BARAKAH
OFFSHORE PETROLEUM

PURSUING NEW HORIZON

ANNUAL REPORT 2017

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

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, AND HOOK-UP AND 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 & 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

UNDERWATER SERVICES

- Inspection, maintenance, repair, drilling support and related-services for underwater facilities, using Main/Support vessels, Air & Saturation Diving System and Remotely Operated Vehicle
- DPDSV Services
- Subsea Underwater Services and Maintenance
- Underwater Repair

DE-COMMISSIONING

- Pipeline, Structure and Topside
- Preservation and Abandonment

SHIP MANAGEMENT AND CHARTERING

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

IN THIS REPORT

CORPORATE PROFILE

Barakah Offshore Petroleum Berhad ("Barakah" or "Company") was incorporated in Malaysia on 1 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. Being focused and committed in this ever-challenging industry and consistently striving to be the best, are the key success factors of the company.

Within 6 years by 2006, 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.

PBJV continued to expand its capability with people and assets, and by 2013, PBJV was recognized as one of the main contractors in offshore installation and hook-up and commissioning when it secured long-term contracts with major clients. In 2016, PBJV added another business pillar, Underwater Services involving inspection, maintenance, repair, drilling support and related services for underwater facilities. Barakah Group is poised to be a "one-stop centre" as an integrated oil and gas service provider.

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.

CORPORATE STRUCTURE

BARAKAH OFFSHORE PETROLEUM

- **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 — **100%**
  - **PBJV GULF CO LTD** — Oil & Gas Services for the Middle East Region — **85%**
  - **PBJV MACFEAM SDN BHD** — Procurement, Construction & Commissioning of Pressurised Piping System — **51%**
- **PBJV ASSET MANAGEMENT SDN BHD** — Investment Holding — **100%**
- **PBJV ENERGY (LABUAN) LIMITED** — Exploration, Development & Production — **100%**
- **BARAKAH OFFSHORE ENERGY SDN BHD** — Investment in Oil & Gas Ventures — **100%**
  - **PBJV ENERGY SDN BHD** — Investment in Oil & Gas Ventures and Energy Related Asset — **100%**
- **BARAKAH ONSHORE VENTURES SDN BHD** — Investment in Oil & Gas Ventures — **100%**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohamed Sabri bin Mohamed Zain
Independent
Non-Executive Chairman

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

Sulaiman bin Ibrahim
Senior Independent
Non-Executive Director

Datuk Azizan bin Haji Abd Rahman
Independent Non-Executive Director

Azman Shah bin Mohd Zakaria
Non-Independent Executive Director

Rasdee bin Abdullah
Non-Independent Executive Director

Nurhilwani binti Mohamad Asnawi
Independent Non-Executive Director

Datuk Chew Theam Hock
Non-Independent Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Azizan bin Haji Abd Rahman
Chairman

Dato' Mohamed Sabri bin Mohamed Zain

Sulaiman bin Ibrahim

NOMINATION & REMUNERATION COMMITTEE

Sulaiman bin Ibrahim
Chairman

Dato' Mohamed Sabri bin Mohamed Zain

Nurhilwani binti Mohamad Asnawi

EXECUTIVE COMMITTEE

Nik Hamdan bin Daud
Chairman

Azman Shah bin Mohd Zakaria

Rasdee bin Abdullah

Firdauz Edmin bin Mokhtar

ESOS COMMITTEE

Sulaiman bin Ibrahim
Chairman

Rasdee bin Abdullah

Nurhilwani binti 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

CORPORATE WEBSITE

www.barakahpetroleum.com

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

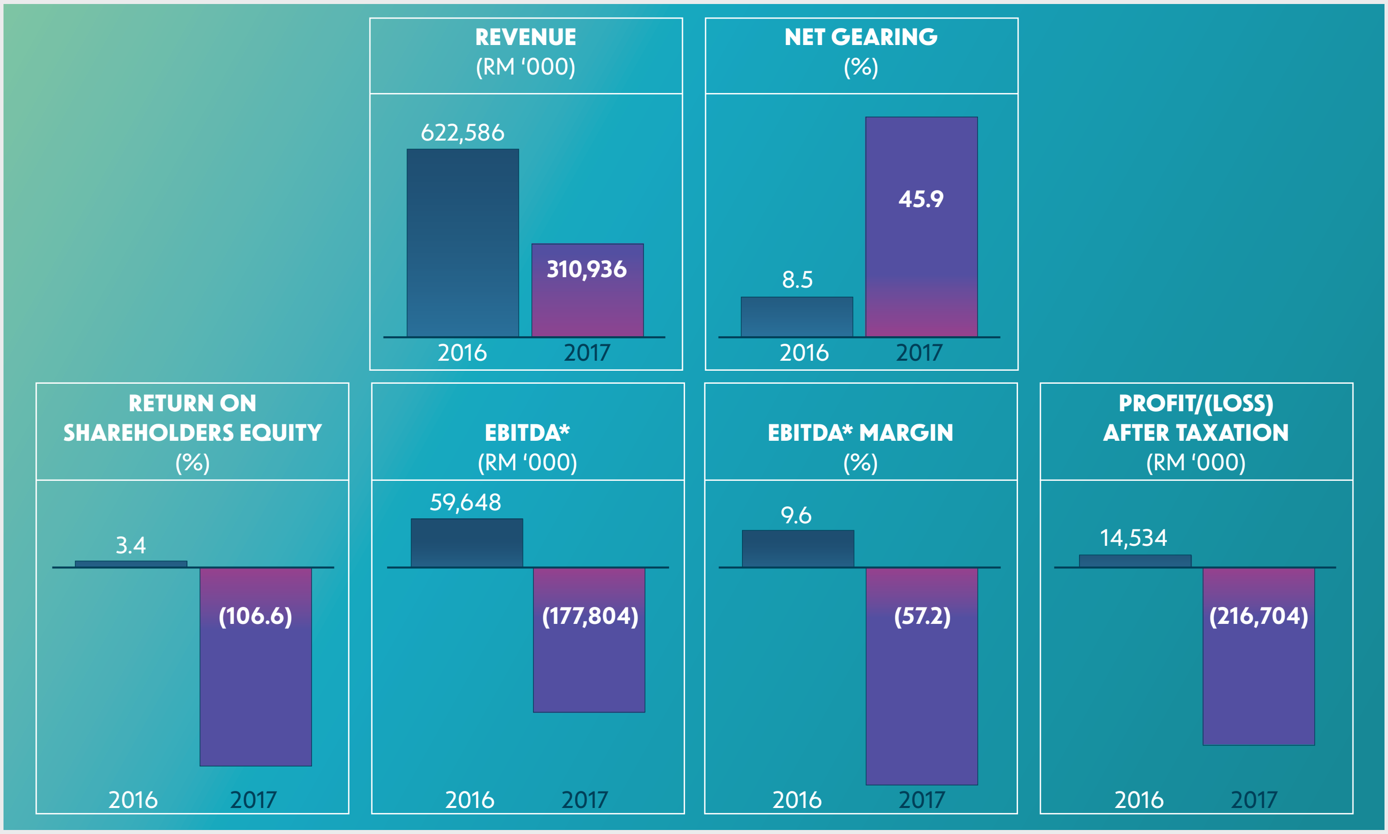
Export-Import Bank of Malaysia Berhad

Affin Bank Berhad

AmBank (M) Berhad

FINANCIAL PERFORMANCE

	31 December 2017 RM'000	2016 RM'000
Revenue	**310,936**	622,586
Profit/(Loss) before taxation	**(216,729)**	16,367
Profit/(Loss) after taxation attributable to owners of the Company (Profit/(Loss) after taxation)	**(216,704)**	14,534
EBITDA*	**(177,804)**	59,648
EBITDA* margin (%)	**(57.2)**	9.6
Total assets	**551,449**	819,188
Total borrowings	**225,395**	256,567
Total cash#	**132,050**	220,464
Total equity attributable to owners of the Company	**203,315**	423,667
Return on assets (%)	**(39.3)**	1.8
Return on shareholders equity (%)	**(106.6)**	3.4
Net gearing (%)	**45.9**	8.5
Basic EPS (sen)	**(26.25)**	1.76
Diluted EPS (sen)	**(25.25)**	1.71



Note:

* *Earnings Before Interest, Tax, Depreciation & Amortisation*

\# *Total cash includes short term investment, fixed deposits with licensed banks, cash and bank balances, excluding bank overdrafts and fixed deposits pledged to licensed banks*

PROFILE OF BOARD OF DIRECTORS

DATO' MOHAMED SABRI BIN MOHAMED ZAIN
Independent Non-Executive Chairman

Dato' Mohamed Sabri bin Mohamed Zain, male, aged 62, 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 39 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 till 2012.

Dato' Mohamed Sabri is a Director of Sona Petroleum Berhad. 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.

Meeting attendance in 2017

Board	:	6/6
ARMC	:	5/5
NRC	:	2/2

NIK HAMDAN BIN DAUD
Group President & Chief Executive Officer
Non-Independent Executive Director

Nik Hamdan bin Daud, male, aged 51, 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 and 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 and Chief Executive Officer.

He has over 22 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.

Meeting attendance in 2017

Board	:	6/6

SULAIMAN BIN IBRAHIM
Senior Independent Non-Executive Director

Sulaiman bin Ibrahim, male, aged 58, 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 had vast experience in 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.

Meeting attendance in 2017

Board	:	6/6
ARMC	:	5/5
NRC	:	2/2
ESOS	:	1/1

DATUK AZIZAN BIN HAJI ABD RAHMAN
Independent Non-Executive Director

Datuk Azizan bin Haji Abd Rahman, male, aged 62, 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 32 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 Berhad, MIDF Amanah Investment Bank Berhad, Kensington Trust Malaysia Berhad, Kensington Trust Labuan Ltd, Malaysian Rating Corporation Berhad, OCBC Al-Amin Bank Berhad, OCBC Bank (M) Berhad, City Credit Investment Bank Ltd, Cagamas Holdings Berhad and Cagamas SRP Berhad. 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.

Meeting attendance in 2017

Board	:	6/6
ARMC	:	5/5

PROFILE OF BOARD OF DIRECTORS

AZMAN SHAH BIN MOHD ZAKARIA
Non-Independent Executive Director

Azman Shah bin Mohd Zakaria, male, aged 54, 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 Executive Chairman of PBJV Group Sdn Bhd starting November 2017.

Azman Shah has more than 18 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 Shah 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.

Meeting attendance in 2017

Board : 6/6

RASDEE BIN ABDULLAH
Non-Independent Executive Director

Rasdee bin Abdullah, male, aged 47, 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 and 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 20 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.

Meeting attendance in 2017

Board : 6/6

ESOS : 1/1

NURHILWANI BINTI MOHAMAD ASNAWI
Independent Non-Executive Director

Nurhilwani binti Mohamad Asnawi, female, aged 43, 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 18 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.

Meeting attendance in 2017

Board	:	6/6
NRC	:	2/2
ESOS	:	1/1

DATUK CHEW THEAM HOCK
Non-Independent Non-Executive Director

Datuk Chew Theam Hock, male, aged 57, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 2 April 2018.

He is currently a Director in a number of private limited companies in the property development, plantations, resorts and oil and gas industries.

He was previously an Executive Director in a company involved in plantations business until 30 June 2014. Prior to that, Datuk Chew was a Partner/Executive Director with KPMG Malaysia. He has more than 25 years of experience in tax planning and structuring of transactions for public and privately held multinational and domestic clients in a wide range of industries. While at KPMG, he was also regularly consulted by many financial institutions on tax issues pertaining to their financial products that include real estate investment trusts, asset-backed securities and Islamic products. In addition, he had also assisted the government and regulatory authorities with regard to the changes of tax laws, incentives and guidelines. He was also an active speaker at conferences and seminars on tax matters.

Datuk Chew is a member of Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Australian Society of Chartered Practising Accountants.

Meeting attendance in 2017

Not Applicable

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 5 years other than traffic offences. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. None of the Directors hold any directorship in other public companies, save for Dato' Mohamed Sabri bin Mohamed Zain who is a Director of Sona Petroleum Berhad.

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

PROFILE OF SENIOR MANAGEMENT

NIK SURIANI BINTI DAUD
Senior Vice President
Operation Support & Asset Management

PBJV GROUP SDN BHD

Nik Suriani binti Daud, female, aged 47, a Malaysian, is the Senior Vice President of Operation Support & Asset Management at PBJV Group Sdn Bhd. She was appointed to this position on 1 September 2014. She is a Board member at PBJV Group Sdn Bhd. She has 22 years of experience in logistics planning, freight forwarding and business development.

She joined PBJV Group Sdn Bhd in 2010 as the Head of Operation Support & Asset Management. Her role includes centralisation of operational-asset management, coordination of asset planning and in-house operations: logistics, assets acquisition, yard management and asset maintenance and improvement.

Prior to joining PBJV Group Sdn Bhd, she was employed in various international forwarding companies with exposure to freight forwarding and business development for local and overseas markets. She started her career in 1995 as a Business Development-Secretary in MSAS (M) Sdn Bhd. In 2002, she joined Dimerco Express (M) Sdn Bhd as MNC Account Manager, a company in which she moved up the rank to accounts manager until 2008.

She graduated with a Diploma in Business Management from Rima College Kuala Lumpur in 1995. She is the sister to the Group President & Chief Executive Officer, Nik Hamdan bin Daud.

FIRDAUZ EDMIN BIN MOKHTAR
Vice President
& Chief Financial Officer

BARAKAH OFFSHORE PETROLEUM BERHAD

Firdauz Edmin bin Mokhtar, male, aged 45, a Malaysian, is the Vice President and Chief Financial Officer of Barakah Offshore Petroleum Berhad, appointed on 1 July 2013. He joined the Group on 4 June 2012 to oversee the management of financial risks, financial planning, financial management and the listing exercise of Barakah. He has 21 years of experience in audit, corporate finance and investment advisory.

He started his career as a Consultant with the Corporate Finance and Recovery Department of PricewaterhouseCoopers in 1996. In 1999, he joined Amanah Merchant Bank Berhad as an Executive with the Corporate Finance Department. In 2001, he moved to Sitt Tatt Berhad (STB) as Corporate Development Manager and was transferred in the same year to Chase Perdana Berhad, a related company of STB, as the Head of Corporate Affairs. In 2003, he joined Ranhill Berhad as Senior Manager of Corporate Finance. Two years later, his career took him to the Investment and Corporate Finance Department of PECD Berhad. He left the company in 2007 as the Head of the Investment and Corporate Finance Department and joined Tidalmarine Engineering Sdn Bhd as Director of Corporate Affairs and Finance for five years prior to joining Barakah.

Firdauz graduated with a Bachelor's degree in Accountancy (Honours) from International Islamic University Malaysia in 1997 and is a Chartered Accountant of the Malaysian Institute of Accountants.

ABDUL RAHIM BIN AWANG
Vice President
& Chief Corporate Officer

BARAKAH OFFSHORE PETROLEUM BERHAD

Abdul Rahim bin Awang, male, aged 53, a Malaysian, joined Barakah Offshore Petroleum Berhad on 2 September 2013 as the Vice President and Chief Corporate Officer. He oversees corporate services division of the Group, which covers investor and media relations, corporate communication, and corporate, secretarial and legal advisory. He has over 26 years of experience in corporate finance, corporate advisory, financing and financial restructuring, including mergers and acquisition and initial public offerings.

He started his career with Ernst & Young as a Junior Audit Assistant and later as an Audit Assistant in the audit division from 1988 to 1992. He joined Bumiputra Merchant Bankers Berhad in 1992 as an officer and later assumed the position of Assistant Manager in the Corporate Finance Department. In 1995, he joined Tongkah Holdings Berhad (THB) as Corporate Finance Manager, where he was in charge of corporate finance and capital restructuring of the company. On 9 May 2001, he was appointed to the Board of Directors of THB. In 2004, he was appointed as General Manager of Finance in HL Engineering Sdn Bhd (later renamed Kencana HL Sdn Bhd). In 2005, he was appointed as the Chief Financial Officer of Kencana Petroleum Berhad (KPB). Later in 2007, he was designated as Head of Corporate Affairs. Following the merger of KPB with SapuraCrest Petroleum Berhad in May 2012, he assumed the position of Head of Capital Management and Investor Relations until June 2013.

He graduated with a Bachelor of Arts in Accounting from St. Martin's College, USA in 1986.

KAMARUDDIN BIN ISMAIL
Vice President of Business Development

PBJV GROUP SDN BHD

Kamaruddin bin Ismail, male, aged 48, a Malaysian, is the Vice President of Business Development at PBJV Group Sdn Bhd. He was appointed to this position on 1 September 2014. His functions include business development and strategic planning for overseas markets. He has 26 years of experience in operations management, project management and business development.

He joined the company in 2001 as an Operations Manager. In 2007, he was transferred to Miri office in Sarawak as Project Manager. He managed underwater maintenance and pre-commissioning, commissioning and de-commissioning activities as well as day-to-day business and operations. In 2009, Kamaruddin was promoted to International Business Development Manager. In this capacity, he is entrusted to develop new markets for the Group, specifically the Asia Pacific and the Middle East regions. He is also involved in market survey, risk management, development of strategic partnerships, and strategic planning for tender process within the Group.

Kamaruddin graduated with a Diploma in Agriculture Engineering from University Putra Malaysia in 1991.

HANIZA BINTI JAFFAR
Vice President of Finance and Administration

PBJV GROUP SDN BHD

Haniza binti Jaffar, female, aged 43, a Malaysian, is the Vice President of Finance and Administration at PBJV Group Sdn Bhd. She was appointed to this position on 1 September 2014. She heads the Finance and Accounts, and Information Technology and Administration departments of PBJV Group Sdn Bhd. She is in charge of the treasury, working capital, financial management and reporting in compliance with Malaysia Financial Reporting Standards, policy and procedures, cashflow management and financial resources planning in support of the operations of the Group together with information technology and administration. She has over 16 years of experience in finance, accounting and treasury functions.

She started her career in 1998 as an Accounts Executive with several private limited companies, where she was involved in financial and management reporting, office management, project financing and project development scheduling. She joined PBJV Group Sdn Bhd as Head of Finance and Accounts in 2001. She was promoted to General Manager of Group Finance and Accounts in 2010 and to the current position in 2014.

Haniza graduated with a Bachelor's degree in Accountancy from University (Institute) Technology MARA in 1998. She is a Chartered Accountant of the Malaysian Institute of Accountants.

AHMAD AZRAI BIN ABU BAKAR
Vice President of Operations

PBJV GROUP SDN BHD

Ahmad Azrai bin Abu Bakar, male, aged 55, a Malaysian, was appointed the Vice President of Operations at PBJV Group Sdn Bhd on 25 November 2014. He is in charge of project management and deliveries of the Group. He has 31 years of experience in project management, execution and deliveries.

Ahmad Azrai joined PBJV Group Sdn Bhd as General Manager of Operations in 2006. He started his career as a Marine Engineer with Malaysian International Shipping Corporation Bhd in 1986. In 1988, he joined Chiyoda Malaysia Sdn Bhd as Construction Superintendent. Three years later, he joined Nigata Engineering Sdn Bhd as Construction Supervisor. In 1992, he joined Sri Takada (M) Sdn Bhd as a Field Engineer. A year later, he took on the role of Senior Mechanical Engineer and subsequently Site Manager with Projass Engineering Sdn Bhd. From 1995 to 1997, he moved up the rank from Superintendent in Toyo Engineering Corporation and Nigata Engineering Corporation Japan to Project Manager in Ramgate System Sdn Bhd. In 1998, he joined Pakaruji Sdn Bhd as Engineering Inspector before moving to OGP Technical Services Sdn Bhd as Senior Static Planner. In 2000, he joined Dialog Engineering and Construction Sdn Bhd as Construction Manager before moving to MMC Engineering & Services Sdn Bhd in 2003.

