAPITAL

Authorised Share Capital	: RM2,000,000,000.00
Issued and Paid-Up Share Capital	: RM164,908,131.00 comprising 824,540,655 ordinary shares of RM0.20 each
Class of Shares	: Ordinary Shares of RM0.20 each
Voting Rights	: One vote per share

ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	%
Less than 100	1,043	16.72	14,840	0.00
100 to 1,000	772	12.37	499,585	0.06
1,001 to 10,000	3,011	48.26	15,837,445	1.92
10,001 to 100,000	1,195	19.15	39,139,570	4.75
100,001 to 41,227,031 (*) (**: less than 5% of issued shares)	215	3.45	407,552,378	49.43
41,227,032 and above (**) (**: 5% and above of issued shares)	3	0.05	361,496,837	43.84
TOTAL	**6,239**	**100.00**	**824,540,655**	**100.00**

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Nik Hamdan Bin Daud	367,396,837	44.558	33,935,000*	4.116
2.	Felda Investment Corporation Sdn Bhd	73,500,000	8.914	–	–

DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Mohamed Sabri Bin Mohamed Zain	–	–	–	–
2.	Nik Hamdan Bin Daud	367,396,837	44.558	33,935,000*	4.116
3.	Datuk Azizan Bin Haji Abd Rahman	–	–	–	–
4.	Sulaiman Bin Ibrahim	5	0.00^	–	–
5.	Nurhilwani Binti Mohamad Asnawi	5	0.00^	–	–
6.	Azman Shah Bin Mohd Zakaria	20,611,624	2.50	–	–
7.	Rasdee Bin Abdullah	–	–	–	–
8.	Oh Teik Chay	8,411,717	1.020	1,200,000**	0.146

* *Deemed interested by virtue of his direct substantial shareholding in United Power Group Holdings Limited.*

** *Deemed interested by virtue of his shareholding in Energy Power Technology Limited pursuant to Section 6A of the Companies Act, 1965 held via Areca Capital Sdn. Bhd.*

^ *The percentage is negligible.*

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 MARCH 2016

No.	Name of Shareholders	No. of Shares	%
1	NIK HAMDAN BIN DAUD	224,296,837	27.203
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMISLAMIC BANK BERHAD FOR FELDA INVESTMENT CORPORATION SDN BHD	73,500,000	8.914
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (3RD PARTY-M8837)	63,700,000	7.726
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD	40,046,600	4.857
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	38,507,000	4.670
6	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR UNITED POWER GROUP HOLDINGS LIMITED (001)	33,935,000	4.116
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NIK HAMDAN BIN DAUD (PB)	31,400,000	3.808
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	29,591,200	3.589
9	AZMAN SHAH BIN MOHD ZAKARIA	20,611,624	2.500
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (021)	19,000,000	2.304
11	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NIK HAMDAN BIN DAUD	16,600,000	2.013
12	UOBM NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)	14,968,000	1.815
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (3RD PARTY-M8767)	12,400,000	1.504
14	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	12,315,900	1.494
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH TEIK CHAY	8,411,717	1.020
16	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	7,628,900	0.925
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	5,305,000	0.643
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHIA KWOON MENG (MM0678)	4,868,000	0.590
19	BEH ENG PAR	4,255,000	0.516
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA ENHANCED INCOME FUND (211887)	4,030,000	0.489

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 MARCH 2016

No.	Name of Shareholders	No. of Shares	%
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KOH KIN LIP (MY0502)	4,000,000	0.485
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	3,992,600	0.484
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	3,346,700	0.406
24	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG FLEXI FUNDII	3,257,400	0.395
25	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH ENG SIEW (021)	2,908,600	0.353
26	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,678,000	0.325
27	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS GROWTH FUND	2,529,900	0.307
28	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB-PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	2,467,000	0.299
29	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHOO MUN YEE	2,340,600	0.284
30	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	2,317,200	0.281

ANALYSIS OF HOLDINGS OF REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS")

