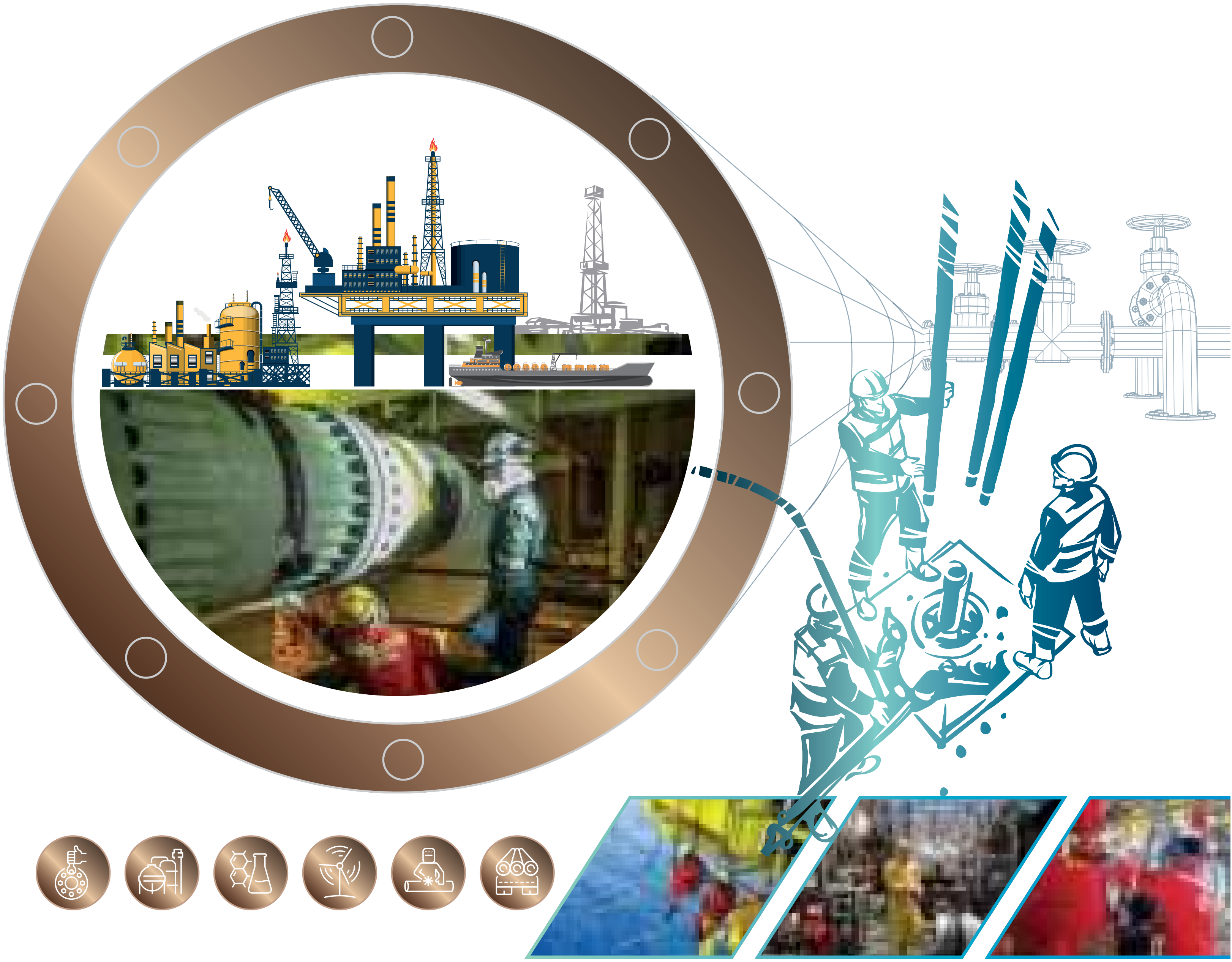
BARAKAH OFFSHORE PETROLEUM

Anchoring Strengths

ANNUAL REPORT **2022**



Vision

Excel in providing unique services to the industries

Mission

To be competitive and innovative without compromising safety and quality

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 (ENGINEERING, PROCUREMENT, CONSTRUCTION & COMMISSIONING) ONSHORE & OFFSHORE CONSTRUCTION