Ahmad Azrai graduated with a Diploma in Marine Engineering from Politeknik Ungku Omar, Ipoh, Perak in 1986.

The above Senior Management (save for Nik Suriani binti Daud) 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 5 years other than traffic offences. None of the Senior Management have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. None of the Senior Management hold any directorship in other public companies.

MESSAGE FROM THE CHAIRMAN

DATO' MOHAMED SABRI BIN MOHAMED ZAIN
CHAIRMAN

Dear Valued Shareholders,

On behalf of the Board of Directors, I like to present the Annual Report 2017 of Barakah Offshore Petroleum Berhad (the Group) and audited financial statements for the financial year ended 31 December 2017 (FY2017). It has been an extremely difficult year for the Group. For the first time in our Group 18 year's history, we recorded a loss. The oil and gas service industry landscape within the segment and market we are operating has seen tremendous change in terms of scale, contract risk profile and pricing that has significantly impacted our project delivery. To remain relevant and competitive within this new environment, we are embarking on a strategy that include quick fixes to further adjust our cost structure and improve our project win rate and delivery whilst at the same time expand our horizon to capture new business where we will have more control of revenue stream and cost structure for long-term sustainability.

Overview of FY2017

The price of oil had steadily increased over the course of the year in 2017. The price of Brent crude oil started the year 2017 at about USD56 a barrel and gradually increased to close the year at about USD67 a barrel. Despite the oil price rise, most of the oil producers still maintain a cautious stand in terms of embarking on new projects. The uncertainty over the sustainability of the oil price rise has made oil companies to maintain conservative oil price assumptions in evaluating their projects. As such, new project rollouts were still slow during the year.

For FY2017, the Group managed to secure 2 new contracts and a number of work orders from the carried forward long-term contracts amounting to about RM282 million. This was a significant drop from RM1 billion estimated in FY2016. Even though having Pan Malaysia T&I Contract, our main asset, pipe lay barge Kota Laksamana 101, was idle throughout FY2017 as there were no actual work order secured in FY2017 from our Transportation and Installation contract that require the use of our pipe lay barge. This eventually resulted in lower revenue recorded for FY2017 as compared to FY2016.

On the projects that we executed in FY2017, various challenges were faced beyond the capability of any contractor, that resulted in project delays and losses. The Group recorded a significant loss for the year. Many lessons were learnt arising from these challenges, among which, is the need for our project management to be more astute and stronger in navigating through contract terms with clients and to have ability to distribute equitable risks between contracting parties including with our clients and subcontractors. As we move forward, we will put more emphasis to strengthen our capability in contract management.

We also continued with our cost rationalisation measures to further reduce our fixed overhead cost. Despite this, there was limited room to reduce the yearly cost of our pipe lay barge Kota Laksamana 101, which has been our biggest fixed cost. Lack of utilisation of Kota Laksamana 101 for FY2017, contributed significantly to the loss we incurred in FY2017. We are working on various possible options to promptly address this issue and this will be one of our priorities for 2018.

In an increasingly competitive environment, we need to go beyond our in-house capability to remain relevant. On this front, we have formed alliances with other industry players, to enable us to have access to assets, technology, and business networks to improve our competitiveness. We will continue with this collaboration formula as we work to find the edge in securing business, whether for specific tender of certain projects, or for initiating new products and services.

During the year, we have a new substantial shareholder, Samling Energy Sdn Bhd. With this came the appointment of Datuk Joseph Lau to the Board of the Company as a representative of Samling Energy Sdn Bhd. However, due to his heavy work commitment, Datuk Joseph Lau had to step down and resigned from the Board. In his place, we welcomed Datuk Chew Theam Hock to the Board of the Company. We believe the business resources and network of Samling Energy Sdn Bhd and Datuk Chew will be an added strength to our Group as we work to improve our capability and expand our market reach.

In an increasingly competitive environment, we need to go beyond our in-house capability to remain relevant. On this front, we have formed alliances with other industry players, to enable us to have access to assets, technology, and business networks to improve our competitiveness.

Sustainability

Our business practices are guided by Sustainability Policy that enforces Social, Environment and Economic sustainability initiatives. Despite having a difficult year, our commitment to contribute to the well-being of our community remained, even though the scale of our community program for the year had to be reduced.

We continued with our annual community development programs through the provision of grants and engagement activities, though at a lower budget for FY2017 as compared to FY2016. As for our contribution to economic and environment sustainability, we stress on the development of our human capital, instill a strong Health and Safety culture, and are committed to transparency and timely disclosure of material development in our engagements with all our stakeholders.

Outlook

The challenging outlook for domestic market for oil and gas service sector is expected to continue for the next two years. Many oilfield operators still have a cautious outlook on the trend of the oil price movement, and it would take some time of stable oil price, for the confidence to come back and more rollout of new projects.

Meanwhile, we believe the upstream projects that are being implemented in the near term in Malaysia would mostly be for rejuvenation, upgrading and maintenance of existing fields. This is based on the recent tendering and market surveys carried-out by oilfield operators. 2 of our main term contracts with clients will expire in 2018 and the replacement contracts for these services for the next term will be up for bidding. At the start of 2018, we were involved in bidding for a total of RM2.5 billion worth of contracts, the bulk of which were for maintenance, rejuvenation, and upgrading type of services. We believe we are strong in this segment based on track record of our hook-up and commissioning team for the last 5 years. As such, in the immediate term, we will focus on winning bids and the strategy would include teaming with partners, local and international to increase our success rate.

At the same time, we are initiating plans for the intermediate and long term to be more self-sustained in our revenue generation. In view of the oilfield service industry volatility, this will also be one of our main priorities to have a stable long-term business within the next 3 years.

In Appreciation

We thank our clients, business partners especially our suppliers and subcontractors, and the authorities for their continued support and cooperation.

We also saw two of our Board members, Dato' Seri Oh Teik Chay and Datuk Joseph Lau resigned during the year, as they had to put more focus on their respective commitment. To them we say thank you and our best wishes on their endeavors.

To our shareholders, we appreciate your support, and your continued support will be much needed as we work to recover back to profitability.

We would also like to express our appreciation to all our Board members for their advice and guidance. Our heartfelt gratitude also goes to all our staffs for their dedication, hardwork and commitment.

Finally, we wish to express our appreciation to all our staffs who were affected by our staff rationalisation exercise, for their contributions to the Group. Some of whom we may cross path again either as clients, business partners or friends.

Thank you.

Dato' Mohamed Sabri bin Mohamed Zain
Chairman

We are initiating plans for the intermediate and long term to be more self-sustained in our revenue generation. In view of the oilfield service industry volatility, this will also be one of our main priorities to have a stable long-term business within the next 3 years.

MANAGEMENT DISCUSSION AND ANALYSIS

NIK HAMDAN BIN DAUD
GROUP PRESIDENT & CHIEF EXECUTIVE OFFICER

Overview of 2017

Overall, 2017 had been a very difficult year for us. Our main business offerings and resources were catered mainly for capital expenditure program and operations and maintenance of facilities by the oilfield operators. We were also heavily focused in the domestic Malaysian market. Though the oil price had somewhat increased during the course of 2017, its impact towards oilfield operators increasing their capital expenditure program is expected to be felt only in the next few years. At the same time, the oilfield operators have also generally reduced their operating expenditures which affected the oil and gas service industry significantly.

Total new work orders and contracts secured in 2017 were:

	Projects	RM' million
1	Work orders for Pan Malaysia Hook-up and Commissioning and Topside Major Maintenance 2013-2018	59
2	Work orders for PETRONAS Floating Liquefied Natural Gas vessel	58
3	Work orders for Underwater Services Contract 2016-2018	84
4	Contracts/Work orders for pipeline services	30
5	Contract for Provision of Basic and Detailed Engineering, Procurement, Construction and Commissioning Package for Rejuvenation of Urea Ship Loading Facilities Project at Asean Bintulu Fertiliser Plant, Bintulu, Sarawak	35
6	Contract for Provision of Well Intervention Vessel, Support Vessel and Services for Abandonment and Decommissioning of Chinguetti and Banda Field, Mauritania	16
	TOTAL	282

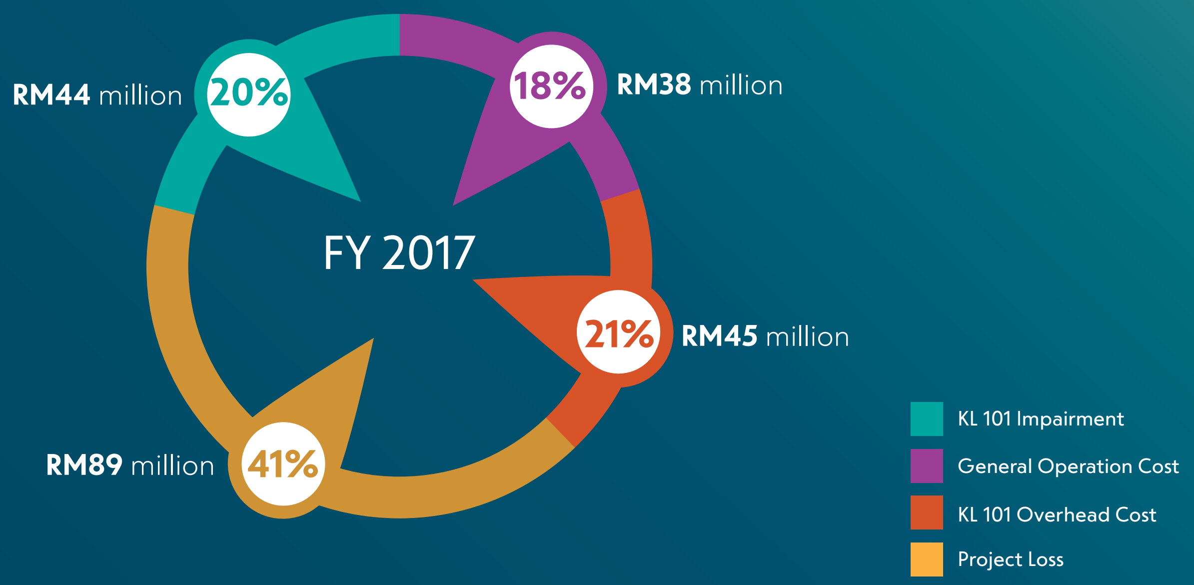
Total actual new work orders from on-going term contracts and new contracts secured in 2017 dipped significantly to about RM282 million as compared to an estimated amount of RM1 billion in 2016.

Though oil price generally had strengthened in 2017 as compared to 2016, the outlook of oil price is still volatile amidst the ever-shifting supply and demand market environment for crude oil. This resulted in oilfield operators spending cautiously on new projects as well as tighter budget on operating expenditures. As such, despite our business being based on asset-light model with only one main asset i.e our pipe lay barge Kota Laksamana 101, the lack of significant offshore installation project in 2017 has deeply impacted us as we did not have any project to utilise Kota Laksamana 101 in FY2017.

Hook-up & Commissioning Project
Site Stringing Activity - Measurement of pipe spool length

Financial Performance

We suffered a significant loss after tax of RM216 million in FY2017. The loss were mainly attributed to the following:



- **Operating loss at projects level due mainly to delays, which resulted in cost overrun as we incurred prolongation cost, and cost associated with changing work method to enable us to complete the projects. These delays were mainly suffered for 2 projects, the Pengerang Gas Pipeline project and Firewater Pipeline Network for Pengerang RAPID project where we had difficulty in timely mobilisation of work at several locations due to site access issue which is beyond our role as a Contractor.**

- **No revenue was derived from our pipe lay barge Kota Laksamana 101, as there was no offshore pipeline installation project in 2017 despite having new Pan Malaysia T&I contract. The pipe lay barge carried significant fixed overhead costs that include depreciation, finance cost, maintenance and upkeep that could not be offset by revenue.**

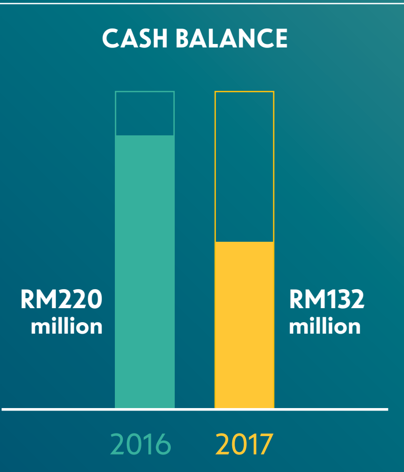
- **We also had to do impairment on the value of our pipe lay barge Kota Laksamana 101 as the current lack of market demand for this type of vessels has brought down its charter rate and market value.**

Amidst the tough situation above, we had continued with our cost rationalisation that was started since 2 years ago. Overall, we had managed to bring down our administrative costs, excluding finance cost, depreciation and impairment, by 28% as compared to 2016.

Cashflow

The cash balance at the end of FY2017 was lower by RM88 million at RM132 million as compared to RM220 million as at end of FY2016.

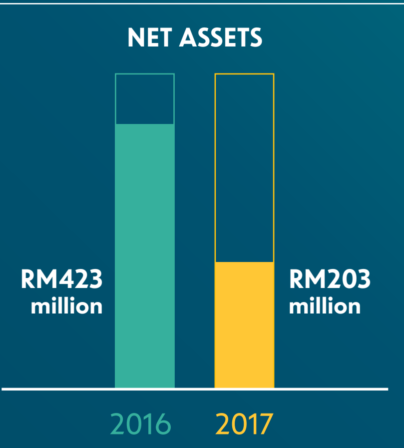
- 70% of the decrease in cash balance was due to cash used for operation as we incurred operational loss.
- 27% of the decrease in cash balance was to pay for financing cost, the bulk of which was for the pipe lay barge loan.
- Our Group net gearing ratio as at end FY2017 was at 0.46 times. The Group managed to get a deferment for the principal repayment of the pipe lay barge loan, which will only commence in FY2019. This provided us with some space to conserve the Group's cashflow, whilst we work to improve our business operation and cashflow position.

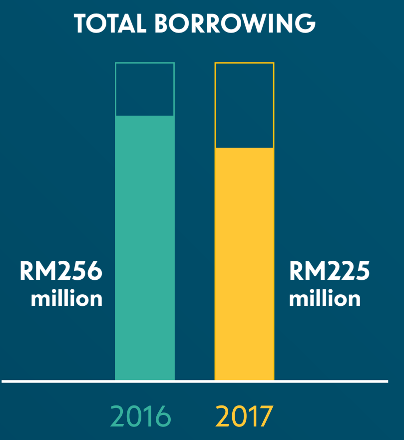


Balance Sheet

The Group's balance sheet is still at manageable level despite the significant reduction in the net assets at end of FY2017 due to the loss incurred for the year.

- Net assets as at end FY2017 drop to RM203 million as compared to RM423 million as at end of FY2016. This was as a result of the comprehensive loss for FY2017 of RM220 million.
- The Group recorded impairment of value for its pipe lay barge for about RM44 million after restating the net book value of the pipe lay barge from USD76 million to USD65 million. This was done after taking into consideration the valuation carried out by a professional marine vessel valuation company, which put the estimated market value of the pipe lay barge at approximately USD70 million.
- Total borrowing of the Group as at end of FY2017 was RM225 million as compared to RM256 million as at end of FY2016. The reduced borrowing level was mainly due to lesser utilisation of working capital trade finance facilities as the volume of works executed for FY2017 was lower than the previous year.
- Our Group net gearing ratio as at end of FY2017 increased to 0.46 times. This is consequent to the sharp drop in the Group's shareholders funds even though total borrowing for the year was lower.
- The Group has insufficient trade receivables to pay for trade payables. Nevertheless, the Group has fixed deposits to cover for the shortfall.

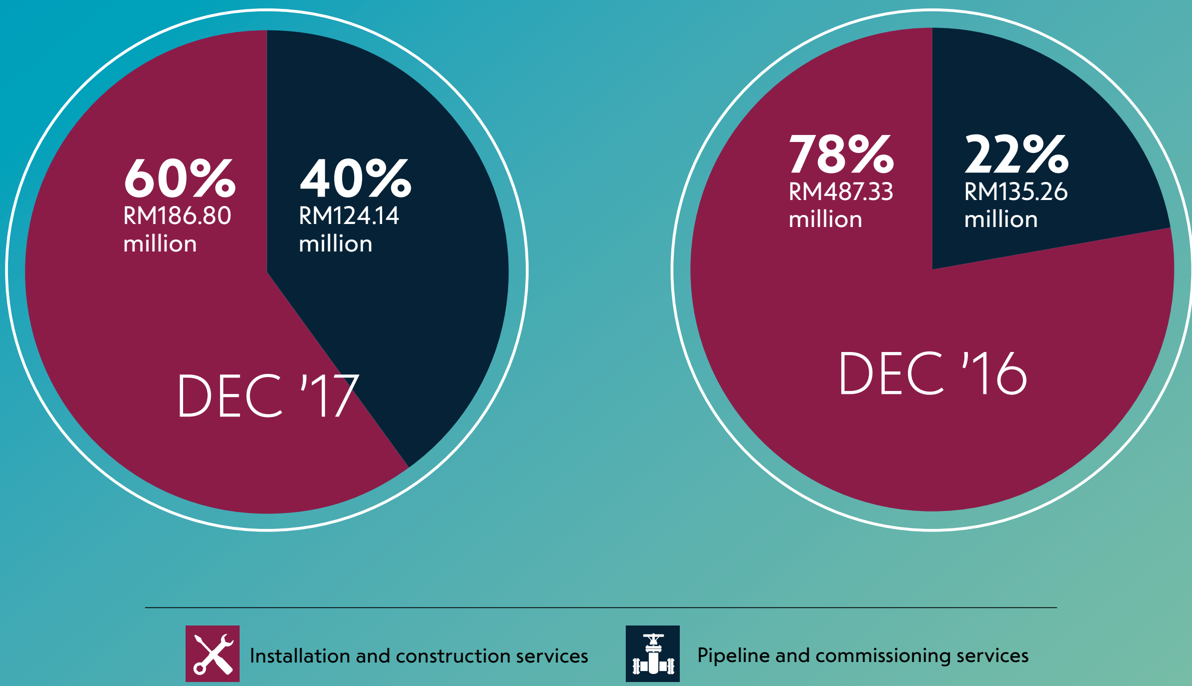




Operations

FY2017 saw the contribution from our pipeline and commissioning services division as a percentage of the Group's revenue increased, whereas our installation and construction services division recorded significantly reduced activities as compared to FY2016.

The breakdown of revenue for FY2017 and FY2016 by segment is as follows:



The industry outlook for Malaysia for upstream oilfield services for the next 2-3 years pointed to more sustained activities in brownfield and maintenance segment. As such, our focus and resources for the immediate term will be more towards our hook-up and commissioning services and underwater services. We will be more actively bidding for projects in this segment.

Pipeline and Commissioning Segment

One notable project we carried out in FY2017 was the hook-up and commissioning work for PETRONAS Floating Liquefied Natural Gas vessel. We recorded a total of more than 518,000 man-hours for this project, which contributed to almost 9% of our revenue for FY2017. Above that, we were proud to be involved in the first of such milestone project by PETRONAS.

Activities for our Pan Malaysia Hook-Up and Commissioning and Topside Major Maintenance contract 2013-2018 contributed to about 18% of FY2017 revenue. This contract provides services to 5 oilfield operators, which generally covers the scope of repair and maintenance work for their offshore platforms. The main resources required for this contract was manpower and the use of offshore support vessel. We recorded approximately 2.38 million man-hours for this contract in 2017.

Our pipeline services activities contributed to about 13% of our FY2017 revenue. Most of the revenues were generated from contracts with PETRONAS Carigali Sdn Bhd for the supply and maintenance of Pipeline Inspection Gauges (PIG) and PIG trap system.