AS AT 30 MARCH 2016

RCULS

Total number of RCULS issued	:	208,021,362
Total number of outstanding RCULS	:	11,245,736
Issued Price of RCULS	:	RM0.20

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of RCULS holders	% of RCULS holders	No. of RCULS held	% of Issued RCULS
Less than 100	68	11.60	2,715	0.02
100 to 1,000	94	16.04	39,066	0.35
1,001 to 10,000	280	47.78	1,621,333	14.42
10,001 to 100,000	126	21.50	4,006,753	35.63
100,001 to 562,285 (*) (**: less than 5% of issued RCULS)	17	2.90	3,558,169	31.64
562,286 and above (**) (**: 5% and above of issued RCULS)	1	0.17	2,017,700	17.94
TOTAL	**586**	**100.00**	**11,245,736**	**100.00**

DIRECTORS' RCULS HOLDINGS

		Direct		Indirect	
No.	Name	No. of RCULS	%	No. of RCULS	%
1.	Dato' Mohamed Sabri Bin Mohamed Zain	–	–	–	–
2.	Nik Hamdan Bin Daud	–	–	–	–
3.	Datuk Azizan Bin Haji Abd Rahman	–	–	–	–
4.	Sulaiman Bin Ibrahim	–	–	–	–
5.	Nurhilwani Binti Mohamad Asnawi	–	–	–	–
6.	Azman Shah Bin Mohd Zakaria	–	–	–	–
7.	Rasdee Bin Abdullah	–	–	–	–
8.	Oh Teik Chay	357,400	3.178	–	–

LIST OF TOP 30 HOLDERS OF RCULS

AS AT 30 MARCH 2016

No.	Name	No. of Shares	%
1	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,017,700	17.942
2	PIONEER PEGASUS SDN BHD	533,000	4.740
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA STEADY FIXED INCOME FUND (712166)	500,000	4.446
4	OH TEIK CHAY	357,400	3.178
5	MAZLAN BIN ABDUL HAMID	300,000	2.668
6	OH ENG CHENG	219,100	1.948
7	TAN KONG HENG	200,000	1.779
8	NG BOO KEAN @ NG BEH KIAN	186,600	1.659
9	YAP CHIH MING	150,000	1.334
10	RHB NOMINEES (TEMPATAN) SDN BHD CHER LEE KIAT	140,000	1.245
11	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN TONG YEE	134,900	1.200
12	U YONG DOONG @ U SUNG KWI	133,400	1.186
13	CHEW CHONG EU	125,000	1.112
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEW SOOK KHIM	120,000	1.067
15	AHMAD MAZLAN BIN OSMAN	116,769	1.038
16	AHMAD RADZI BIN OTHMAN	116,000	1.032
17	FAZIDAH BINTI ABDUL RAHMAN	116,000	1.032
18	LIM YAW YEU	110,000	0.978
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEY PIOW FEE (M07)	100,000	0.889

LIST OF TOP 30 HOLDERS OF RCULS

AS AT 30 MARCH 2016

No.	Name	No. of Shares	%
20	EVA AZLIN BINTI ABDULLAH SUHAIMI	100,000	0.889
21	GOH YOKE PENG	100,000	0.889
22	KAF TRUSTEE BERHAD KIFB FOR ALTIMA, INC	100,000	0.889
23	LEOW WAI MUN	100,000	0.889
24	LIM PENG HONG	100,000	0.889
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOR JAN MAY	100,000	0.889
26	PAULENE CHEE YUET FANG	100,000	0.889
27	T C HOLDINGS SENDIRIAN BERHAD	100,000	0.889
28	ONG LIANG KHENG	90,000	0.800
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEY PIOW FEE	90,000	0.800
30	K MALATHI A/P G KESAVAN NAIR	70,000	0.623