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

PIPELINE SERVICES PRE -COMMISSIONING, COMMISSIONING & DE-COMMISSIONING

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

DE-COMMISSIONING

- Pipeline, Structure and Topside
- Preservation and Abandonment

MARINE LOGISTIC, SHIP MANAGEMENT AND CHARTERING

- Pipe Lay Barge
- Derrick Lay Barge
- Accommodations Work Barge
- Work Boat
- Roll-on/Roll-off (Ro-Ro) Vessel

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

TECHNOLOGY & MINERAL OPERATION

- Water Mining System
- Pumping & Jetting Services
- Boring & Soil Testing
- Mineral processing & EPCC (Engineering, Procurement, Construction & Commissioning) Plant
- LNG Storage Operation
- Nitrogen Generation Plant

ENERGY

- EPCC of Power Plant
- Asset Management & Operation
- Operation& Maintenance of Power Plant
- Wind Vertical Power Turbine

INSIDE

THIS REPORT

CORPORATE **PROFILE**

Barakah Offshore Petroleum Berhad ("Barakah" or "the Company") was incorporated in Malaysia on 1 March 2012 as an investment holding company for PBJV Group Sdn Bhd ("PBJV") and its subsidiary companies. The strength of PBJV is driven by its unwavering commitment to excellence and delivering results, backed by sound technical expertise and ability to resolve matters to exceed clients' expectations.

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 pipeline construction, pipeline services, underwater inspection services and chartering of marine vessels and equipment.

PBJV continued to expand its capability with people and assets and in November 2013 was listed on the Main Board of Bursa Malaysia Securities Berhad under Barakah. By then, PBJV was recognised as one of the main contractors in offshore pipeline installation and hook-up and commissioning when it secured long-term contracts with major clients. In executing the projects, PBJV recognises that the implementation of good Quality, Health, Safety and Environment ("QHSE") practices are critical to the achievement of Man-Hours without Loss-Time Injuries ("LTI").

Up to the date of reporting, we delivered RM4.9 billion worth of work to the industries and achieved 9,867,132 million Man-hours without LTI since 26 October 2016.

As the industry has become more challenging and too competitive, Barakah and its subsidiary companies are enhancing our capabilities by exploring new technologies that can contribute to our revenues such as from the sectors of Renewable Energy and Operation & Maintenance.

With its depth of experience and strength, Barakah is positively gaining momentum towards its vision ***'EXCEL IN PROVIDING UNIQUE SERVICES TO THE INDUSTRIES'.*** The Company is capable to continue undertaking technically challenging works and has set its sights to expand its business activities in Malaysia and beyond.

DATO' SRI NIK HAMDAN BIN DAUD
Group President & Chief Executive Officer
Barakah Offshore Petroleum Berhad

CORPORATE **STRUCTURE**

BARAKAH OFFSHORE PETROLEUM

- **100% PBJV GROUP SDN BHD**
  Oil & Gas Services
  - **100% KOTA LAKSAMANA MANAGEMENT SDN BHD**
    Vessel Management
  - **100% KOTA LAKSAMANA 101 LTD**
    Vessel Ownership
  - **100% PBJV INTERNATIONAL LTD**
    Oil & Gas Services for the International Market
  - **85% PBJV GULF CO LTD**
    Oil & Gas Services for the Middle East Region
  - **51% PBJV MACFEAM SDN BHD**
    Procurement, Construction & Commissioning of Pressurised Piping System
- **100% 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 and energy related assets
- **100% BARAKAH ONSHORE VENTURES SDN BHD**
  Investment in oil & gas ventures
- **100% ALLSEAS OIL & GAS SDN BHD**
  Oil & Gas Services
- **100% CENANG BAYUEMAS SDN BHD**
  Engineering, Procurement, Construction and Maintenance Services
- **100% CENDANA PASIFIKA SDN BHD**
  Engineering, Procurement, Construction and Maintenance Services

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Mohd Zaid bin Ibrahim
Independent Non-Executive Chairman