Pan Malaysia Hook-Up and Commissioning and Topside Major Maintenance

2.38million

man-hours

Hook-up and commissioning work for PETRONAS Floating Liquefied Natural Gas vessel

518,000

man-hours

PETRONAS Floating Liquefied Natural Gas Vessel

Installation and Construction

The Underwater Services Contract 2016-2018 for PETRONAS Carigali Sdn Bhd provided the highest revenue contribution at about 24% for FY2017. The work involved carrying out inspection, repair and maintenance of underwater structures, flow lines and pipelines. This required the use of diving support vessels, divers, remote operating vehicles (ROV), and related equipment such as saturation diving and air diving equipment.

The pipeline offshore installation projects contributed about 18% of FY2017 revenue. This include mainly pipeline replacement project for Labuan Crude Oil Terminal, and carry-over work for pipeline installation work for Bardegg and Baronia and SKO fields which completed in Q2 FY2017.

On the engineering, procurement, construction and commissioning activities (EPCC), we were involved in 4 projects in FY2017, which contributed to about 13% of our FY2017 revenue. The EPCC projects were:

- Pengerang gas pipeline
- Firewater pressurised piping network for Pengerang RAPID
- New export terminal scraper station for gas in Kemaman
- Urea ship loading facilities at Asean Bintulu Fertiliser plant

Operating loss for the year was mainly caused by cost overrun for the 2 EPCC projects for Pengerang and the Bardegg and Baronia offshore pipeline installation. The cost overrun were incurred mainly as a result of:

- Delay in getting site access, which led to acceleration cost and prolongation cost which mainly affected our 2 Pengerang projects.
- Unbudgeted time and costs for equipment downtime, weather downtime and unforeseen incidents during work execution for the offshore pipeline installation.

Loss for the year was also due to lack of utilisation of our pipe lay barge Kota Laksamana101, which carried high fixed overhead cost.

Air Diving Maintenance for Construction


Plidco Clamp Installation


Pipeline Sectional Replacement

Immediate Action Plan

Learning from the losses we experienced in FY2017, we note a few things that require us to take immediate action.

1. **Contracting environment for services with oilfield operators in Malaysia has changed drastically over the last 2 years with emphasis on significant cost reduction while at the same time placing more execution risk to contractors. As such, we will work to sharpen our contract management including ability of our team from project tendering to project management to navigate through contract terms with clients, and form alliances to spread execution risks among project delivery partners.**

2. **The industry outlook for Malaysia for upstream oilfield services for the next 2-3 years pointed to more sustained activities in brownfield and maintenance segment. As such, our focus and resources for the immediate term will be more towards our hook-up and commissioning services, and underwater services. We will be more actively bidding for projects in this segment.**

3. **We have high fixed cost for holding pipe lay barge Kota Laksamana 101 amidst lack of significant pipeline installation projects in Malaysia expected for the next 2-3 years. One of our priorities in 2018 is to address this issue, including marketing this barge overseas to pursue better contract opportunities, or possibility of co-owning the barge with a partner, or outright disposal.**

Outlook

The outlook for FY2018 will generally continue to be challenging, as market sentiment remain cautious. Though benchmark Brent crude oil price has ranged between USD63 to more than USD70 a barrel for the first quarter of 2018, the activity outlook of oilfield operators in Malaysia was still generally based on Brent crude oil price of about USD55 a barrel. This is due to the dynamic demand and supply environment for crude oil, which would require a longer period of stability before the confidence could come back for the oilfield operators to increase their capex and opex program.

Thus, our focus for FY2018 will include:

- **Winning tenders for new contracts.**
- **Collaboration with local and international partners to strengthen bidding success rate and improve project delivery capability.**
- **Expanding our services into the international market through collaboration with international service providers.**
- **Continue with cost rationalisation to sustain operations and cashflow.**

SUMMARY OF BUSINESS STRATEGY

IMMEDIATE	INTERMEDIATE	LONG-TERM
FOCUS ON WINNING TENDER	EXPANSION INTO DOWNSTREAM BUSINESS	BUILD RECURRING INCOME BUSINESS
SUPPLY CHAIN AND OPERATING COST OPTIMISATION CONTINUES	DIVERSIFY INTO NICHE TECHNOLOGY DRIVEN SERVICES WITHIN THE OIL AND GAS INDUSTRY	MOVE UP THE VALUE CHAIN FOR MORE CONTROL OF REVENUE SOURCE
IMPROVE PROJECT MANAGEMENT TEAM DELIVERY CAPABILITY		

Underwater Inspection Repair and Maintenance

Nik Hamdan bin Daud
Group President & Chief Executive Officer

SUSTAINABILITY STATEMENT

Barakah is committed to conduct our business in a responsible and sustainable manner that benefits our stakeholders. With this commitment, we set our business practices to achieve positive impact to the economic and social settings that we come into contact with, while safeguarding our environment.

HSE PERFORMANCE 2017

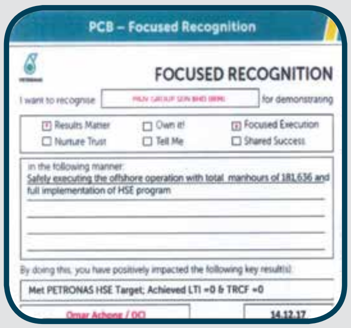
Governance

Barakah has adopted a Sustainable Policy in which, the Board is responsible for establishing clear objectives and relevance of sustainability within the Group, where the Board shall provide guidance and oversight of management which include reviewing and approving the Group's sustainability strategy and ensuring transparent sustainability reporting.

The Executive Committee and the Group President & CEO shall be responsible to the Board for the overall operational management of business activities and its strategies that include components relating to sustainability.

The QHSE department within the Group is responsible for coordinating and monitoring operational practices that respect and adhere to strict safety standards and comply with environmental regulations. The Corporate Services department within the Group is responsible for planning and implementing social impact programs and investors and public engagement activities.

AWARDS AND RECOGNITION



PCB – Focused Recognition

FOCUSED RECOGNITION

I want to recognise PBJV GROUP SDN BHD (BRK) for demonstrating

☒ Results Matter ☐ Own it! ☒ Focused Execution
☐ Nurture Trust ☐ Tell Me ☐ Shared Success

in the following manner:
Safely executing the offshore operation with total manhours of 181,636 and full implementation of HSE program

By doing this, you have positively impacted the following key result(s):
Met PETRONAS HSE Target; Achieved LTI =0 & TRCF =0

Omar Achong / OCI 14.12.17

Focused Recognition
PETRONAS 2017 for
Full Implementation of HSE
Program with 0 LTI and 0 TRCF

FOCUSED RECOGNITION

Given By: M Hamzah B Dahlan
Date: 5/9/2017

Focused Recognition
PETRONAS 2017
M1 Turn Around Campaign
Safely & Efficient Work Plan

Petrofac

PBJV GROUP SDN BHD

PM304 PLANNED SHUTDOWN 2017

Yours faithfully,
For PETROFAC (MALAYSIA-PM304) LIMITED

Appreciation Letter
PETROFAC 2017
PM304 Planned Shutdown
2017

ECONOMIC

Barakah identifies capability building as the main agenda for its economic sustainability. This will be in the form of technical know-how and capability to build new lasting business that will contribute to the Group and society.

For this purpose, the Group's actions has included the following activities:

- **Collaboration with international companies to tap advanced technical solutions, assets and capital to pursue long-term business opportunities.**
- **Increasing employees' knowledge and capability through training.**
- **Supply chain that includes many small businesses.**

The 19th Asia Oil & Gas Conference (AOGC) 2017 at KL Convention Centre (7-9 May 2017)

ENVIRONMENT

At Barakah, we ensure that we adhere to all environmental and safety guidelines. We cultivated a strong HSE culture in all aspects of our work, whether at the project sites or at any of our workplaces.

This is achieved through:

- **Implementing Integrated Management System (IMS) that carries various International Certifications (ISO 9001:2008, OHSAS 18001:2007, ISO 14001:2004). The IMS ensures that our operational and technical activities are planned, executed, supervised and reported based on international standards.**
- **Safety campaigns conducted regularly throughout the year.**
- **Daily Toolbox meeting at all our project sites.**
- **Monthly HSE reports from QHSE department.**
- **Environmental awareness campaign at our offices and yards to encourage recycling, and reducing waste and usage of utilities.**

SOCIAL

Barakah places strong emphasis on community well-being, and this translate into permanent fixtures in our annual operating budget and calendar. This include:

- **Community program to contribute to the less fortunate.**
- **Financial assistance program for staffs' children education.**
- **Internship program to assist the community for talent development.**
- **Participation in exhibitions to showcase our capability, and engage with the public including providing career opportunities.**
- **Staff welfare that include sports activities, teambuilding, and food subsidies.**

Barakah/PBJV Staff Away Day Program at Janda Baik, Pahang (10-11 Feb 2017)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of Barakah Offshore Petroleum Berhad (Barakah or Company) and its subsidiary companies (Group) pledges a high standard of corporate governance and ensures these standards are established into the governance framework, policies and practices within the Group.

The Board is pleased to present this Statement to provide an overview of the governance practices carried out by the Group. This Statement is prepared to comply with the format required by the Bursa Main Market Listing Requirement (MMLR) with references made to the Corporate Governance Report published by the Company on its website at www.barakahpetroleum.com

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES FOR LEADERSHIP FUNCTIONS

1. The Board Charter & Delegation of Authority

The Company has a Board Charter (Charter) that sets out the role and responsibilities of the Board and those matters which are delegated to management. The Charter was first approved and adopted by the Board on 23 October 2013. The Board reviews the Charter periodically and makes the appropriate revisions from time to time. The Charter is available in the Corporate Governance section at the Company's website **www.barakahpetroleum.com**.

The Charter addresses the following pertinent matters:

- Provides terms of reference for the Board's composition, appointments and removals, and the division of powers, roles and responsibilities of the Board and its key values.

- Provides guidance and reference to the Board on the overall business affairs and operations that include processes and procedures in line with the principles of good corporate governance.

In addition, the Board has established a Delegation of Authority (DOA) on 26 August 2016 to define policy and operational decision making process that include matters reserved for the Board's approval and of those delegated to the Board Committees, Group President & Chief Executive Officer (GPCEO) and management.

2. Clear Roles and Responsibilities

The key roles and responsibilities of the Board are to:

- Adopt and review the strategic business plans for the Group.
- Oversee and evaluate the conduct of the Group's business including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management.
- Identify principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Approve and monitor the progress of major capital expenditure, fund-raising, acquisitions and divestitures. Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls.
- Establish a succession plan for senior management. Ensure strategies of the Group promote sustainability. Ascertain the independence of the external auditor and Group's internal audit functions.
- Assess on an annual basis the performance and the effectiveness of the Board, Board Committees and individual Directors including the GPCEO and Chief Financial Officer (CFO).

An Overview of the Roles of the Board

Role	Key responsibilities
Chairman	To preside over the Board meetings and ensure the smooth functioning of the Board in the interest of good corporate governance.
Group President & Chief Executive Officer	To assume overall responsibilities for the execution of the Group's strategies in line with the Board's direction, drives the Group's businesses and performance towards achieving its vision and mission.
Executive Director	To manage the day to day operations of the Group's businesses and implement policies, strategies and decisions approved by the Board.
Non-Executive Director (Independent and Non-Independent)	To provide an independent, balanced and objective judgment in making board decisions.

3. Board Committees

Four Board Committees are established to assist the Board in the discharge of its statutory and fiduciary responsibilities. The Board Committees and their roles are as follows:

Board Committee	Role
Audit & Risk Management Committee (ARMC)	Oversees the Group's financial reports and its processes before presenting to Board for deliberation and approval. The ARMC also reviews the internal audit and external audit plan and reports, Group's risk management and internal controls statement in order to achieve the Group's objective.
Nomination & Remuneration Committee (NRC)	Manages the nomination and remuneration process of the Board, Board Committees and key management position. Evaluates the performance and effectiveness of the Board and Board Committees, GPCEO and CFO.
Executive Committee (EXCO)	Makes decision on strategic direction of the Group, including but not limited to matters involving business proposals, financials, and stakeholder relations.
Employees' Share Option Scheme (ESOS) Committee	Administer the Employees' Share Option Scheme.

Policies

The Board has the following policies/framework in place:

a) Succession Planning Policy

A program 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.

b) Corporate Disclosure Policy

This policy emphasises the importance of the development and implementation of a stakeholder's communication policy for the Group.

c) Risk Management Policy/Framework

The Board is ultimately responsible for the adequacy and integrity of the internal control system of the Group. This policy was adopted to ensure principal risks are adequately identified and appropriate internal controls and mitigation measures are implemented by the management in managing those risks. 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 38 to 40.

d) Code of Conduct & Business Ethics Policy

The Code requires the Board and the employees of the Group to uphold the highest standards of ethical behaviour, and honesty and personal integrity in their dealings.

A summary of the code and the following policies are available in the Company's website at **www.barakahpetroleum.com**

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

Together with Corporate Disclosure Policy, these 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.

e) Sustainability Policy

This policy establishes clear objectives for sustainability within the Group. The Board provides strategic guidance and oversight of management that includes reviewing and approving the Group's sustainability strategy and ensuring transparent sustainability reporting. The Sustainability Statement is provided in this Annual report on pages 24 to 28.

ESTABLISHED STRUCTURE FOR LEADERSHIP EFFECTIVENESS

The Board has established the Nomination and Remuneration Committee (NRC) to assist the Board in managing the composition of the Board through nomination process and to evaluate the performance of the Board, Board Committees and key management position as well as the remuneration for the Directors and key management position.

1) Roles and Responsibilities of the NRC

The main duties of the NRC as provided in the NRC Terms of Reference include:

- 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 including assessment of the required mix of skills and experience of the individual Board Members and the Board Committees.
- Review and determine whether a director can continue to be independent in character and judgment, 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.
- Assess the annual effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director, including Independent Non-Executive Directors and the Group President and Chief Executive Officer (GPCEO).
- Recommend the remuneration for the directors and key management and review and recommend the annual bonus pool for employees.

The NRC terms of reference are disclosed in the Company's website at **www.barakahpetroleum.com**

The NRC has established guidelines on the recruitment and appointment of a Board member that forms part of the NRC's Terms of Reference. The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Company. The Board is aware that there is no specific policy on gender composition of the Board. Such policy may be considered in the future depending on future growth and requirement of the Group.

2) Leadership Effectiveness

During the year, the NRC assessed the knowledge, skills and experience of the individual director and the skill matrix based on evaluation forms recommended by Malaysian Code of Corporate Governance (MCCG). The assessments on the individual directors were then mapped onto the Skill Matrix Form. Following this review, the NRC was satisfied that the Board as a whole has the required level and mix of skills to steer the Group within the industry that it is operating. The NRC also carried out assessment on the directors based on the Directors/Key Officers Evaluation Form recommended by the MCCG. Based on this assessment, the NRC was satisfied that the Board has been effective in carrying its leadership role for the Group.

3) Remuneration

The remuneration of the employees of the Group was structured based on the study conducted by professional human resource consultants in 2014 that looked into the job responsibilities, scale of the Group's operations and salary range of peer companies. From this review, the Group had structured the staff salary scale and the benefits where the Group had positioned itself to be approximately within the median range of the industry.

The Board determines and approves the remuneration of the Executive Directors' including GPCEO following assessment and recommendation by the NRC done on annual basis. For this assessment, the NRC took into account the individual performance, Company's performance, prevailing market rates, market conditions and other relevant factors.

The Non-Executive Directors' remuneration is determined by the Board with the recommendation from the NRC taking into consideration the market competitiveness in order to attract and retain directors of such calibre and to provide the necessary skills and experience as required. Their remuneration comprises fees and allowances that reflect their expected roles and responsibilities within the Board and Board Committees. The directors' fees for the financial year ending 31 December 2018 will be tabled for the shareholders' approval at the upcoming Sixth AGM of the Company.

The detailed breakdown of directors remuneration is provided in the Corporate Governance Report published on the Company's website.

4) Training

The Group recognised the importance of continuing professional development to ensure that Board members and employees are updated with the necessary skills and knowledge to meet business challenges. The Group conducted in-house training for Board and employees facilitated by external trainers and management as well as provided budget to attend external training workshop or conferences. These include the training for leadership skills, team building and technical knowledge as well as for industry updates and business networking.

One of the trainings conducted was briefing on Malaysian Financial Reporting Standards (MFRS) 9 & 15, which was attended by all ARMC members and majority directors of the Company.

ESTABLISHED POLICY OF BOARD INDEPENDENCE

1) Board Composition

The Board Charter currently provides for at least two (2) directors or one third (1/3) of the Board of Directors, whichever is higher, shall be independent non-executive directors.

Nevertheless in practice, half of the current Board of Directors of the Company comprise of Independent Non-Executive Directors. The Board composition reflects a balance of Executive and Non-Executive Directors to instill strong check and balances on the management of the Group.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities and was satisfied that the Independent Directors continued to exercise independent and objective judgment and acted in the interest of the Company and its stakeholders.

2) Segregation of Key Roles

The Board supports the principle that separate roles of the Chairman and GPCEO with a clear division of responsibilities to ensure a balance of power and authority such that no one individual has unlimited powers of decision making. Each of their roles had been identified in the Board Charter and DOA.

The Chairman holds a non-executive function and leads the Board in overseeing of management and chairs the Board meetings and functions. The GPCEO has overall management responsibilities of the Group's operations and implementation of Board policies, strategies, directives and decisions. They report and discuss at the Board Meetings all material matters currently or potentially affecting Barakah and its performance.

ESTABLISHED FRAMEWORK FOR RISK MANAGEMENT

The Board has approved the Risk Management Policy/Framework of the Group and has delegated the overseeing function to ARMC whilst the EXCO manages the risk management. 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 maintain and review its overall internal control system to ensure as far as possible the protection of its assets and its shareholders' investments.

Details of the Group's internal control system and framework are stated in the Statement on Risk Management and Internal Control set out on pages 38 to 40.

UPHOLD INTEGRITY IN REPORTING

1) 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 2016 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 41.

The ARMC reviewed all financial reports prepared by the management prior to submission to the Board for deliberation and approval. The External Auditor (EA) and the CFO provide assurance to the ARMC that appropriate accounting policies has been adopted and applied consistently and the relevant financial statements gave a true and fair view of the state of affairs of the Group in compliance with the Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, as part of the Group's annual financial reports.

In addition to the above, the Internal Audit (IA) division and EA have performed limited review on the quarterly financial reports for additional reasonable assurance to the ARMC and Board.

2) Communication with Stakeholders

In line with the MMLR to enhance corporate disclosure requirements, the Board's policy is to ensure a high standard of communications in a timely manner to the stakeholders, on all material and significant information on the Group. Barakah's corporate website: **www.barakahpetroleum.com** contains, non-exhaustive Group's corporate information, Board profiles, Group's businesses and announcement to Bursa Securities, 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.

3) Annual General Meeting (AGM)

The AGM 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. At the AGM, the shareholders can exercise their voting rights and the meeting is convened in strict compliance with the laws and procedures of a general meeting. To promote good attendance at AGM, the Company has provided ample notice of more than 28 days prior to the meeting. The Sixth AGM will be held on 27 June 2018 and detailed information of this meeting can be found in the Notice of Annual General Meeting.

4) Poll Voting

Pursuant to the Paragraph 8.29A(1) of the MMLR of Bursa Malaysia Securities Berhad (Bursa Securities), the Company is required to ensure that any resolution set out in the Notice of AGM is voted by poll. All resolutions set out in the Notice of AGM will be voted by way of poll. An independent scrutineer will be appointed to validate the votes cast at general meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. COMPOSITION

The Audit and Risk Management Committee (ARMC) comprises of three (3) members, all of whom are Independent Non-Executive Directors. This is in line with the requirement of paragraph 15.09 (1)(a) and (b) of Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

The members are as follows:

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

The ARMC Chairman, Datuk Azizan Haji Abd Rahman, is a fellow member of the CPA Australia and member of the Malaysian Institute of Accountants. Accordingly, Barakah complies with paragraph 15.09(1)(c)(i) of MMLR.