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of Barakah Offshore Petroleum Berhad ("Barakah" or "the Company") will be held at Ballroom 1 & 2, Level 1, Main Wing, Tropicana Golf & Country Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 1 June 2016 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect the following Directors of the Company who are retiring in accordance with Article 86 of the Articles of Association of the Company:-

   (i) En. Sulaiman Bin Ibrahim **Ordinary Resolution 1**

   (ii) En. Rasdee Bin Abdullah **Ordinary Resolution 2**

3. To elect Mr. Oh Teik Chay who is retiring under Article 92 of the Articles of Association of the Company. **Ordinary Resolution 3**

4. To approve the payment of Directors' fees of RM644,000 for the financial year ended 31 December 2015. **Ordinary Resolution 4**

5. To approve the payment of Directors' fees of RM51,300 per month for the Non-Executive Directors with effect from 1 January 2016 until the next Annual General Meeting of the Company to be paid monthly in arrears. **Ordinary Resolution 5**

6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution:

7. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** **Ordinary Resolution 7**

   "THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such allotment and issuance."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
NG HENG HOOI (MAICSA 7048492)
WONG MEE KIAT (MAICSA 7058813)
Company Secretaries

Date: 29 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at a meeting of the Company may appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.

2. Where a member appoints two (2) proxies to attend at the same meeting, he shall specify the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an exempt authorised nominee appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar of the Company situated at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 25 May 2016 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

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

Explanatory Notes:

1. **To receive the Audited Financial Statements**

   Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. **Ordinary Resolution 7**
   Resolution pursuant to Section 132D of the Companies Act, 1965

   The Company had, during its Third AGM held on 11 June 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

   The Ordinary Resolution 7 proposed under item 7 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company at the time of issue for such purposes as Directors consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

   This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Director standing for election pursuant to Article 92 of the Articles of Association of the Company at the Fourth Annual General Meeting is Mr. Oh Teik Chay. Details of the Director who is standing for election is provided for in the Board of Directors' Profile of the Annual Report.

PROXY FORM

BARAKAH OFFSHORE PETROLEUM

BARAKAH OFFSHORE PETROLEUM BERHAD (980542-H)
(Incorporated in Malaysia)

CDS account no. of authorised nominee	No. of Shares held

I/We, ______________________ IC No./ID No./Company No. ______________________

of ______________________

being a member of BARAKAH OFFSHORE PETROLEUM BERHAD hereby appoint ______________________

IC No./ID No. ______________________ of ______________________

or failing him/her, ______________________ IC No./ID No. ______________________

of ______________________

or failing him/her, *the Chairman of the Meeting as my/our proxy to vote and act for me/us, and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Ballroom 1 & 2, Level 1, Main Wing, Tropicana Golf & Country Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 1 June 2016 at 10.00 a.m. and at any adjournment thereof.

** Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

My/our proxy is to vote as indicated below:

	Resolutions		
	Ordinary Business	**For**	**Against**
Ordinary Resolution 1	Re-election of En. Sulaiman Bin Ibrahim as Director		
Ordinary Resolution 2	Re-election of En. Rasdee Bin Abdullah as Director		
Ordinary Resolution 3	Election of Mr. Oh Teik Chay as Director		
Ordinary Resolution 4	Approval of the payment of Directors' fees of RM644,000 for the financial year ended 31 December 2015		
Ordinary Resolution 5	Approval of the payment of Directors' fees of RM51,300 per month for the Non-Executive Directors to be paid monthly in arrears		
Ordinary Resolution 6	Re-appointment of Messrs Crowe Horwath as the Company's Auditors and to authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares		

Please indicate with an "X" in the spaces provided, how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

____
Signature/Common Seal

Date: ______________________

NOTES :

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AFFIX
STAMP

The Share Registrar of
BARAKAH OFFSHORE PETROLEUM BERHAD (980542-H)
C/O Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

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BARAKAH OFFSHORE PETROLEUM BERHAD (980542-H)
No. 28, Jln PJU 5/4, Dataran Sunway
Kota Damansara, 47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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