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

Sulaiman bin Ibrahim
Senior Independent Non-Executive Director

Nurhilwani binti Mohamad Asnawi
Independent Non-Executive Director

Dr Rosli bin Azad Khan
Independent Non-Executive Director

Dato' Sri Azman Shah bin Mohd Zakaria
Deputy Group President &
Chief Executive Officer
Non-Independent Executive Director

Dato' Rasdee bin Abdullah
President & Chief Executive,
PBJV Group Sdn Bhd
Non-Independent Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Nurhilwani binti Mohamad Asnawi
Chairperson

Sulaiman bin Ibrahim

Dr Rosli bin Azad Khan

NOMINATION & REMUNERATION COMMITTEE

Sulaiman bin Ibrahim
Chairman

Nurhilwani binti Mohamad Asnawi

Dr Rosli bin Azad Khan

EXECUTIVE COMMITTEE

Dato'Sri Nik Hamdan bin Daud
Chairman

Dato' Sri Azman Shah bin Mohd Zakaria

Dato' Rasdee bin Abdullah

Megat Khairulazhar bin Khairodin

Haniza binti Jaffar

Ahmad Azrai bin Abu Bakar

ESOS COMMITTEE

Sulaiman bin Ibrahim
Chairman

Nurhilwani binti Mohamad Asnawi

Dato' Rasdee bin Abdullah

COMPANY SECRETARIES

Ng Heng Hooi
(MAICSA 7048492)
(PC No. 202008002923)

Wong Mee Kiat
(MAICSA 7058813)
(PC No. 202008001958)

REGISTERED OFFICE

Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
T: +603 2280 6388
F: +603 2280 6399

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor, Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T: +603 7890 4700
F: +603 7890 4670

STOCK EXCHANGE

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

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

CORPORATE WEBSITE

www.barakahpetroleum.com

AUDITORS

HLB AAC PLT
Chartered Accountants
No. 18, Jalan Pinggir 1/64
Jalan Kolam Air Off Jalan Sultan Azlan Shah
(Jalan Ipoh)
51200 Kuala Lumpur
T: +603 4048 2888
F: +603 4048 2999

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
T: +603 7831 3941/2605
F: +603 7831 3951

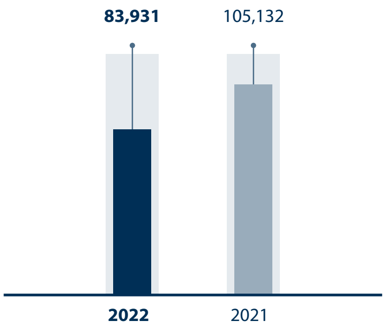
PRINCIPAL BANKERS

Export-Import Bank of Malaysia Berhad

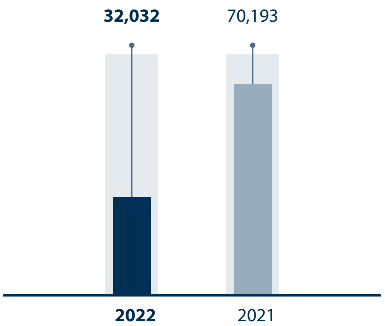
Malayan Banking Berhad

FINANCIAL **PERFORMANCE**

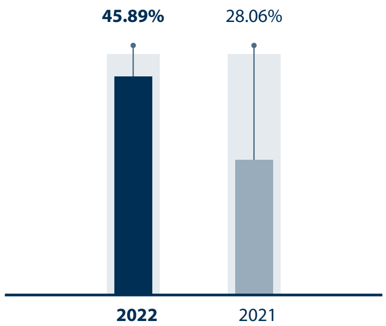
Revenue
(RM'000)



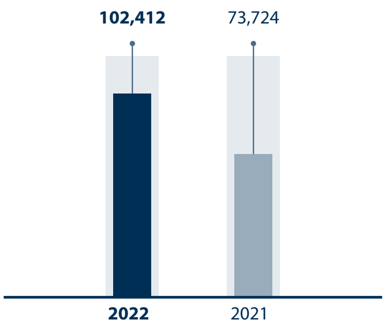
Total Cash
(RM'000)