The Board assesses the performance of ARMC and its members. The Board is satisfied that the ARMC and its members have discharged their functions, duties and responsibilities according to the Terms of Reference (TOR) of ARMC.

The TOR of ARMC was also reviewed by its members during the financial year ended 31 December 2017 (FY 2017) and is published in Barakah's website in line with MMLR.

B. MEETINGS AND ATTENDANCE

The ARMC held five (5) meetings during FY2017. Attendance record of the 5 ARMC meetings can be found on the profile of the Directors on page 6 and 7 of the Annual Report.

The meetings deliberated amongst others the Internal Audit (IA) annual plan and reports, the quarterly results, related party transactions, risk reports as well as the External Auditors (EA) reports; i.e. Audit Planning Memorandum and Audit Review Memorandum.

At the ARMC meetings, the Executive Directors and Management were invited to brief the ARMC on specific issues arising from the audit reports or any matters of interest.

Two (2) private meetings (on 24 Nov 2017 & 26 Feb 2018) with the Internal and External Auditors were held without presence of Executive Directors and Management. The focuses of these meetings were to get feedback on the audit performed, challenges faced and audit scope.

Minutes of each ARMC meetings were recorded and tabled for confirmation at the following ARMC meeting. The minutes were also tabled to the Board of Directors (Board) for notation. In addition, the ARMC Chairman would update the meetings proceedings of each ARMC meeting to the Board for information and/or deliberation.

C. SUMMARY OF ACTIVITIES

The summary of activities of ARMC during FY 2017:

1. Financial Reporting

In line with the MMLR requirements, the ARMC reviewed the unaudited quarterly results. Before their deliberation, the IA would perform limited review of the results and presented their reports during the ARMC meetings.

For the fourth quarter results, the EA (Messrs Crowe Horwath) would perform limited review of the quarterly results in accordance to the International Standard on Review Engagement (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The ARMC would deliberate on the comments highlighted by the EA.

The ARMC also reviewed the quarterly and full year audited accounts, among others, the members focused on the following:-

(i) Trend analysis on the financial amount and ratios

(ii) Review of any material changes against budget and trend; and

(iii) Any impact due to implementation of new accounting policy or accounting standards.

ARMC also sought assurance from Chief Financial Officer (CFO) on matters which involve judgements ad estimates.

Based on the ARMC deliberations and discussions with management, CFO, EA and IA, the ARMC recommended to the Board for deliberation and approval before releasing to Bursa Malaysia and Securities Commission.

2. External Audit

The engagement partner for FY 2017 audit is Mr Jimmy Ung, who took over from Mr James Chan since FY 2016. This is based on rotation of engagement partners of Crowe Horwath and in line with Malaysian Institute of Accountants' By-Law (On Professional Ethics, Conduct and Practice).

The EA presented their audit plan to ARMC before embarking on the FY 2017 audit. ARMC deliberated the audit plan including on the scope, resources and timeline. Subsequently in February and March 2018, the EA presented its audit review memorandum to the ARMC for deliberation. Apart from the report, the EA also shared the independent auditors' report including the key audit matters to the ARMC for deliberation. Subsequently, the ARMC Chairman updated the Board on Crowe Horwath's audit plan, key audit matters and audit review report.

The Chief Financial Officer (CFO) presented the audit and non-audit fees to the ARMC. The non-audit fees were related to review of the fourth quarter financial results, review of the Statement on Risk Management and Internal Control, and advisory on tax and transfer pricing. Considering the nature and scope of non-audit fees, the ARMC is satisfied that they were not likely to create any conflict of interest or impair the independence and objectivity of the EA.

Additionally, ARMC has established a policy on assessing EA's objectivity, suitability and independence. For evaluating of the EA's independence, suitability and objectivity, ARMC used the checklist provided in the Corporate Governance Guide (3rd Edition) issued by Bursa Securities (CG Guide). ARMC also received the independence statement in writing from the EA, in accordance to the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice).

ARMC carried out annual assessment of the EA's performance by applying the checklist provided in the CG Guide. ARMC also sought feedback from the Finance department and IA as part of the assessment.

Based on the assessment, ARMC is satisfied with performance, objectivity, suitability and independence of EA for FY 2017.

ARMC then updated the Board on the outcome of the assessment and recommended for their re-appointment to the Board for FYE2018, subject to shareholders' approval at the Annual General Meeting.

3. Internal Audit

ARMC reviewed and deliberated

- The adequacy of scope and coverage of IA Plan for FY2017. The review of audit plan took into account the risk profile and direction of the Barakah Group as well as the IA resource. Then, ARMC Chairman shared the audit plan in the BOD meeting.

- The audit findings raised in the IA reports tabled during the year. Top Management was invited to the ARMC meetings where the ARMC members would seek for explanation from the management whenever required. Subsequently, ARMC Chairman updated the BOD on the key outcome from all audit reports.

- The feedback received from the auditee satisfaction survey FY2017 of IA department. The feedbacks were received from ARMC members, Executive Directors and Management.

- The adequacy of resources of the IA department.

- The key performance indicators of IA department for FY2017.

- The skill and competency of the Chief Internal Auditor (CIA) during the annual performance review. ARMC also sought feedback from Group President & Chief Executive Officer (GPCEO) and top management on the performance of CIA.

ARMC Chairman also had several private discussions with the CIA to receive direct feedback and updates on the IA department and the Company.

Detail activities of IA department are in page 36 and 37 of the Annual Report.

Overall, ARMC is satisfied with the CIA's performance for FY2017.

4. Risk Management

ARMC reviewed the risk reports prepared by Head of Risk Management Division on behalf of Risk Management Steering Committee (RMSC) for FY2017. The RMSC is chaired by President and Chief Executive of PBJV Group Sdn Bhd who is also an Executive Director of Barakah. During the discussion, ARMC would seek for clarification and explanation on the risk reports.

ARMC also reviewed the effectiveness of Statement on Risk Management & Internal Control by deliberating the following:

- Risk reports provided by Risk Management Division;
- EA's review report on Statement on Risk Management and Internal Control;
- EA's report on improvement to be made by management from the control review;
- IA review report on Risk Management processes;
- IA Reports on various areas during the year;
- Follow-up audit reports conducted by IA; and
- The assurance letter from GPCEO and CFO on behalf of the EXCO.

5. Related Party Transactions and Employees' Share Option Scheme (ESOS)

ARMC discussed and reviewed the related party transactions tabled by the CFO on quarterly basis. Clarification (whenever necessary) was sought from the CFO during meetings.

ARMC also deliberated the ESOS audit report presented by CIA.

D. INTERNAL AUDIT DEPARTMENT

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

The IA department is an in-house function. In order to preserve its independence, the CIA functionally reports to the ARMC Chairman and administratively to the GPCEO.

The IA department 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 IA Charter in line with Main Market Listing Requirements (MMLR), Malaysian Code on Corporate Governance and the Institute of Internal Auditors' International Professional Practices Framework.

The IA plan for FY2017 was reviewed and approved by ARMC and BOD was subsequently notified. Amongst others, the plan include risk based audit engagement and consulting activities, manpower requirements, budget and key performance indicators of the department. Feedback from ARMC, directors and management were obtained via auditee satisfaction survey and the analysis of the result and improvement plan was presented to the ARMC.

The IA department activities were carried out based on the approved risk based audit plan and adhoc assignment. IA department tabled 10 audit assignments in FY2017. The key IA engagements for FY2017 were:

- Audit on Billing Process;
- Audit on Yard Management;
- Audit of Risk Management Process;
- Review of ESOS Management;
- Review of Related Parties Transactions/ Recurrent Related Parties Transactions;
- Limited Review of Quarterly Results; and
- Follow-up audits (conducted twice a year).

The results of audit conducted were presented to top management and Executive Committee. The reports were then reviewed by ARMC. On quarterly basis, IA department updates its activities in relation to the execution of the approved audit plan, adhoc assignments and consulting activities performed.

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

CIA for the IA department is Mohamed Farook Nasar. He has more than 20 years' experience in internal auditing. He has worked with international and local companies and from various industries namely Oil & Gas, Food, Investment holdings, Engineering of Aeroplane components, semiconductor industry and waste management. Among the companies were Permodalan Nasional Berhad, Merrill Lynch Limited (one of largest broker in the world), KFC Holdings Berhad, Sapura Energy Berhad, Umpan Group of Companies and SAM Engineering Berhad (one of Temasik 's subsidiaries).

He has three (3) professional qualifications; i.e. Certified Internal Auditor, Institute of Chartered Secretaries and Administrators (ICSA) and Certified Risk Management and Assurance. He also has Masters in Business Administration and Bachelor in Accountancy.

There is two staff in IA department, inclusive of CIA. CIA is supported by a qualified ISO auditor with 9 years experience. He is seconded to IA department on a project basis to support in conducting audit assignments.

The total cost of IA department for FY2017 was RM407,123 (FY2016: RM487,990).

This statement is made in accordance with the resolution of the Board dated 10 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In relation to risk management and internal control, pursuant to the requirement under the Malaysian Code on Corporate Governance (MCCG) 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 Executive Director 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 defines the risk management policy of the Group and risk management framework including the reporting structure to the Board. It was established and approved by the Board on 23 October 2013 and had on-going updates for continuous improvement, with the last update being on 29 March 2017.

Our risk management framework is based on enterprise risk management (ERM) concept that covers: identifying, assessing, evaluating, reviewing, treating, reporting and monitoring of risks and took reference from best practices and standards (including ISO31000:2009 Risk Management – Principles and Guidelines) for effective control and mitigation of risks.

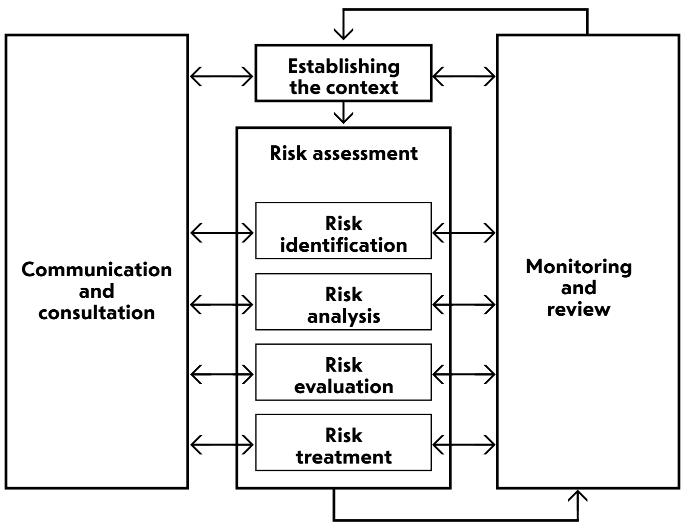
The Board has delegated the oversight role of risk management and internal control to the Audit and Risk Management Committee and supported by the EXCO and the Risk Management Steering Committee (RMSC). The primary role of RMSC is to facilitate the implementation of the risk management framework within the Group. The RMSC members comprise of an Executive Director (cum PCE, PBJV Group Sdn Bhd) as Chairman and Heads of Divisions and Departments whom are identified as the respective Risk Owners within their divisions/departments.

During the FY2017, the coordination and reporting of risk management activities was managed by the Risk Management Division (RMD), which was headed by the General Manager-Risk Management, cum Risk Coordinator for the RMSC. By February 2018, the Executive Director of Barakah/PCE of PBJV Group Sdn Bhd, assumed this function and assisted by Quality Health Safety and Environment (QHSE) Department.

The primary role of the RMSC 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.

The RMSC provides the risk management reports to the EXCO, ARMC and Board. The Board reviews 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.

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, define the internal and external parameters in managing risk, and define the risk criteria in line with our policy and establish the risk management process.

2. Conduct risk assessment exercise 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 create, enhance, prevent, degrade, accelerate or delay 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.

    d. Risk treatment
    It involves selecting the most appropriate one or more options for modifying risks, and implementing those options. 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.

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

4. Record our risk management process that includes the identified risks, and methods and tools for handling the said risks.

5. Deliberations at RMSC meetings to monitor and review on implementation of risk management process. 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.

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

7. Review by the Internal Audit Department on the implementation of risk control measures to check for compliance.

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 the existing Delegations of Authority (DOA). The DOA also encompasses delegation of authority not only to the Board Committees but also to the management based on the roles and responsibilities of the respective committees and management position.

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 continuously referred to its DOA and risk management framework to reflect the continuous control and delegation for the effective management of the Group.

Policies and Procedures

1. Formalised and documented internal policies are in place to ensure compliance to the MMLR and the MCCG. The Board maintains the following approved Policies in the organization:

    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 continuously embracing the international standards in its operations by implementing and complying with its ISO certified "Integrated Management Systems" that consist of the ISO 9001:2008 Quality Management System, OHSAS 18001:2007 Occupational Health and Safety Management System and ISO14001:2004 Quality Management System.

3. Continuous improvement and updates 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

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. This is in addition to review for compliance checking. 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 36 and 37 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 10 April 2018.

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 2016 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 2017, the Directors have:-

a) adopted and consistently applied appropriate accounting policies;

b) made judgment, 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 2017.

2) AUDIT AND NON-AUDIT FEES

The total amount of audit fees paid or payable to the external auditors by the Company and the Group during the financial year ended 31 December 2017 amounted to RM34,000 and RM239,000 respectively.

The total amount of non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditor's firm by the Company and the Group during the financial year ended 31 December 2017 are as follows:-

	The Company RM	**The Group RM**
• Review of Quarterly Financial Statements and Statement on Risk Management and Internal Control	5,500	5,500
• Corporate tax and other tax services	17,600	42,600
• Corporate advisory services	5,000	5,000
	28,100	53,100

3) MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries, involving directors' and major shareholders' interest, which subsisted at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except as disclosed in Note 34 to the financial statements.

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 2017.

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
Loss after taxation for the financial year	(216,754)	(19,688)
Attributable to:-		
Owners of the Company	(216,704)	(19,688)
Non-controlling interest	(50)	–
	(216,754)	(19,688)

DIVIDENDS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up ordinary share capital from RM165,033,371 to RM165,328,873 by way of an issuance of 1,238,600 new ordinary shares resulting from the conversion of 3.5% Redeemable Convertible Unsecured Loan Stocks ("RCULS") at the rate of one (1) RCULS into one (1) fully paid-up ordinary share in the Company.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial 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 details of the ESOS are disclosed in Note 16 to the financial statements.

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 no allowance for impairment losses on receivables is required.

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 allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to going concern as the directors believe that the Group is able to generate sufficient cash flow to operate as a going concern in the foreseeable future as disclose in Note 3.3 to the financial statements.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 37 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 other than the acquisition of new subsidiaries as disclosed in Note 31 to the financial statements.

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 in which this report is made.

DIRECTORS

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

Nik Hamdan Bin Daud
Azman Shah Bin Mohd Zakaria
Dato' Mohamed Sabri Bin Mohamed Zain
Datuk Azizan Bin Haji Abd. Rahman
Rasdee Bin Abdullah
Nurhilwani Binti Mohamad Asnawi
Sulaiman Bin Ibrahim
Datuk Chew Theam Hock (Appointed on 2.4.2018)
Datuk Joseph Lau (Appointed on 30.8.2017 and resigned on 2.4.2018)
Dato' Sri Oh Teik Chay (Resigned on 6.11.2017)

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

Dato' Amir Danial Bin Abdullah
Nik Suriani Binti Daud
Ruslen Binti Sulami

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			
	At 1.1.2017/ Date of appointment	**Bought**	**Sold**	**At 31.12.2017**
The Company				
Direct Interests				
Nik Hamdan Bin Daud	367,396,837	10,230,000	(48,620,500)	329,006,337
Azman Shah Bin Mohd Zakaria	20,611,624	–	–	20,611,624
Sulaiman Bin Ibrahim	5	–	–	5
Nurhilwani Binti Mohamad Asnawi	5	–	–	5
Datuk Joseph Lau ^	13,619,400 &	–	–	13,619,400
Indirect Interests				
Nik Hamdan Bin Daud *	33,935,000	48,620,500	(82,555,500) Ω	–
Nik Hamdan Bin Daud @	–	2,390,000	–	2,390,000

^ *Held in trust for Samling Energy Sdn Bhd.*

& *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.*

Ω *On 10 July 2017, ceased to have interest in United Power Group Holdings Limited.*

@ *Deemed interested by virtue of his direct shareholding in Vertical Sources Sdn Bhd.*

	Number of Options over Ordinary Shares			
	At 1.1.2017	**Granted**	**Exercised**	**At 31.12.2017**
Share Options of The Company				
Nik Hamdan Bin Daud	2,412,000	–	–	2,412,000
Azman Shah Bin Mohd Zakaria	2,010,000	–	–	2,010,000
Rasdee Bin Abdullah	1,521,000	–	–	1,521,000

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 Datuk Joseph Lau 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 8 of the Companies Act 2016.

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 year, no director has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest 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 34 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 35 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company and of the Group were RM30,000,000 and RM45,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The were no significant event occurring after the reporting period.

AUDITORS

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

The auditors' remuneration are disclosed in Note 28 to the financial statements.

Signed in accordance with a resolution of the directors dated 10 April 2018.

Nik Hamdan Bin Daud

Azman Shah Bin Mohd Zakaria

STATEMENT BY DIRECTORS

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

We, Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria, 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 55 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 10 April 2018.

Nik Hamdan Bin Daud

Azman Shah Bin Mohd Zakaria

STATUTORY DECLARATION

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

I, Firdauz Edmin Bin Mokhtar, MIA Membership Number: CA 18245, 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 55 to 130 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovementioned Firdauz Edmin Bin Mokhtar,
at Kuala Lumpur in the Federal Territory
on this 10 April 2018.

PESURUHJAYA SUMPAH
No W-275
Datin Hajah Raihela Wanchik
MALAYSIA

Before me

Firdauz Edmin Bin Mokhtar

SUITE C-5-9
BLOK C, LEVEL 7,
MENARA UNCANG EMAS,
85, JALAN LOKE YEW,
55200 KUALA LUMPUR
TEL: 012-300 8300

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD (Incorporated in Malaysia) Company No: 980542-H

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Barakah Offshore Petroleum Berhad, which comprise the statements of financial position as at 31 December 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 130.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3.3 to the financial statements. As at 31 December 2017, the Group incurred a loss after tax for the financial year of RM216,754,000 and negative operating cash flow of RM71,828,000 for the financial year ended 31 December 2017 and fixed deposits amounting to RM102,709,000 with licensed banks as at 31 December 2017. As disclosed in that Note, the Group's borrowings that are due for repayment in the next 12 months amounted to RM38,529,000 as at 31 December 2017. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. Accordingly, the ability of the Group to continue as a going concern is dependent on the Group to generate sufficient cash flows from its operations as forecasted, the partial release of the Group's fixed deposits pledged as security for certain banking facilities and the recoverability of current tax assets.

If the Group is unable to continue in operational existence in the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition Refer to Note 27 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
Given the inherent nature of the business, significant judgment is required to determine the point of revenue recognition. Furthermore, there are commercial arrangements which can be complicated, significant judgment is applied in selecting the accounting basis in each case.	Our audit procedures include, amongst others: • Conduct and understand the walkthrough tests from project tendering to financial processes; • Perform test of controls over revenue ascertaining that its key controls are effective; and • Perform transaction testing on sampling basis and revenue cut-off to support the work performed and/or goods delivered during the financial year.

Impairment of property, plant and equipment Refer to Note 6 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
We focus on this area because the determination of whether property, plant and equipment is impaired may involve complex and subjective judgment made by the Group. Furthermore, included in the property, plant and equipment, there is a barge and machinery and equipment which constituted 96% of the Group's total carrying value of the property, plant and equipment. These assets are being assigned to multi locations for its ongoing projects and may result in material misappropriation of assets if the Group failed to locate their assets in a timely manner.	Our audit procedures include, amongst others: • Identify the relevant factors and assess whether there is any indication of impairment for the Group's property, plant and equipment; and • Perform physical sighting on significant items of property, plant and equipment.

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Recoverability of trade receivables
Refer to Note 8 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>Trade receivables of the Group are mainly in the oil and gas industry and are dependent on the global oil prices. They are presented and disclosed as a major component of the financial position and the recoverability of the debts may be uncertain. Accordingly, significant judgment is applied in the Group's assessment of the recoverability of the trade receivables.</td><td>Our audit procedures include, amongst others:
• Test the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy;
• Circularisation of receivables for confirmation of balances;
• Test the Group's recent invoices and collections during and after the financial year especially for major receivables;
• Perform ageing testing; and
• Review the adequacy of the Group's disclosure in this area.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Ung Voon Huay
Approval No: 03233/09/2018 J
Chartered Accountant

Kuala Lumpur

10 April 2018.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	**–**	–	**83,456**	103,623
Property, plant and equipment	6	**297,447**	400,649	**416**	1,030
		297,447	400,649	**83,872**	104,653
CURRENT ASSETS					
Inventories	7	**5,154**	10,479	**–**	–
Trade receivables	8	**61,791**	128,282	**–**	–
Other receivables, deposits and prepayments	9	**12,041**	9,721	**84**	157
Current tax assets		**42,966**	49,593	**1,954**	1,513
Amount owing by subsidiaries	10	**–**	–	**124,324**	123,795
Short-term investments	11	**136**	2,775	**121**	384
Fixed deposits with licensed banks	12	**102,709**	115,988	**8,423**	8,177
Cash and bank balances		**29,205**	101,701	**2,597**	2,908
		254,002	418,539	**137,503**	136,934
TOTAL ASSETS		**551,449**	819,188	**221,375**	241,587
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	**165,329**	165,033	**165,329**	165,033
Share premium	14	**64,070**	64,070	**64,070**	64,070
Merger deficit	15	**(71,909)**	(71,909)	**–**	–
Employees' share option reserves	16	**6,407**	6,680	**6,407**	6,680
Redeemable convertible unsecured loan stocks ("RCULS")	17	**539**	610	**539**	610
Foreign exchange translation reserves	18	**10,694**	14,567	**–**	–
Retained profits/(Accumulated loss)		**28,185**	244,616	**(17,722)**	1,693
Equity attributable to owners of the Company		**203,315**	423,667	**218,623**	238,086
Non-controlling interests		**(72)**	(31)	**–**	–
TOTAL EQUITY		**203,243**	423,636	**218,623**	238,086

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

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2017 (CONT'D)

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	19	**50**	641	**36**	109
Long-term borrowings	20	**169,442**	167,630	**147**	563
RCULS	17	**1,763**	1,719	**1,763**	1,719
		171,255	169,990	**1,946**	2,391
CURRENT LIABILITIES					
Trade payables	23	**119,791**	130,564	**–**	–
Other payables and accruals	24	**2,970**	7,757	**575**	780
Current tax liabilities		**–**	23	**–**	–
Short-term borrowings	25	**38,529**	86,052	**231**	330
Bank overdrafts	26	**15,661**	1,166	**–**	–
		176,951	225,562	**806**	1,110
TOTAL LIABILITIES		**348,206**	395,552	**2,752**	3,501
TOTAL EQUITY AND LIABILITIES		**551,449**	819,188	**221,375**	241,587

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 2017

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
REVENUE	27	**310,936**	622,586	**9,775**	10,833
COST OF SALES		**(400,786)**	(529,338)	**–**	–
GROSS (LOSS)/PROFIT		**(89,850)**	93,248	**9,775**	10,833
OTHER INCOME		**4,428**	11,174	**574**	278
		(85,422)	104,422	**10,349**	11,111
ADMINISTRATIVE EXPENSES		**(25,389)**	(34,721)	**(7,420)**	(9,017)
OTHER EXPENSES		**(91,280)**	(37,028)	**(21,503)**	(1,122)
FINANCE COSTS		**(14,638)**	(16,306)	**(488)**	(524)
(LOSS)/PROFIT BEFORE TAXATION	28	**(216,729)**	16,367	**(19,062)**	448
INCOME TAX EXPENSE	29	**(25)**	(1,905)	**(626)**	(550)
(LOSS)/PROFIT AFTER TAXATION		**(216,754)**	14,462	**(19,688)**	(102)
OTHER COMPREHENSIVE INCOME					
FOREIGN CURRENCY TRANSLATION DIFFERENCE FOR FOREIGN OPERATIONS		**(3,864)**	8,305	**–**	–
TOTAL OTHER COMPREHENSIVE INCOME		**(3,864)**	8,305	**–**	–
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		**(220,618)**	22,767	**(19,688)**	(102)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**(216,704)**	14,534	**(19,688)**	(102)
Non-controlling interests		**(50)**	(72)	**–**	–
		(216,754)	14,462	**(19,688)**	(102)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**(220,577)**	22,844	**(19,688)**	(102)
Non-controlling interests		**(41)**	(77)	**–**	–
		(220,618)	22,767	**(19,688)**	(102)
(LOSS)/EARNINGS PER SHARE (SEN)					
Basic	30(a)	**(26.25)**	1.76		
Diluted	30(b)	**(25.25)**	1.71		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 1.1.2016	164,879	64,014	(71,909)	5,350	653	6,257	229,687	398,931	(3)	398,928
Profit after taxation for the financial year	–	–	–	–	–	–	14,534	14,534	(72)	14,462
Other comprehensive income for the financial year:										
- Foreign currency translation differences	–	–	–	–	–	8,310	–	8,310	(5)	8,305
Total comprehensive income for the financial year	–	–	–	–	–	8,310	14,534	22,844	(77)	22,767
Contributions by and distributions to owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	147	23	–	–	(43)	–	–	127	–	127
Employees' share option:										
- Exercised	7	33	–	(14)	–	–	–	26	–	26
- Granted	–	–	–	1,739	–	–	–	1,739	–	1,739
- Forfeited/Lapsed	–	–	–	(395)	–	–	395	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	^	^
Issuance of share capital to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	49	49
Total transactions with owners	154	56	–	1,330	(43)	–	395	1,892	49	1,941
Balance at 31.12.2016	165,033	64,070	(71,909)	6,680	610	14,567	244,616	423,667	(31)	423,636

Note:-

^ - *Denotes RM1*

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

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 1.1.2017	**165,033**	**64,070**	**(71,909)**	**6,680**	**610**	**14,567**	**244,616**	**423,667**	**(31)**	**423,636**
Loss after taxation for the financial year	–	–	–	–	–	–	(216,704)	(216,704)	(50)	(216,754)
Other comprehensive income for the financial year:										
- Foreign currency translation differences	–	–	–	–	–	(3,873)	–	(3,873)	9	(3,864)
Total comprehensive expenses for the financial year	–	–	–	–	–	(3,873)	(216,704)	(220,577)	(41)	(220,618)
Contributions by and distributions to owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	296	–	–	–	(71)	–	–	225	–	225
Employees' share option:										
- Forfeited/Lapsed	–	–	–	(273)	–	–	273	–	–	–
Total transactions with owners	296	–	–	(273)	(71)	–	273	225	–	225
Balance at 31.12.2017	**165,329**	**64,070**	**(71,909)**	**6,407**	**539**	**10,694**	**28,185**	**203,315**	**(72)**	**203,243**

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

The Company	Share Capital RM'000	Share Premium RM'000	Employees' Share Option Reserves RM'000	RCULS RM'000	Retained Profits/ (Accumulated) Loss RM'000	Total RM'000
Balance at 1.1.2016	164,879	64,014	5,350	653	1,400	236,296
Loss after taxation/Total comprehensive expenses for the financial year	–	–	–	–	(102)	(102)
Contributions by and distributions to owners of the Company:						
Issuance of shares pursuant to conversion of RCULS	147	23	–	(43)	–	127
Employees' share option:						
- Exercised	7	33	(14)	–	–	26
- Granted	–	–	1,739	–	–	1,739
- Forfeited/Lapsed	–	–	(395)	–	395	–
Total transactions with owners	154	56	1,330	(43)	395	1,892
Balance at 31.12.2016/1.1.2017	**165,033**	**64,070**	**6,680**	**610**	**1,693**	**238,086**
Loss after taxation/Total comprehensive expenses for the financial year	**–**	**–**	**–**	**–**	**(19,688)**	**(19,688)**
Contributions by and distributions to owners of the Company:						
Issuance of shares pursuant to conversion of RCULS	**296**	**–**	**–**	**(71)**	**–**	**225**
Employees' share option:						
- Forfeited/Lapsed	**–**	**–**	**(273)**	**–**	**273**	**–**
Total transactions with owners	**296**	**–**	**(273)**	**(71)**	**273**	**225**
Balance at 31.12.2017	**165,329**	**64,070**	**6,407**	**539**	**(17,722)**	**218,623**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		**(216,729)**	16,367	**(19,062)**	448
Adjustments for:-					
Depreciation of property, plant and equipment	6	**28,198**	30,805	**377**	411
Interest expense		**14,338**	16,139	**302**	523
Interest income		**(3,611)**	(3,663)	**(253)**	(258)
Unrealised loss/(gain) on foreign exchange		**9,995**	(7,316)	**–**	–
Share options to employees		**–**	1,739	**–**	226
Property, plant and equipment written off	6	**1,113**	660	**237**	–
Impairment loss on:-					
- investments in subsidiaries	5	**–**	–	**20,167**	–
- goodwill		**20**	–	**–**	–
- property, plant and equipment	6	**43,762**	–	**–**	–
Reversal of impairment loss on trade receivables	8	**(37)**	–	**–**	–
Gain on disposal of property, plant and equipment		**(4)**	(2)	**–**	–
Operating (loss)/profit before working capital changes		**(122,955)**	54,729	**1,768**	1,350
Decrease/(Increase) in inventories		**5,325**	(10,479)	**–**	–
Decrease in trade and other receivables		**64,172**	11,411	**73**	1,633
Increase in amount owing by subsidiaries		**–**	–	**(508)**	(710)
(Decrease)/Increase in trade and other payables		**(13,900)**	43,673	**(205)**	324
CASH (FOR)/FROM OPERATIONS		**(67,358)**	99,334	**1,128**	2,597
Interest paid		**(14,076)**	(16,003)	**(40)**	(387)
Interest received		**3,611**	3,663	**253**	258
Net income tax refund/(paid)		**5,995**	(18,387)	**(1,133)**	(2,163)
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		**(71,828)**	68,607	**208**	305

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

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		**(71,828)**	68,607	**208**	305
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Purchase of property, plant and equipment	6	**(2,707)**	(27,106)	**–**	–
Proceeds from disposal of property, plant and equipment		**4**	2	**–**	–
Acquisition of a subsidiary, net of cash and cash equivalents acquired	31	**1**	^	**#**	–
Decrease/(Increase) in pledged fixed deposits with licensed banks		**12,981**	(28,243)	**(244)**	(247)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		**10,279**	(55,347)	**(244)**	(247)
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of hire purchase obligation	32(a)	**(577)**	(375)	**(515)**	(315)
Repayment of term loans	32(a)	**(15,290)**	(24,774)	**–**	–
Drawdown of trust receipts	32(a)	**123,872**	281,029	**–**	–
Repayment of trust receipts	32(a)	**(135,723)**	(270,143)	**–**	–
Proceeds from exercise of employees' share options		**–**	26	**–**	26
Issuance of share capital to non-controlling interests of a subsidiary		**–**	49	**–**	–
Repayment to a director		**(18)**	–	**–**	–
Advances to subsidiaries		**–**	–	**(21)**	(10)
NET CASH FOR FINANCING ACTIVITIES		**(27,736)**	(14,188)	**(536)**	(299)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(89,285)**	(928)	**(572)**	(241)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**(643)**	6,996	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**107,403**	101,335	**3,323**	3,564
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(b)	**17,475**	107,403	**2,751**	3,323

Note:-

^ - *Denotes (RM1)*

- *Denotes (RM6)*

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

1. GENERAL INFORMATION

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

Registered office	:	Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161 Jalan Tun H.S. Lee, 50000 Kuala Lumpur.
Principal place of business	:	No. 3, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara PJU 5, 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 10 April 2018.

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 ACCOUNTING

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 2016 in Malaysia.

3.1 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 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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

- The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between opening and closing balances of these items is provided in Note 32(a) to the financial statements. Other than that, the adoption of these amendments did not have any impact on the current period or any period and is not likely to affect future periods.

3. BASIS OF ACCOUNTING (CONT'D)

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

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:-

(a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

(b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of "distinct" for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an 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.

3. BASIS OF ACCOUNTING (CONT'D)

3.2 (c) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an 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 16 until the Group performs a detailed review.

The Directors of the Company shall comply with the adoption of MFRS 9 and MFRS 15 respectively in the financial statements of the Group and of the Company for the financial year ending 31 December 2018.

3.3 The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a loss after tax for the financial year of RM216,754,000 and negative operating cash flow of RM71,828,000 for the financial year ended 31 December 2017 and as at that date, the Group's net current assets amounted to RM77,051,000 of which cash and bank balances amounted to RM29,205,000 as the Group has restricted fixed deposits amounting to RM98,914,000 which are pledged against the Group's total borrowings of RM207,971,000 of which RM38,529,000 was classified as current. The Group's borrowings that are due for repayment in the next 12 months amounting to RM38,529,000 exceed its cash and bank balances of RM29,205,000 and fixed deposits RM3,795,000 not pledged as at 31 December 2017.

The directors believe that the Group is able to generate sufficient cash flows from its operating activities, partial release of fixed deposits pledged and get refund from the tax authorities on its current tax assets. The directors do not expect the Group to have any significant capital expenditures in the next 12 months.

In view of the above, the directors of the Group are confident that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

Notwithstanding the above cash flow analysis, the directors acknowledge that there remain uncertainties over the ability of the Group to generate the necessary cash flows to discharge its liabilities in the normal course of business. These uncertainties include:

(a) the eventual conclusion and the timing of execution of sales contracts currently subject to ongoing negotiations with prospective customers;

(b) successful partial release of fixed deposits pledged; and

(c) ability to obtain the tax refund from over payment of tax instalments.

The abovementioned conditions are material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. However, as described above, the directors have a reasonable expectation that the Group will be able to generate sufficient operating cash flows to meet their working capital needs.

If the Group is unable to continue in operational existence in the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) 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.

(c) Impairment of Property, plant and equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(d) 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 their ageing profile, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 8 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) 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.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 7 to the financial statements.

(g) Impairment of Goodwill

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

(h) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact of future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 31 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

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

(a) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(c) Classification of Leasehold Land

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

(d) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

(e) 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.

4.2 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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 resulted from business combinations involving common control entities which is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

(a) 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.

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.

(b) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) 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.

(d) 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.

(e) 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.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

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

4.4 FINANCIAL INSTRUMENTS

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

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.

(a) Financial Assets

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

- Financial Assets at Fair Value Through Profit or Loss

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

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

- Loans and Receivables Financial Assets (Cont'd)

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

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

- Available-for-sale Financial Assets

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

(b) Financial Liabilities

- Financial Liabilities at Fair Value through Profit or Loss

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

- Other Financial Liabilities

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

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

- Ordinary Shares

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

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

- 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.

(d) Derecognition

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

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

(e) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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. Any changes are accounted for as a change in estimate.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 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.

4.7 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of 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.

4.8 FINANCE ASSETS

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

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVENTORIES

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

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

4.10 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INCOME TAXES (CONT'D)

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

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

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

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

4.11 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.

4.12 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.

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 EMPLOYEE BENEFITS (CONT'D)

(c) 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.

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 if new ordinary shares are issued.

4.14 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 RELATED PARTIES (CONT'D)

(b) An entity is related to a reporting entity if any of the following conditions applies (Cont'd):-

(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.

4.15 REVENUE AND OTHER INCOME

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

(a) Sale of Goods

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

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the surveys of work performed. 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.

(c) Interest Income

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

(d) Rental Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 BORROWING COSTS

Borrowing costs that are 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 are 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.

4.17 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.

4.18 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.

4.19 CONTINGENT LIABILITIES

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

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 GOODWILL

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

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

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

4.21 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 2017 RM'000	2016 RM'000
Unquoted ordinary shares, at cost	**97,878**	97,878
Share options granted to employees of a subsidiary	**5,745**	5,745
	103,623	103,623
Accumulated impairment losses	**(20,167)**	–
	83,456	103,623

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiaries of the Company				
PBJV Group Sdn. Bhd. ("PBJV") *	Malaysia	100	100	Providing and carrying out on shore 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	100	Oil and gas exploration, development and production.
PBJV Asset Management Sdn. Bhd. ^ #	Malaysia	100	–	Investment holding, investment in offshore support vessels and equipment, and operation and maintenance of offshore support vessels and equipment.
Barakah Offshore Energy Sdn. Bhd. ("Barakah Offshore") ^ #	Malaysia	100	–	Investment in oil and gas ventures, development and production of hydrocarbon, operation and maintenance of oil and gas facilities and related services.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiaries of the Company (Cont'd)				
Barakah Onshore Ventures Sdn. Bhd. ^ #	Malaysia	100	–	Investment in oil and gas ventures, development and production of hydrocarbon, operation and maintenance of oil and gas facilities.
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.
PBJV Macfeam Sdn. Bhd. ("PBJV Macfeam")	Malaysia	51	51	Providing procurement, construction and commissioning of pressurised piping system.
Subsidiary of Barakah Offshore				
PBJV Energy Sdn. Bhd. ^ #	Malaysia	100	–	Investment holding, investment in upstream oil and gas assets and energy related assets, exploration, development and production of hydrocarbon and operation and maintenance of oil and gas production facilities and related services.

@ 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.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the current financial year, the Company has acquired 100% equity interest in PBJV Asset Management Sdn. Bhd. The details of the acquisition are disclosed in Note 31(a) to the financial statements.

(b) During the current financial year, the Company has acquired 100% equity interest in Barakah Offshore. The details of the acquisition are disclosed in Note 31(b) to the financial statements.

(c) During the current financial year, the Company has acquired 100% equity interest in Barakah Onshore Ventures Sdn. Bhd. The details of the acquisition are disclosed in Note 31(c) to the financial statements.

(d) During the current financial year, Barakah Offshore, a wholly-owned subsidiary of the Company acquired 100% equity interest in PBJV Energy Sdn. Bhd. The details of the acquisition are disclosed in Note 31(d) to the financial statements.

(e) In the last financial year, PBJV, a wholly-owned subsidiary of the Company acquired a 51% equity interest in PBJV Macfeam. The details of the acquisition are disclosed in Note 31(e) to the financial statements.

(f) During the financial year, the Company has carried out a review of the recoverable amounts of its investment in a subsidiary that had been persistently making losses. A total impairment loss of RM20,166,066 (2016 – NIL), representing the write-down of the investment to its recoverable amount, was recognised in "Other Expenses" line item of the Statement of Profit or Loss and Other Comprehensive Income.