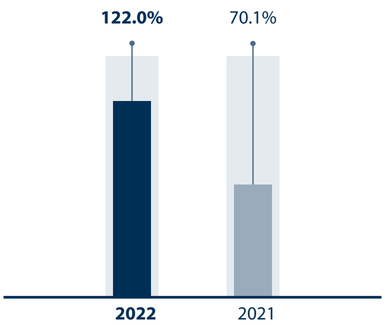
Return on Assets
(%)



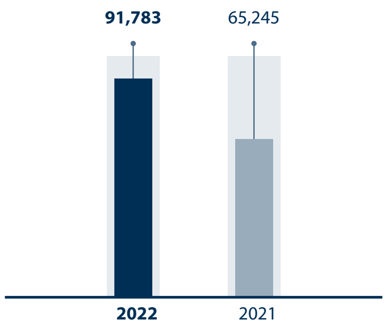
EBITDA*
(RM'000)



EBITDA* Margin
(%)



Profit before Taxation
(RM'000)



	2022 RM'000	**2021 RM'000**
Revenue	**83,931**	105,132
Profit before taxation	**91,783**	65,245
Profit after taxation attributable to owners of the Company	**83,741**	64,344
EBITDA*	**102,412**	73,724
EBITDA* margin (%)	**122.0%**	70.1%
Total assets	**182,467**	229,302
Total borrowings	**48,892**	164,827
Total cash^	**32,032**	70,193
Total equity attributable to owners of the Company	**(4,684)**	(89,777)
Return on assets (%)	**45.89%**	28.06%
Return on shareholders' equity (%)	**N/A**	N/A
Net gearing (%)	**N/A**	N/A
Basic and diluted EPS (sen)	**8.74**	7.70

* Earnings Before Interest, Tax, Depreciation and Amortisation.
^ Total cash includes short-term investment, fixed deposits with licensed banks, cash and bank balances, net of fixed deposits and cash pledged to licensed banks.

BOARD OF **DIRECTORS**

Barakah's Board of Directors steers the Company towards sustainable value delivery anchored on high standards of corporate governance.

from left to right

Nurhilwani binti Mohamad Asnawi
Independent Non-Executive Director

Dato' Rasdee bin Abdullah
President & Chief Executive,
PBJV Group Sdn Bhd
Non-Independent Executive Director

Dato' Sri Azman Shah bin Mohd Zakaria
Deputy Group President &
Chief Executive Officer
Non-Independent Executive Director

Dato' Sri Nik Hamdan bin Daud
Group President & Chief Executive Officer
Non-Independent Executive Director

Datuk Mohd Zaid bin Ibrahim
Independent Non-Executive Chairman

Dr Rosli bin Azad Khan
Independent Non-Executive Director

Sulaiman bin Ibrahim
Senior Independent
Non-Executive Director

PROFILE OF **BOARD OF DIRECTORS**

DATUK MOHD ZAID BIN IBRAHIM

Malaysian	Aged 71	Male

Independent Non-Executive Chairman

Meeting attendance in July 2021 – June 2022:
• Board of Directors: 6/7

Datuk Mohd Zaid bin Ibrahim, aged 71, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad as an Independent Non-Executive Chairman on 14 October 2019.

He obtained an LLB (University of London) and was called to the Bar at the Inner Temple in London before establishing Zaid Ibrahim & Co, which grew to become the largest legal firm in Malaysia. He is now Advisor to the firm. He has over 41 years as a legal practitioner, and was involved in multi-disciplinary practice and advises clients on corporate matters, privatisation and financing of major infrastructure projects such as the North South Highway and Water privatisation. He also had extensive experience in advising government agencies on law reform and drafting of legislation and regulations.

In 2008 he was appointed to the Cabinet of former Malaysian Prime Minister Tun Abdullah Ahmad Badawi, and served as a Minister in the Prime Minister's Department with responsibility for legal affairs and judicial reform.

Datuk Zaid and his wife Datin Suliana Shamsuddin, established and manage YOKUK – Foundation for the Disabled and Underprivileged based in Kota Bharu, Kelantan since 1999. This Foundation has helped more than 5,000 children and poorer members of the community. The Foundation not only helped thousands of disabled but also provides palliative care to terminally ill cancer patients.