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

	Effective Equity Interest		The Group	
	2017	**2016**	**2017**	**2016**
	%	**%**	**RM'000**	**RM'000**
PBJV Gulf Co. Ltd	**15**	15	**(97)**	(66)
PBJV Macfeam	**49**	49	**25**	35
			(72)	(31)

(h) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

6. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2017 RM'000	Additions RM'000	Write Off RM'000	Transfer From/(To) RM'000	Depreciation Charge RM'000	Impairment Loss RM'000	Exchange Difference RM'000	At 31.12.2017 RM'000
The Group								
Carrying Amount								
Leasehold land	**1,647**	**–**	**–**	**–**	**(19)**	**–**	**–**	**1,628**
Building	**106**	**–**	**–**	**–**	**(4)**	**–**	**–**	**102**
Computers	**154**	**285**	**–**	**–**	**(213)**	**–**	**–**	**226**
Furniture and fittings	**369**	**18**	**–**	**–**	**(131)**	**–**	**(2)**	**254**
Communication equipment	**141**	**27**	**–**	**–**	**(43)**	**–**	**–**	**125**
Machinery and equipment	**32,301**	**131**	**(875)**	**618**	**(6,765)**	**(598)**	**(500)**	**24,312**
Motor vehicles	**2,296**	**–**	**(238)**	**–**	**(784)**	**–**	**–**	**1,274**
Office equipment	**419**	**–**	**–**	**–**	**(97)**	**–**	**–**	**322**
Renovation	**3,426**	**184**	**–**	**2,997**	**(636)**	**–**	**(2)**	**5,969**
Barge and pipe laying equipment	**357,105**	**–**	**–**	**–**	**(19,506)**	**(43,091)**	**(32,302)**	**262,206**
Capital work-in-progress	**2,685**	**2,062**	**–**	**(3,615)**	**–**	**(73)**	**(30)**	**1,029**
	400,649	**2,707**	**(1,113)**	**–**	**(28,198)**	**(43,762)**	**(32,836)**	**297,447**

	At 1.1.2016 RM'000	Additions RM'000	Write Off RM'000	Transfer From/(To) RM'000	Depreciation Charge RM'000	Exchange Difference RM'000	At 31.12.2016 RM'000
The Group							
Carrying Amount							
Leasehold land	1,666	–	–	–	(19)	–	1,647
Building	110	–	–	–	(4)	–	106
Computers	556	157	–	–	(559)	–	154
Furniture and fittings	465	58	–	–	(155)	1	369
Communication equipment	193	–	–	–	(52)	–	141
Machinery and equipment	34,415	2,393	(660)	3,026	(7,537)	664	32,301
Motor vehicles	2,982	128	–	–	(814)	–	2,296
Office equipment	533	–	–	–	(114)	–	419
Renovation	3,198	809	–	–	(582)	1	3,426
Barge and pipe laying equipment	330,720	–	–	28,670	(20,969)	18,684	357,105
Capital work-in-progress	11,067	23,561	–	(31,696)	–	(247)	2,685
	385,905	27,106	(660)	–	(30,805)	19,103	400,649

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Loss RM'000	Net Book Value RM'000
2017				
Leasehold land	**1,858**	**(230)**	**–**	**1,628**
Building	**440**	**(338)**	**–**	**102**
Computers	**5,576**	**(5,350)**	**–**	**226**
Furniture and fittings	**527**	**(273)**	**–**	**254**
Communication equipment	**306**	**(181)**	**–**	**125**
Machinery and equipment	**63,806**	**(38,896)**	**(598)**	**24,312**
Motor vehicles	**3,560**	**(2,286)**	**–**	**1,274**
Office equipment	**759**	**(437)**	**–**	**322**
Renovation	**8,106**	**(2,137)**	**–**	**5,969**
Barge and pipe laying equipment	**364,534**	**(59,237)**	**(43,091)**	**262,206**
Capital work-in-progress	**1,102**	**–**	**(73)**	**1,029**
	450,574	**(109,365)**	**(43,762)**	**297,447**
2016				
Leasehold land	1,858	(211)	–	1,647
Building	440	(334)	–	106
Computers	5,291	(5,137)	–	154
Furniture and fittings	1,721	(1,352)	–	369
Communication equipment	639	(498)	–	141
Machinery and equipment	65,680	(33,379)	–	32,301
Motor vehicles	4,259	(1,963)	–	2,296
Office equipment	1,297	(878)	–	419
Renovation	6,297	(2,871)	–	3,426
Barge and pipe laying equipment	402,584	(45,479)	–	357,105
Capital work-in-progress	2,685	–	–	2,685
	492,751	(92,102)	–	400,649

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

The Company	At 1.1.2017 RM'000	Write Off RM'000	Depreciation Change RM'000	At 31.12.2017 RM'000
Carrying Amount				
Computers	**2**	**–**	*****	**2**
Furniture and fittings	**1**	**–**	**^**	**1**
Motor vehicles	**1,026**	**(237)**	**(377)**	**412**
Office equipment	**1**	**–**	**^**	**1**
	1,030	**(237)**	**(377)**	**416**

	At 1.1.2016 RM'000	Depreciation Charge RM'000	At 31.12.2016 RM'000
Carrying Amount			
Computers	2	*	2
Furniture and fittings	2	(1)	1
Motor vehicles	1,435	(409)	1,026
Office equipment	2	(1)	1
	1,441	(411)	1,030

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2017			
Computers	**3**	**(1)**	**2**
Furniture and fittings	**2**	**(1)**	**1**
Motor vehicles	**1,372**	**(960)**	**41**
Office equipment	**2**	**(1)**	**1**
	1,379	**(963)**	**416**
2016			
Computers	3	(1)	2
Furniture and fittings	2	(1)	1
Motor vehicles	2,051	(1,025)	1,026
Office equipment	2	(1)	1
	2,058	(1,028)	1,030

Note:-

^ - *Denotes less than RM400*

- *Denotes less than RM200*

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. These leased assets have been pledged as security for the related finance lease liabilities of the Group.

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Leasehold land	**1,628**	1,647	**–**	–
Motor vehicles	**530**	1,223	**412**	1,026
Machinery and equipment	**4,777**	1,970	**–**	–
Barge and pipe laying equipment	**262,206**	357,105	**–**	–
	269,141	361,945	**412**	1,026

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.

During the financial year, the Group has carried out review of the recoverable amount of its machinery and equipment, barge and pipe laying equipment and capital work-in-progress on board the barge because of no utilisation of the barge during the financial year. An impairment loss of RM43,762,171 (2016 – NIL), representing the write-down of the property, plant and equipment to the recoverable amount was recognised in "Other Expenses" line item of the Consolidated Statement of Profit or Loss and Other Comprehensive Income as disclosed in Note 28 to the financial statements. The recoverable amount was determined based on fair value less cost to sell approach.

The fair value of the barge has been assessed by an independent professional valuer using the market approach, including consideration of the recent market transaction of vessels of similar type and age. The assessment is based on the assumption that it is on a willing buyer and willing seller basis.

7. INVENTORIES

	The Group	
	2017	**2016**
	RM'000	**RM'000**
At cost:-		
Project materials	**185**	5,446
Spare parts	**4,954**	4,993
Personal protective equipment	**15**	40
	5,154	10,479

None of the inventories are carried at net realisable value.

8. TRADE RECEIVABLES

	The Group	
	2017	**2016**
	RM'000	**RM'000**
Trade receivables	**43,613**	125,545
Unbilled receivables	**18,178**	2,774
	61,791	128,319
Allowance for impairment losses	**–**	(37)
	61,791	128,282
Allowance for impairment losses:-		
At 1 January	**37**	37
Reversal during the financial year (Note 28)	**(37)**	–
At 31 December	**–**	37

Unbilled receivables represent services provided but not yet billed at the end of the reporting period.

The Group's normal trade credit terms range from 60 to 90 (2016 - 60 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables:-				
Third parties	**121**	27	**–**	–
Goods and services tax recoverable	**4,127**	1,068	**–**	–
	4,248	1,095	**–**	–
Deposits	**4,832**	4,754	**6**	4
Prepayments	**2,961**	3,872	**78**	153
	12,041	9,721	**84**	157

Included in deposits of the Group at the end of the reporting period is an aggregate amount of RM1,169,709 (2016 - RM1,083,570) 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 RM730,000 (2016 - RM1,363,011) being margin deposits placed for trust receipts facility provided by certain banks.

The prepayments of the Group amounting to RM250,003 (2016 - RM1,022,197) is in respect of prepayments for facility charges.

10. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2017	2016
	RM'000	RM'000
Amount owing by subsidiaries:-		
Trade balance	**34,942**	34,434
Non-trade balance	**89,382**	89,361
	124,324	123,795

The trade balance is subject to the normal trade credit terms ranging from 60 to 90 (2016 - 60 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.

11. SHORT-TERM INVESTMENTS

	The Group			
	2017		2016	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market funds in Malaysia, at fair value	**136**	**136**	2,775	2,775

	The Company			
	2017		2016	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market funds in Malaysia, at fair value	**121**	**121**	384	384

12. 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% (2016 - 2.70% to 3.70%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2016 - 7 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 were amounts of RM98,914,079 (2016 - RM111,894,721) and RM8,389,515 (2016 - RM8,145,990) respectively which have been pledged to several licensed banks as security for banking facilities granted to the Group and to the Company.

13. SHARE CAPITAL

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

		The Group/The Company			
		2017	**2016**	**2017**	**2016**
	Note	**Number of Shares ('000)**		**RM'000**	
Authorised					
Ordinary shares of RM0.20 each		**N/A**	10,000,000	**N/A**	2,000,000
Issued And Fully Paid-Up					
Ordinary shares with no par value (2016 - par value of RM0.20 each)					
At 1 January		**825,166**	824,393	**165,033**	164,879
Issuance of shares pursuant to conversion of RCULS		**1,239**	740	**296**	147
New shares issued under the employees' share option scheme for cash	16	**–**	33	**–**	7
At 31 December		**826,405**	825,166	**165,329**	165,033

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.

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016.

14. SHARE PREMIUM

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

15. 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.

16. 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.

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.

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

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 At 1.1.2017	Granted	Exercised	Forfeited/ Lapsed	At 31.12.2017
27.9.2013	RM0.65	1 year	5,059,500	–	–	(139,200)	4,920,300
4.2.2015	RM0.82	1 year	6,354,500	–	–	(887,500)	5,467,000
1.9.2015	RM0.76	1 year	2,642,300	–	–	(3,000)	2,639,300
24.6.2016	RM0.61	1 year	9,377,000	–	–	(1,184,000)	8,193,000
			23,433,300	–	–	(2,213,700)	21,219,600

Date of Offer	Exercise Price	Remaining Contractual Life of Options Price	Number Of Options Over Ordinary Shares At 1.1.2016	Granted	Exercised	Forfeited/ Lapsed	At 31.12.2016
27.9.2013	RM0.65	2 years	5,178,460	–	(7,000)	(111,960)	5,059,500
4.2.2015	RM0.82	2 years	6,715,000	–	(26,000)	(334,500)	6,354,500
1.9.2015	RM0.76	2 years	2,775,300	–	–	(133,000)	2,642,300
24.6.2016	RM0.61	2 years	–	9,617,500	–	(240,500)	9,377,000
			14,668,760	9,617,500	(33,000)	(819,960)	23,433,300

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

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

The number of options exercisable as at 31 December 2017 was 21,219,600 (2016 - 23,433,300) and have exercise prices in the range of RM0.61 to RM0.82 (2016 - RM0.61 to RM0.82) and a weighted average contractual life of 1 year (2016 - 2 years).

In the last financial year, 33,000 share options were exercised at an exercise price in the range of RM0.65 to RM0.82 each in exchange for 33,000 new ordinary shares as disclosed in Note 13 to the financial statements.

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

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:-

	31.12.2016	**31.12.2015**	**31.12.2013**
Fair value of share options at the grant date (RM)			
- 27.9.2013	N/A	N/A	0.1070
- 4.2.2015	N/A	0.5289	N/A
- 1.9.2015	N/A	0.3443	N/A
- 24.6.2016	0.1944	N/A	N/A
Weighted average ordinary share price (RM)	0.65	0.88 - 0.95	–
Exercise price of share option (RM)	0.61	0.76 - 0.82	0.65
Expected volatility (%)	41.70	43.75 - 69.28	8.68
Expected life (years)	2.00	3.00	5.00
Risk free rate (%)	3.59	3.78 - 4.10	3.26
Expected dividend yield (%)	0.00	0.00	0.00

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

	The Group/The Company	
	2017	**2016**
	RM'000	**RM'000**
Equity		
At 1 January	**610**	653
Converted during the financial year	**(71)**	(43)
At 31 December	**539**	610
Non-current liabilities		
At 1 January	**1,719**	1,704
Converted during the financial year	**(218)**	(121)
Amortisation charge during the financial year	**262**	136
At 31 December	**1,763**	1,719

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

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.

18. FOREIGN EXCHANGE TRANSLATION RESERVES

The foreign exchange translation reserves arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

19. DEFERRED TAX LIABILITIES

Presented after appropriate offsetting as follows:-

	At 1.1.2017 RM'000	Recognised in Profit or Loss (Note 29) RM'000	Conversion of RCULS RM'000	At 31.12.2017 RM'000
The Group				
2017				
Deferred Tax Liabilities				
Property, plant and equipment	**3,240**	**(218)**	**–**	**3,022**
RCULS	**98**	**(63)**	**(7)**	**28**
	3,338	**(281)**	**(7)**	**3,050**
Deferred Tax Assets				
Provisions	**(9)**	**9**	**–**	**–**
Unused tax losses	**(2,688)**	**(312)**	**–**	**(3,000)**
	(2,697)	**(303)**	**–**	**(3,000)**
	641	**(584)**	**(7)**	**50**

	At 1.1.2016 RM'000	Recognised in Profit or Loss (Note 29) RM'000	Issuance and Conversion of RCULS RM'000	At 31.12.2016 RM'000
2016				
Deferred Tax Liabilities				
Property, plant and equipment	1,552	1,688	–	3,240
RCULS	142	(38)	(6)	98
	1,694	1,650	(6)	3,338
Deferred Tax Assets				
Provisions	(9)	–	–	(9)
Unused tax losses	(1,518)	(1,170)	–	(2,688)
	(1,527)	(1,170)	–	(2,697)
	167	480	(6)	641

19. DEFERRED TAX LIABILITIES (CONT'D)

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

	At 1.1.2017 RM'000	Recognised in Profit or Loss (Note 29) RM'000	Conversion of RCULS RM'000	At 31.12.2017 RM'000
The Company				
2017				
Deferred Tax Liabilities				
Property, plant and equipment	**11**	**(3)**	**–**	**8**
RCULS	**98**	**(63)**	**(7)**	**28**
	109	**(66)**	**(7)**	**36**

	At 1.1.2016 RM'000	Recognised in Profit or Loss (Note 29) RM'000	Issuance and Conversion of RCULS RM'000	At 31.12.2016 RM'000
2016				
Deferred Tax Liabilities				
Property, plant and equipment	12	(1)	–	11
RCULS	142	(38)	(6)	98
	154	(39)	(6)	109

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM143,904,936 (2016 - RM12,725,111) and RM4,941,540 (2016 - 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 these items 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.

20. LONG-TERM BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Hire purchase payables (Note 21)	**187**	668	**147**	563
Term loans (Note 22)	**169,255**	166,962	**–**	–
	169,442	167,630	**147**	563

21. HIRE PURCHASE PAYABLES (SECURED)

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:				
- not later than one year	**313**	434	**244**	365
- later than one year and not later than five years	**190**	695	**149**	585
	503	1,129	**393**	950
Less: Future finance charges	**(19)**	(68)	**(15)**	(57)
Present value of hire purchase payables	**484**	1,061	**378**	893
Analysed by:-				
Current liabilities (Note 25)	**297**	393	**231**	330
Non-current liabilities (Note 20)	**187**	668	**147**	563
	484	1,061	**378**	893

The hire purchase payables of the Group and of the Company are secured by the Group's and the Company's motor vehicles under finance leases as disclosed in Note 6 to the financial statements. The hire purchase arrangements are expiring within 2 years (2016 - 3 years).

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% (2016 - 4.64% to 4.68%) and from 4.64% to 4.68% (2016 - 4.64% to 4.68%) per annum, respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

22. TERM LOANS (SECURED)

	The Group	
	2017	2016
	RM'000	RM'000
Current liabilities (Note 25)	**4,241**	39,817
Non-current liabilities (Note 20)	**169,255**	166,962
	173,496	206,779

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

	Effective Interest Rates	The Group	
		2017	2016
	%	RM'000	RM'000
Floating rate term loan	4.01 - 7.60	173,496	206,779

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.

23. TRADE PAYABLES

	The Group	
	2017	**2016**
	RM'000	**RM'000**
Trade payables	**106,155**	92,994
Accrued purchases	**13,636**	37,570
	119,791	130,564

The normal trade credit terms granted to the Group range from 60 to 90 (2016 - 60 to 90) days.

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	**679**	1,304	**94**	59
RCULS interest payable	**11**	77	**11**	77
Accruals	**2,172**	1,678	**365**	455
Deferred income	**–**	145	**–**	–
Goods and services tax payable	**108**	4,553	**105**	189
	2,970	7,757	**575**	780

Deferred income consists of advance billings to a customer for project materials which has yet to be delivered/utilised at the end of the previous reporting period.

25. SHORT-TERM BORROWINGS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Hire purchase payables (Note 21)	**297**	393	**231**	330
Term loans (Note 22)	**4,241**	39,817	**–**	–
Trust receipts	**33,991**	45,842	**–**	–
	38,529	86,052	**231**	330

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 9, Note 12 and Note 22 to the financial statements.

26. BANK OVERDRAFTS

The bank overdrafts of the Group bore an effective interest rate of 8.08% (2016 - 8.10%) 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 12 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.

27. REVENUE

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Pipeline and commissioning services	**124,141**	135,258	**–**	–
Installation and construction services	**186,795**	487,328	**–**	–
Management fees	**–**	–	**9,775**	10,833
	310,936	622,586	**9,775**	10,833

28. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Audit fee				
- current year	**239**	235	**34**	34
- overprovision in the prior year	**(2)**	–	**–**	–
Depreciation of property, plant and equipment (Note 6)	**28,198**	30,805	**377**	411
Directors' emoluments:				
- directors' fee	**746**	736	**626**	616
- salaries, allowances and bonuses	**4,814**	5,299	**2,321**	2,779
- defined contribution benefits	**592**	562	**295**	264
- other benefits	**5**	4	**2**	1
- share option expenses	**–**	334	**–**	155
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	**814**	904	**–**	–
- hire purchase	**40**	59	**34**	50
- term loans	**9,519**	9,152	**–**	–
- RCULS	**268**	277	**268**	277
- bank guarantee/trust receipts	**3,697**	5,747	**-**	196

28. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Rental expenses on:				
- equipment and machineries	**65**	126	**–**	–
- premises	**2,245**	2,493	**–**	–
- motor vehicle	**22**	–	**–**	–
Staff costs (including other key management personnel as disclosed in Note 35):				
- salaries, allowances and bonuses	**13,854**	19,373	**3,072**	3,971
- defined contribution benefits	**1,689**	2,363	**365**	477
- other benefits	**96**	493	**14**	36
- share option expenses	**–**	1,405	**–**	71
Impairment loss:				
- investments in subsidiaries (Note 5)	**–**	–	**20,167**	–
- goodwill (Note 31)	**20**	–	**–**	–
- property, plant and equipment (Note 6)	**43,762**	–	**–**	–
- trade receivables (Note 8)	**–**	37	**–**	–
Reversal of impairment loss on trade receivables (Note 8)	**(37)**	–	**–**	–
Property, plant and equipment written off (Note 6)	**1,113**	660	**237**	–
Realised loss on foreign exchange	**2,030**	393	**2**	^
Unrealised loss/(gain) on foreign exchange	**9,995**	(7,316)	**–**	–
Interest income on financial assets that are not at fair value through profit or loss:				
- fixed deposits with licensed banks	**(3,208)**	(3,374)	**(246)**	(247)
- cash and bank balances	**(403)**	(289)	**(7)**	(11)
Rental income	**(60)**	(20)	**(30)**	(20)
Gain on disposal of property, plant and equipment	**(4)**	(2)	**–**	–
Insurance claim from property, plant and equipment written off	**(291)**	–	**(291)**	–

Note:-
^ - *Denotes RM279*

The estimated total monetary value of benefits-in-kind provided by the Company to the executive directors of the Company were RM56,000 (2016 - RM36,250).

29. INCOME TAX EXPENSE

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax:				
- for the financial year	**704**	1,354	**694**	492
- (over)/underprovision in the previous financial year	**(95)**	71	**(2)**	97
	609	1,425	**692**	589
Deferred tax (Note 19):				
- originating and recognition of temporary differences	**(235)**	487	**(66)**	(32)
- overprovision in the previous financial year	**(349)**	(7)	**–**	(7)
	(584)	480	**(66)**	(39)
	25	1,905	**626**	550

A reconciliation of income tax expense applicable to the (loss)/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	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before taxation	**(216,729)**	16,367	**(19,062)**	448
Tax at the statutory tax rate of 24% (2016 - 24%)	**(52,015)**	3,928	**(4,575)**	107
Tax effects of:				
Non-deductible expenses	**19,916**	1,738	**5,204**	355
Non-taxable income	**(377)**	(1,323)	**(1)**	(2)
Utilisation of deferred tax assets previously not recognised	**–**	(1,813)	**–**	–
Effects of differential in tax rates of subsidiaries	**56**	(689)	**–**	–
Deferred tax assets not recognised during the financial year	**32,889**	–	**–**	–
Overprovision of deferred tax in the previous financial year	**(349)**	(7)	**–**	(7)
(Over)/Under provision of income tax in the previous financial year	**(95)**	71	**(2)**	97
Income tax expense for the financial year	**25**	1,905	**626**	550

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

29. INCOME TAX EXPENSE (CONT'D)

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

	The Group	
	2017	**2016**
	RM'000	**RM'000**
Accelerated capital allowances	**(12,505)**	(13,419)
Unused tax losses	**143,905**	12,725
Unabsorbed capital allowances	**4,942**	–
	136,342	(694)

30. (LOSS)/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.

	The Group	
	2017	**2016**
(Loss)/Profit attributable to owners of the Company (RM'000)	**(216,704)**	14,534
Weighted average number of ordinary shares in issue ('000)	**825,587**	824,844
Basic (loss)/earnings per share (Sen)	**(26.25)**	1.76

(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.

	The Group	
	2017	**2016**
(Loss)/Profit attributable to the owners of the Company (RM'000)	**(216,704)**	14,534
Weighted average number of ordinary shares in issue ('000)	**825,587**	824,844
Effects of dilution from share options granted to employees ('000)	**23,433**	15,872
Effect of conversion of RCULS ('000)	**9,381**	10,620
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**858,401**	851,336
Diluted (loss)/earnings per share (Sen)	**(25.25)**	1.71

31. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of PBJV Asset Management Sdn. Bhd.

On 8 June 2017, the Company acquired 100% equity interest in PBJV Asset Management Sdn. Bhd.

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

	The Group 2017 RM
Other payables	(1,300)
Amount due to directors	(9,194)
Cash and bank equivalents	709
Net identifiable liabilities acquired	(9,785)
Add: Goodwill on acquisition	9,787
Total purchase consideration, to be settled by cash	2
Less: Cash and bank equivalents of subsidiary acquired	(709)
Net cash inflow from the acquisition of a subsidiary	(707)

	The Company 2017 RM
Total purchase consideration, to be settled by cash/Net cash outflow from the acquisition of a subsidiary	2

(b) Acquisition of Barakah Offshore Energy Sdn. Bhd.

On 8 June 2017, the Company acquired 100% equity interest in Barakah Offshore Energy Sdn. Bhd.

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

	The Group 2017 RM
Cash and bank equivalents	2
Net identifiable assets acquired/Total purchase consideration, to be settled by cash	2
Less: Cash and bank equivalents of subsidiary acquired	(2)
Net cash inflow from the acquisition of a subsidiary	–

	The Company 2017 RM
Total purchase consideration, to be settled by cash/Net cash outflow from the acquisition of a subsidiary	2

31. ACQUISITION OF SUBSIDIARIES (CONT'D)

(c) Acquisition of Barakah Onshore Ventures Sdn. Bhd.

On 8 June 2017, the Company acquired 100% equity interest in Barakah Onshore Ventures Sdn. Bhd.

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

	The Group 2017 RM
Cash and bank equivalents	**2**
Net identifiable assets acquired/Total purchase consideration, to be settled by cash	**2**
Less: Cash and bank equivalents of subsidiary acquired	**(2)**
Net cash inflow from the acquisition of a subsidiary	**–**

	The Company 2017 RM
Total purchase consideration, to be settled by cash/Net cash outflow from the acquisition of a subsidiary	**2**

(d) Acquisition of PBJV Energy Sdn. Bhd.

On 8 June 2017, Barakah Offshore, a wholly-owned subsidiary of the Company had acquired 100% equity interest in PBJV Energy Sdn. Bhd.

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

	The Group 2017 RM
Other payables	**(1,300)**
Amount due to directors	**(9,253)**
Cash and bank equivalents	**391**
Net identifiable liabilities acquired	**(10,162)**
Add: Goodwill on acquisition	**10,164**
Total purchase consideration, to be settled by cash	**2**
Less: Cash and bank equivalents of subsidiary acquired	**(391)**
Net cash inflow from the acquisition of a subsidiary	**(389)**

The above four (4) newly acquired subsidiaries have yet to commence business operation as at the end of the current reporting period and are acquired for future business expansion of the Group.

31. ACQUISITION OF SUBSIDIARIES (CONT'D)

(e) Acquisition of PBJV Macfeam Sdn. Bhd.

During the previous financial year, PBJV, a wholly-owned subsidiary of the Company had acquired one (1) ordinary share in PBJV Macfeam for a consideration of RM1.00 ("Transfer").

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

	The Group 2017 RM
Cash and bank equivalents	*
Net identifiable assets acquired	*
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(^)
Total purchase consideration, to be settled by cash	^
Less: Cash and bank equivalents of subsidiary acquired	(*)
Net cash outflow from the acquisition of a subsidiary	(^)

Simultaneously on 1 November 2016, PBJV had also subscribed for 50,999 new ordinary shares of RM1.00 each in PBJV Macfeam for a total cash consideration of RM50,999 ("Acquisition"). Upon the completion of the Transfer and Acquisition, PBJV holds 51% of the total issued and paid up share capital of PBJV Macfeam.

Note:-

^ - *Denotes RM2*

- *Denotes RM1*

32. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

	RCULS RM'000	Term Loan RM'000	Hire Purchase RM'000	Trust Receipts RM'000	Total RM'000
The Group					
2017					
At 1 January	**1,719**	**206,779**	**1,061**	**45,842**	**255,401**
Changes in Financing Cash Flows					
Proceeds from drawdown	**–**	**–**	**–**	**123,872**	**123,872**
Repayment of borrowing principal	**–**	**(15,290)**	**(577)**	**(135,723)**	**(151,590)**
Repayment of borrowing interests	**(72)**	**(9,519)**	**(40)**	**(3,697)**	**(13,328)**
Non-cash Changes					
Finance charges recognised in profit or loss (Note 28)	**268**	**9,519**	**40**	**3,697**	**13,524**
Foreign exchange adjustments	**–**	**(17,993)**	**–**	**–**	**(17,993)**
Reclassification of interest payables to "Other Payables and Accruals" (Note 24)	**66**	**–**	**–**	**–**	**66**
Conversion of RCULS	**(218)**	**–**	**–**	**–**	**(218)**
At 31 December	**1,763**	**173,496**	**484**	**33,991**	**209,734**

	RCULS RM'000	Hire Purchase RM'000	Total RM'000
The Company			
2017			
At 1 January	**1,719**	**893**	**2,612**
Changes in Financing Cash Flows			
Repayment of borrowing principal	**–**	**(515)**	**(515)**
Repayment of borrowing interests	**(72)**	**(34)**	**(106)**
Non-cash Changes			
Finance charges recognised in profit or loss (Note 28)	**268**	**34**	**302**
Reclassification of interest payables to "Other Payables and Accruals" (Note 24)	**66**	**–**	**66**
Conversion of RCULS	**(218)**	**–**	**(218)**
At 31 December	**1,763**	**378**	**2,141**

Comparative information is not presented by virtue of the exemption given in MFRS 107.

32. CASH FLOW INFORMATION (CONT'D)

(b) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term investments	**136**	2,775	**121**	384
Fixed deposits with licensed banks	**102,709**	115,988	**8,423**	8,177
Cash and bank balances	**29,205**	101,701	**2,597**	2,908
Bank overdrafts	**(15,661)**	(1,166)	**–**	–
	116,389	219,298	**11,141**	11,469
Less: Fixed deposits pledged to licensed banks (Note 12)	**(98,914)**	(111,895)	**(8,390)**	(8,146)
	17,475	107,403	**2,751**	3,323

33. OPERATING SEGMENTS

No segmental information is provided as the Group is primarily involved in the oil and gas industry (one business segment) and the Group's activities are 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		
	2017	**2016**	
	RM'000	**RM'000**	**Segment**
Customer #1	**147,732**	393,467	Oil and gas
Customer #2	**N/A**	119,935	Oil and gas

34. 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:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Company in which certain Directors have substantial financial interests				
Purchases paid/payable	**486**	669	**–**	–
Rental of premises paid/payable	**2,220**	2,220	**–**	–
Rental of yard paid/payable	**60**	60	**–**	–
Donations	**530**	600	**–**	–
Installation and construction services received/receivable	**(16,555)**	–	**–**	–
Company related to a Director				
Secretarial services paid/payable	**4**	9	**–**	–
Subsidiary				
Management fee received/receivable	**–**	–	**9,775**	10,833

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

35. KEY MANAGEMENT PERSONNEL COMPENSATION

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

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors				
Directors of the Company				
Executive directors				
Short-term employee benefits:				
- salaries, allowances and bonuses	**4,171**	4,648	**2,189**	2,650
- other benefits	**4**	3	**2**	1
	4,175	4,651	**2,191**	2,651
Defined contribution plan	**531**	499	**295**	264
Share option expenses	**–**	310	**–**	155
	4,706	5,460	**2,486**	3,070
Non-executive directors				
Short-term employee benefits:				
- fees	**626**	616	**626**	616
- allowances	**132**	129	**132**	129
	758	745	**758**	745
	5,464	6,205	**3,244**	3,815
Directors of the Subsidiaries				
Executive directors				
Short-term employee benefits:				
- fees	**120**	120	**–**	–
- salaries, allowances and bonuses	**511**	522	**–**	–
- other benefits	**1**	1	**–**	–
	632	643	**–**	–
Defined contribution plan	**61**	63	**–**	–
Share option expenses	**–**	24	**–**	–
	693	730	**–**	–
Total directors' remuneration (Note 28)	**6,157**	6,935	**3,244**	3,815

35. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other key management personnel				
Short-term employee benefits	**4,352**	6,577	**1,126**	2,071
Defined contribution plan	**522**	820	**135**	281
Share option expenses	**–**	340	**–**	64
Total compensation for other key management personnel	**4,874**	7,737	**1,261**	2,416

The estimated total monetary value of benefits-in-kind provided by the Group and the Company to the executive directors were RM56,000 (2016 - RM36,250).

The estimated total monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries was RM23,950 (2016 - RM7,000).

36. CAPITAL COMMITMENTS

	The Group	
	2017	2016
	RM'000	RM'000
Purchase of property, plant and equipment	**4,020**	2,873

37. 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	
	2017	2016	2017	2016
Unsecured	RM'000	RM'000	RM'000	RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	**–**	–	**172,377**	251,187
Bank guarantees extended to clients	**111,169**	93,846	**12,727**	9,188

38. 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.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) 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) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

	SGD RM'000	USD RM'000	SAR RM'000	EUR RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group						
2017						
Financial assets						
Trade receivables	–	–	–	–	61,791	61,791
Other receivables and deposits	–	–	116	–	8,964	9,080
Short-term investments	–	–	–	–	136	136
Fixed deposits with licensed banks	–	7,359	–	–	95,350	102,709
Cash and bank balances	3	1,055	1,083	25	27,039	29,205
	3	8,414	1,199	25	193,280	202,921
Financial liabilities						
Trade payables	1,020	4,487	–	79	114,205	119,791
Other payables and accruals	–	–	7	–	2,963	2,970
Term loans	–	172,376	–	–	1,120	173,496
Trust receipts	–	–	–	–	33,991	33,991
Hire purchase payables	–	–	–	–	484	484
RCULS	–	–	–	–	1,763	1,763
Bank overdrafts	–	–	–	–	15,661	15,661
	1,020	176,863	7	79	170,187	348,156

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) 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	Ringgit Malaysia RM'000	Total RM'000
The Group						
2017						
Net financial (liabilities)/assets	**(1,017)**	**(168,449)**	**1,192**	**(54)**	**23,093**	**(145,235)**
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	**–**	**164,708**	**(1,192)**	**–**	**(22,585)**	**140,931**
Currency exposure	**(1,017)**	**(3,741)**	**–**	**(54)**	**508**	**(4,304)**

	SGD RM'000	USD RM'000	SAR RM'000	EUR RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group						
2016						
Financial assets						
Trade receivables	–	19,479	–	–	108,803	128,282
Other receivables and deposits	–	–	20	–	5,829	5,849
Short-term investments	–	–	–	–	2,775	2,775
Fixed deposits with licensed banks	–	8,091	–	–	107,897	115,988
Cash and bank balances	3	59,346	1,196	24	41,132	101,701
	3	86,916	1,216	24	266,436	354,595

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) 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	Ringgit Malaysia RM'000	Total RM'000
The Group						
2016						
Financial liabilities						
Trade payables	520	27,787	–	–	102,257	130,564
Other payables and accruals	–	–	7	–	7,750	7,757
Term loans	–	205,002	–	–	1,777	206,779
Trust receipts	–	–	–	–	45,842	45,842
Hire purchase payables	–	–	–	–	1,061	1,061
RCULS	–	–	–	–	1,719	1,719
Bank overdrafts	–	–	–	–	1,166	1,166
	520	232,789	7	–	161,572	394,888
Net financial (liabilities)/assets	(517)	(145,873)	1,209	24	104,864	(40,293)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	–	196,568	(1,209)	–	(103,718)	91,641
Currency exposure	(517)	50,695	–	24	1,146	51,348

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

Foreign currency risk sensitivity analysis

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

			The Group	
			2017	**2016**
			RM'000	**RM'000**
Effects on Profit After Taxation				
SGD/RM	-	strengthened by 1%	**(8)**	(4)
	-	weakened by 1%	**8**	4
USD/RM	-	strengthened by 1%	**(28)**	385
	-	weakened by 1%	**28**	(385)
EUR/RM	-	strengthened by 1%	**#**	^
	-	weakened by 1%	**(#)**	(^)
Effects on Other Comprehensive Income				
SGD/RM	-	strengthened by 1%	**(8)**	(4)
	-	weakened by 1%	**8**	4
USD/RM	-	strengthened by 1%	**(28)**	385
	-	weakened by 1%	**28**	(385)
EUR/RM	-	strengthened by 1%	**#**	^
	-	weakened by 1%	**(#)**	(^)

Note:-
^ - *Denotes RM410*
# - *Denotes RM182*

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) 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 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 based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 22, Note 25 and Note 26 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 at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	**2016**
	RM'000	**RM'000**
Effects on Profit After Taxation		
Increase of 100 basis points	**(1,696)**	(1,929)
Decrease of 100 basis points	**1,696**	1,929
Effects on Other Comprehensive Income		
Increase of 100 basis points	**(1,696)**	(1,929)
Decrease of 100 basis points	**1,696**	1,929

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) 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 bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 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.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 76% of its trade receivables at the end of the reporting period.

(ii) 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).

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2017				
Not past due	**43,320**	**–**	**–**	**43,320**
Past due:-				
- less than 2 months	**1,527**	**–**	**–**	**1,527**
- 2 to 6 months	**16,746**	**–**	**–**	**16,746**
- over 6 months	**191**	**–**	**–**	**191**
- more than 1 year	**7**	**–**	**–**	**7**
	61,791	**–**	**–**	**61,791**
2016				
Not past due	126,082	–	–	126,082
Past due:-				
- less than 2 months	1,202	–	–	1,202
- 2 to 6 months	747	–	–	747
- over 6 months	214	–	–	214
- more than 1 year	74	(37)	–	37
	128,319	(37)	–	128,282

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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) 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	**Weighted Average Effective Interest Rate %**	**Carrying Amount RM'000**	**Contractual Undiscounted Cash Flow RM'000**	**Within 1 Year RM'000**	**1 - 5 Years RM'000**	**Over 5 Years RM'000**
2017						
Non-derivative Financial Liabilities						
Hire purchase payables	**4.66**	**484**	**503**	**313**	**190**	**–**
Term loans	**4.07**	**173,496**	**207,420**	**12,950**	**144,217**	**50,253**
Trust receipts	**7.08**	**33,991**	**33,991**	**33,991**	**–**	**–**
RCULS	**15.60**	**1,763**	**1,942**	**1,942**	**–**	**–**
Trade payables	**–**	**119,791**	**119,791**	**119,791**	**–**	**–**
Other payables and accruals	**–**	**2,970**	**2,970**	**2,970**	**–**	**–**
Bank overdrafts	**8.08**	**15,661**	**15,661**	**15,661**	**–**	**–**
		348,156	**382,278**	**187,618**	**144,407**	**50,253**
2016						
Non-derivative Financial Liabilities						
Hire purchase payables	4.66	1,061	1,129	434	695	–
Term loans	4.40	206,779	225,769	48,316	177,453	–
Trust receipts	5.67	45,842	45,842	45,842	–	–
RCULS	15.60	1,719	2,272	74	2,198	–
Trade payables	–	130,564	130,564	130,564	–	–
Other payables and accruals	–	7,757	7,757	7,757	–	–
Bank overdrafts	8.10	1,166	1,166	1,166	–	–
		394,888	414,499	234,153	180,346	–

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flow RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2017						
Non-derivative Financial Liabilities						
Hire purchase payables	**4.66**	**378**	**393**	**244**	**149**	**–**
RCULS	**15.60**	**1,763**	**1,942**	**1,942**	**–**	**–**
Other payables and accruals	**–**	**575**	**575**	**575**	**–**	**–**
		2,716	**2,910**	**2,761**	**149**	**–**
2016						
Non-derivative Financial Liabilities						
Hire purchase payables	4.66	893	950	365	585	–
RCULS	15.60	1,719	2,272	74	2,198	–
Other payables and accruals	–	780	780	780	–	–
		3,392	4,002	1,219	2,783	–

38. FINANCIAL INSTRUMENTS (CONT'D)

38.2 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 shareholder(s) 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.

The Group manages its capital based on debt-to-equity ratio that complies with 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	
	2017 RM'000	**2016 RM'000**
Hire purchase payables (Note 21)	**484**	1,061
Term loans (Note 22)	**173,496**	206,779
Trust receipts (Note 25)	**33,991**	45,842
RCULS (Note 17)	**1,763**	1,719
Bank overdrafts (Note 26)	**15,661**	1,166
	225,395	256,567
Less: Short-term investments (Note 11)	**(136)**	(2,775)
Less: Fixed deposits with licensed banks (Note 12)	**(102,709)**	(115,988)
Less: Cash and bank balances	**(29,205)**	(101,701)
Net debt	**93,345**	36,103
Total equity	**203,243**	423,636
Debt-to-equity ratio	**0.46**	0.09

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Loans and receivables financial assets				
Trade receivables (Note 8)	**61,791**	128,282	**–**	–
Other receivables and deposits (Note 9)	**9,080**	5,849	**6**	4
Amount owing by a subsidiary (Note 10)	**–**	–	**124,324**	123,795
Fixed deposits with licensed banks (Note 12)	**102,709**	115,988	**8,423**	8,177
Cash and bank balances	**29,205**	101,701	**2,597**	2,908
	202,785	351,820	**135,350**	134,884
Fair value through profit or loss: Held-for-trading				
Short-term investments (Note 11)	**136**	2,775	**121**	384
Financial liabilities				
Other financial liabilities				
Hire purchase payables (Note 21)	**484**	1,061	**378**	893
Term loans (Note 22)	**173,496**	206,779	**–**	–
Trust receipts (Note 25)	**33,991**	45,842	**–**	–
RCULS (Note 17)	**1,763**	1,719	**1,763**	1,719
Trade payables (Note 23)	**119,791**	130,564	**–**	–
Other payables and accruals (Note 24)	**2,970**	7,757	**575**	780
Bank overdrafts (Note 26)	**15,661**	1,166	**–**	–
	348,156	394,888	**2,716**	3,392

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value				
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Amount**
The Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017								
Financial Asset								
Short-term investments - money market funds	**136**	**–**	**–**	**–**	**–**	**–**	**136**	**136**
Financial Liabilities								
Hire purchase payables	**–**	**–**	**–**	**–**	**484**	**–**	**484**	**484**
Term loans	**–**	**–**	**–**	**–**	**173,496**	**–**	**173,496**	**173,496**
RCULS	**–**	**–**	**–**	**–**	**1,579**	**–**	**1,579**	**1,763**
2016								
Financial Asset								
Short-term investments - money market funds	2,775	–	–	–	–	–	2,775	2,775
Financial Liabilities								
Hire purchase payables	–	–	–	–	1,061	–	1,061	1,061
Term loans	–	–	–	–	206,779	–	206,779	206,779
RCULS	–	–	–	–	1,797	–	1,797	1,719

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 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
2017								
Financial Asset								
Short-term investments - money market funds	**121**	**–**	**–**	**–**	**–**	**–**	**121**	**121**
Financial Liabilities								
Hire purchase payables	**–**	**–**	**–**	**–**	**378**	**–**	**378**	**378**
RCULS	**–**	**–**	**–**	**–**	**1,579**	**–**	**1,579**	**1,763**
2016								
Financial Asset								
Short-term investments - money market funds	384	–	–	–	–	–	384	384
Financial Liabilities								
Hire purchase payables	–	–	–	–	893	–	893	893
RCULS	–	–	–	–	1,797	–	1,797	1,719

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

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

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair value, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the Group's terms loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of hire purchase payables and RCULS that carry fixed interest rates are determined by discounting the relevant future contractual 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		The Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Hire purchase payables	**4.66**	4.66	**4.66**	4.66
RCULS	**12.99**	12.70	**12.99**	12.70

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

(a) The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are:-

- Removal of the authorised share capital; and
- Ordinary shares ceased to have par value.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective note(s) to the financial statements.

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

(b) On 8 June 2017, the Company and its wholly owned subsidiary had acquired ordinary shares in the following companies, making them wholly owned subsidiaries of the Company:-

- Barakah Offshore

  Barakah Offshore was incorporated as a private limited company in Malaysia on 26 January 2017 with an issued and paid up share capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers' shares were held by the Company and Nik Hamdan bin Daud. The Company acquired one (1) ordinary share from Nik Hamdan bin Daud for a consideration of RM1.00.

  Barakah Offshore is currently dormant. The intended principal activities are investment in oil and gas ventures, development and production of hydrocarbon, operation and maintenance of oil and gas facilities and related services.

  Nik Hamdan bin Daud is a director and also a major shareholder of Barakah.

- Barakah Onshore Ventures Sdn. Bhd.

  Barakah Onshore Ventures Sdn. Bhd. was incorporated as a private limited company in Malaysia on 3 March 2017 with an issued and paid up capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers' shares were held by Nik Hamdan bin Daud and Rasdee bin Abdullah ("Subscribers"). The Company acquired two (2) ordinary shares from the Subscribers for a total consideration of RM2.00.

  Barakah Onshore Ventures Sdn. Bhd. is currently dormant. The intended principal activities are investment in oil and gas ventures, development and production of hydrocarbon, operation and maintenance of oil and gas facilities.

  Rasdee bin Abdullah is a director of Barakah.

- PBJV Asset Management Sdn. Bhd.

  PBJV Asset Management Sdn. Bhd. was incorporated as a private limited company in Malaysia on 31 May 2015 with an issued and paid up share capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers' shares were held by the Subscribers. The Company acquired two (2) ordinary shares from the Subscribers for a total consideration of RM2.00.

  PBJV Asset Management Sdn. Bhd. is currently dormant. The intended principal activities are investment holding, investment in offshore support vessels and equipment, and operation and maintenance of offshore support vessels and equipment mainly for the oil and gas industry.

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

(b) • PBJV Energy Sdn. Bhd.

PBJV Energy Sdn. Bhd. was incorporated as a private limited company in Malaysia on 30 March 2015 with an issued and paid up share capital of RM2.00 comprising of two (2) ordinary shares. The two (2) subscribers' shares were held by the Subscribers. Barakah Offshore acquired two (2) ordinary shares from the Subscribers for a total consideration of RM2.00.

PBJV Energy Sdn. Bhd. is currently dormant. The intended principal activities are investment holding, investment in upstream oil and gas assets and energy related assets, exploration, development and production of hydrocarbon and operation and maintenance of oil and gas production facilities and related services.

The subscriber shares of the above four (4) companies were originally issued to and held by the director(s) to merely facilitate the incorporation of the above companies prior to being transferred to the Group. The above four (4) companies have yet to commence business operation and are set-up as vehicles for future business expansion of the Group.

(c) On 13 June 2017, PBJV, a wholly-owned subsidiary of the Company, in a consortium with Beumer Maschinenfabrik GmbH & Co. KG, had received the letter of award for the provision of basic and detailed engineering, procurement, construction and commissioning package for Rejuvenation of Urea Ship Loading Facilities Project at Asean Bintulu Fertilizer Plant, Bintulu, Sarawak ("Contract"). The Contract's value is estimated at RM35 million for a duration from 1 June 2017 to 31 December 2019, with an option for extension of up to four (4) months by the awarder.

(d) On 19 June 2017, PBJV received the letter of award for the provision of Well Intervention vessel, support vessel and services for Abandonment and Decommissioning of Chinguetti and Banda Field, Mauritania ("Contract"). The Contract's value is estimated at USD14.28 million and is projected to commence on June 2017.

(e) On 29 November 2017, PBJV had entered into a Consortium Agreement with Brooke Dockyard and Engineering Works Corporation and Samling Energy Sdn. Bhd. Pursuant to the Consortium Agreement, the parties agree to work together to jointly bid for oil and gas related projects in the state of Sarawak. Upon successful award of contracts, the parties will enter into specific project consortium agreement to execute the respective contract and determine the scope of work of each party based on the capability and resources of the respective party.

LIST OF PROPERTIES

No.	Name registered owner	Approximate age of building/ Tenure/Date of expiry of leasehold interest	The identification/ Postal address	Description and exisiting use	Land area/ Built up area	Restriction in Interest/ Encumbrances	Audited net book value as at 31.12.2017
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	RM768,200
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 981000, Miri Sarawak	Open yard fabrication facilities Category of land use: Town land to be as a 2-storey detached building where the ground floor to be used for 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	RM861,237
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	RM100,864

** 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. 3, Jalan Teknologi,
Taman Sains Selangor 1
Kota Damansara PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : +603 6143 0000
Fax : +603 6143 0003/02/01

PBJV SUPPORT OFFICES

KUALA LUMPUR

PBJV GROUP SDN BHD

Unit E-8-5, Block E, Megan Avenue 1
189 Jalan Tun Razak
50400 Kuala Lumpur

Tel : +603 2171 6271
Fax : +603 2171 6273

TERENGGANU

PBJV GROUP SDN BHD

No. 4, 1st Floor, Wisma NDP
Jln Besar Paka
23100 Dungun, Terengganu

Tel : +609 827 7171
Fax : +609 827 6171

SARAWAK

PBJV GROUP SDN BHD

Sublot 9, Lot 597
1st Floor, Blok 5 Desa Senadin KBLD
98100 Miri, Sarawak

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

ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

SHARE CAPITAL

Issued and Paid-Up Share Capital	:	826,405,455 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	%
1 - 99	1,051	16.16	14,932	0.00
100 - 1,000	723	11.12	452,605	0.05
1,001 - 10,000	2,743	42.19	15,088,968	1.83
10,001 - 100,000	1,705	26.22	60,497,088	7.32
100,001 - 41,320,271(*)	276	4.24	348,024,062	42.11
41,320,272 and above (**)	4	0.06	402,327,800	48.68
Total	**6,502**	**100.00**	**826,405,455**	**100.00**

Remark:

* - Less than 5% of issued shares

** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
No	**Name**	**No. of shares**	**%**	**No. of shares**	**%**
1	Nik Hamdan bin Daud	329,006,337	39.81	2,390,000*	0.29
2	Samling Energy Sdn Bhd	-	-	112,047,200**	13.57
3	Yaw Holding Sdn Bhd	-	-	112,047,200**	13.57
4	Tan Sri Datuk Amar Yaw Teck Seng @Hiew Teck Seng	-	-	112,047,200**	13.57
5	Dato' Sri Yaw Chee Ming	-	-	112,047,200**	13.57
6	United Power Holdings Limited	98,427,800	11.91	0	0
7	Felda Investment Corporation Sdn Bhd	73,500,000	8.89	0	0

DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No	**Name**	**No. of shares**	**%**	**No. of shares**	**%**
1	Dato' Mohamed Sabri bin Mohamed Zain	0	0	0	0
2	Nik Hamdan bin Daud	329,006,337	39.81	2,390,000*	0.29
3	Sulaiman bin Ibrahim	5	0	0	0
4	Nurhilwani binti Mohamad Asnawi	5	0	0	0
5	Azman Shah bin Mohd Zakaria	20,611,624	2.50	0	0
6	Rasdee bin Abdullah	0	0	0	0
7	Datuk Azizan bin Haji Abd Rahman	0	0	0	0
8	Datuk Joseph Lau	13,619,400***	1.65	0	0

* Deemed interest by virtue of his shareholding in Vertical Sources Sdn Bhd pursuant to Section 8 (4) of the Companies Act, 2016.

** Deemed interest
- 98,427,800 ordinary shares held via United Power Group Holdings Limited.
- 13,619,400 ordinary shares held via Datuk Joseph Lau.

*** Held on behalf of Samling Energy Sdn Bhd

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 MARCH 2018

No.	Name	No. of Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (3RD PARTY-M8837)	188,900,000	22.8580
2.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR UNITED POWER GROUP HOLDINGS LIMITED (001)	98,427,800	11.9104
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR FELDA INVESTMENT CORPORATION SDN BHD	73,500,000	8.8939
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (3RD PARTY-M8767)	41,500,000	5.0217
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD	40,258,900	4.8716
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (MARGIN)	35,230,000	4.2630
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NIK HAMDAN BIN DAUD (PB)	31,400,000	3.7996
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	22,591,200	2.7337
9.	AZMAN SHAH BIN MOHD ZAKARIA	20,611,624	2.4941
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD (021)	19,000,000	2.2991
11.	UOBM NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)	13,795,000	1.6693
12.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK JOSEPH LAU	13,619,400	1.6480
13.	NIK HAMDAN BIN DAUD	12,976,337	1.5702
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHA SHUH YI (6000680)	9,460,000	1.1447
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH TEIK CHAY	8,961,717	1.0844
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOOI KIANG	5,400,000	0.6534
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA ENHANCEDINCOME FUND (211887)	5,000,000	0.6050
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KOH KIN LIP (MY0502)	4,000,000	0.4840
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JENNY LIM FEN FUA	3,300,000	0.3993
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHA SHUH YI (MY2688)	2,700,000	0.3267

No.	Name	No. of Shares	%
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ON LI SAR @ OON LI SAR	2,600,000	0.3146
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT) (475391)	2,485,000	0.3007
23.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VERTICAL SOURCES SDN BHD (021)	2,390,000	0.2892
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW POH LENG	2,262,200	0.3737
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LING SOON HING	2,000,000	0.2420
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOKE TAN CHUNG (MY0585)	1,600,000	0.1936
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN AMAEQ)	1,398,200	0.1692
28.	YAYASAN GURU MALAYSIA BERHAD	1,250,000	0.1513
29.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,227,400	0.1485
30.	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (LOCAL)	1,200,000	0.1452

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

AS AT 30 MARCH 2018

Total number of RCULS issued	:	208,021,362
Total number of outstanding RCULS	:	9,380,936
Issued Price of RCULS	:	RM0.20

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of RCULS Holders	% of RCULS holders	No. of Loan Stock	%
1 - 99	71	14.52	2,767	0.03
100 - 1,000	87	17.79	35,642	0.38
1,001 - 10,000	207	42.33	1,162,205	12.39
10,001 - 100,000	109	22.29	3,459,553	36.88
100,001 - 469,045(*)	13	2.66	2,203,069	23.48
469,046 and above (**)	2	0.41	2,517,700	26.84
Total	**489**	**100.00**	**9,380,936**	**100.00**

Remark:
* - Less than 5% of issued loan stock
** - 5% and above of issued loan stock

DIRECTORS' RCULS HOLDINGS

		Direct		Indirect	
No	**Name**	**No. of shares**	**%**	**No. of shares**	**%**
1	Dato' Mohamed Sabri bin Mohamed Zain	0	0	0	0
2	Nik Hamdan bin Daud	0	0	0	0
3	Sulaiman bin Ibrahim	0	0	0	0
4	Nurhilwani binti Mohamad Asnawi	0	0	0	0
5	Azman Shah bin Mohd Zakaria	0	0	0	0
6	Rasdee bin Abdullah	0	0	0	0
7	Datuk Azizan bin Haji Abd Rahman	0	0	0	0
8	Datuk Joseph Lau	0	0	0	0

LIST OF TOP 30 HOLDERS OF RCULS

AS AT 30 MARCH 2018

No.	Name	No. of Shares	%
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,017,700	21.5085
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA STEADY FIXEDINCOME FUND (712166)	500,000	5.3300
3.	OH TEIK CHAY	357,400	3.8099
4.	MAZLAN BIN ABDUL HAMID	300,000	3.1980
5.	TAN KONG HENG	200,000	2.1320
6.	NG BOO KEAN @ NG BEH KIAN	186,600	1.9891
7.	U YONG DOONG @ U SUNG KWI	150,400	1.6033
8.	YAP CHIH MING	150,000	1.5990
9.	RHB NOMINEES (TEMPATAN) SDN BHD CHER LEE KIAT	140,000	1.4924
10.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN TONG YEE	134,900	1.4380
11.	CHEW CHONG EU	125,000	1.3325
12.	AHMAD MAZLAN BIN OSMAN	116,769	1.2447
13.	AHMAD RADZI BIN OTHMAN	116,000	1.2366
14.	FAZIDAH BINTI ABDUL RAHMAN	116,000	1.2366
15.	LIM YAW YEU	110,000	1.1726
16.	EVA AZLIN BINTI ABDULLAH SUHAIMI	100,000	1.0660
17.	GOH YOKE PENG	100,000	1.0660
18.	LEOW WAI MU	100,000	1.0660
19.	LIM PENG HONG	100,000	1.0660
20.	PAULENE CHEE YUET FANG	100,000	1.0660
21.	T C HOLDINGS SENDIRIAN BERHAD	100,000	1.0660
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEY PIOW FEE	90,000	0.9594
23.	K MALATHI A/P G KESAVAN NAIR	70,000	0.7462
24.	OH ENG CHENG	69,300	0.7387
25.	MA PIN LING	61,900	0.6598
26.	HUANG PHANG LYE	60,000	0.6396
27.	TAN SEOK HUA	60,000	0.6396
28.	VIVA JAYA SDN BHD	60,000	0.6396
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH SWEE BOH @ GOH CHENG KIN	52,100	0.5554
30.	YEOH POOI HOON	50,000	0.5330

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of Barakah Offshore Petroleum Berhad ("Barakah" or "the Company") will be held at Function Room Club Golf, Seri Selangor Golf Club, Persiaran Damansara Indah, Off Persiaran Tropicana Jalan PJU 31/9, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 June 2018 at 9.30 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 2017 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 Constitution of the Company:-
   (i) Dato' Mohamed Sabri bin Mohamed Zain **Ordinary Resolution 1**
   (ii) Encik Azman Shah bin Mohd Zakaria **Ordinary Resolution 2**

2. To elect Datuk Chew Theam Hock who is retiring under Article 92 of the Constitution of the Company. **Ordinary Resolution 3**

3. To approve the payment of Directors' fees of RM51,300 per month for the Non-Executive Directors, from 28 June 2018 until the next Annual General Meeting of the Company. **Ordinary Resolution 4**

4. To approve the payment of Directors' benefits of up to RM240,075 for the Non-Executive Directors, from 28 June 2018 until the next Annual General Meeting of the Company. **Ordinary Resolution 5**

5. 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:

6. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   "**THAT**, subject always to the Sections 75 and 76 of the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

   AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 7**

7. 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: 30 April 2018

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 there shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies to a ttend at the same meeting, the member shall specify the proportion of the member's shareholdings to be represented by each proxy.

2. 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, the said nominee shall specify the proportion of its shareholdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of the appointor's 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.

4. 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.

5. 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 20 June 2018 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.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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. **Audited Financial Statements**

   Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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. **Resolution 4 and Resolution 5**
   Payment of Directors' fees and benefits

   Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors for the period commencing from 28 June 2018 up till the next Annual General Meeting of the Company in 2019. The Remuneration comprises fees, meeting allowances and benefits-in-kind payable to non-executive directors.

3. **Resolution 7**
   Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

   The proposed Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Fifth Annual General Meeting of the Company held on 26 May 2017 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being.

   The General Mandate granted by the shareholders at the Fifth Annual General Meeting of the Company had not been utilised and hence no proceeds were raised therefrom.

   The new General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Datuk Chew Theam Hock is standing for re-election pursuant to Article 92 of the Constitution of the Company at the 6th Annual General Meeting. His profile is provided on page 9 of the 2017 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 Sixth Annual General Meeting of the Company to be held at Function Room Club Golf, Seri Selangor Golf Club, Persiaran Damansara Indah, Off Persiaran Tropicana Jalan PJU 31/9, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 June 2018 at 9.30 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 Dato' Mohamed Sabri bin Mohamed Zain as Director		
Ordinary Resolution 2	Re-election of Encik Azman Shah bin Mohd Zakaria as Director		
Ordinary Resolution 3	Election of Datuk Chew Theam Hock as Director		
Ordinary Resolution 4	Approval of the payment of Directors' fees of RM51,300 per month for the Non-Executive Directors, from 28 June 2018 until the next Annual General Meeting of the Company		
Ordinary Resolution 5	Approval of the payment of Directors' benefits of up to RM240,075 for the Non-Executive Directors, from 28 June 2018 until the next Annual General Meeting of the Company		
Ordinary Resolution 6	Re-appointment of Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

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 :

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 there shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies to attend at the same meeting, the member shall specify the proportion of the member's shareholdings to be represented by each proxy.
2. 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, the said nominee shall specify the proportion of its shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of the appointor's 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.
4. 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.
5. 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 20 June 2018 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.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.
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.

1st fold here

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

2nd fold here

BARAKAH OFFSHORE PETROLEUM BERHAD (980542-H)
No. 3, Jalan Teknologi, Taman Sains Selangor 1
Kota Damansara PJU 5, 47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : 03-6143 0000
Fax : 03-6143 0003

www.barakahpetroleum.com