DATO' SRI NIK HAMDAN BIN DAUD

Malaysian	Aged 55	Male

Group President & Chief Executive Officer
Non-Independent Executive Director

Meeting attendance in July 2021 – June 2022:
• Board of Directors: 6/7

Dato' Sri Nik Hamdan bin Daud, aged 55, a Malaysian and is the founder and Executive Director of PBJV Group Sdn Bhd and Barakah Offshore Petroleum Berhad. Holding position as Group President and Chief Executive Officer, he continuously drives the company with various accomplishments in the oil and gas industry.

Dato' Sri Nik Hamdan commenced his oil and gas career with ExxonMobil before becoming an entrepreneur. He is self-driven and motivated with 27 years of experience in serving various reputable local and international clients.

He has contributed excellent track records to the offshore and onshore sectors by developing and delivering more than RM4.9 billion worth of jobs. With his leadership, exceptional achievements and commitments, Dato' Sri Nik Hamdan has captained the company towards very challenging periods and with future success to come.

Graduated with Bachelor of Science in Electrical/Electronic Engineering from Worcester Polytechnic Institute MA, USA in 1989, Dato' Sri Nik Hamdan holds directorship in several private limited companies.

He is the Chairman of Executive Committee of Barakah.

SULAIMAN BIN IBRAHIM

Malaysian	Aged 62	Male

Senior Independent Non-Executive Director

Meeting attendance in July 2021 – June 2022:
• Board of Directors: 7/7 • ARMC: 6/6 • NRC: 2/2

Sulaiman bin Ibrahim, aged 62, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as a Non-Executive Director. On 12 December 2013 he was designated as the Senior Independent Non-Executive Director.

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

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

He is the Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee.

NURHILWANI BINTI MOHAMAD ASNAWI

Malaysian	Aged 47	Female

Independent Non-Executive Director

Meeting attendance in July 2021 – June 2022:
• Board of Directors: 7/7 • ARMC: 6/6 • NRC: 2/2

Nurhilwani binti Mohamad Asnawi, aged 47, 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 21 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.

She is the Chairperson of the Audit and Risk Management Committee and the member of Nomination and Remuneration Committee.

PROFILE OF BOARD OF DIRECTORS

DR ROSLI BIN AZAD KHAN

Malaysian	Aged 65	Male

Independent Non-Executive Director

Meeting attendance in July 2021 – June 2022:
• Board of Directors: 6/7 • ARMC: 5/6 • NRC: 1/2

Dr Rosli bin Azad Khan, aged 65, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 October 2019 as an Independent Non-Executive Director.

Dr Rosli obtained his Ph.D in Transport Economics and Masters in Transport Planning from Cranfield University, England. He is a Fellow of the Chartered Institute of Logistics & Transport ("CILT") and formerly the Vice President until 2018. Throughout his entire working career in the transportation sector, he has directed or managed consultancy projects in South East Asia, Europe, Africa and the Middle East. These include large-scale studies for both public and private sector clients involving multi-disciplinary teams.

He has more than 38 years of management and industrial experience including business consultancy especially in transportation, traffic and logistics sectors covering various modes of transport such as air, land, rail and sea. His experience covers areas such as ports & shipping, shipyard & shipbuilding, cruise & ferry studies, oil & gas, container trade, traffic planning for highways, high speed rail, MRT, LRT and urban transportation.

He has also been involved in privatisation projects and consultancy, public private partnership ("PPP"), feasibility studies, traffic forecasting, project assessment and evaluations, financial analysis, project financing and policy reviews. He was previously a Board Member of Drydocks World, Dubai, UAE and Polarcus LLC, Norway.

Since April 2018, he was appointed as an Adjunct Professor at UTEN Melaka teaching technopreneurship to MBA students. He was also a Director for Yayasan Bank Rakyat until January 2021.

He is a member of Audit and Risk Management Committee and Nomination and Remuneration Committee.

DATO' SRI AZMAN SHAH BIN MOHD ZAKARIA

Malaysian	Aged 58	Male

Deputy Group President & Chief Executive Officer
Non-Independent Executive Director

Meeting attendance in July 2021 – June 2022:
- Board of Directors: 7/7

Dato' Sri Azman Shah bin Mohd Zakaria, aged 58, 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 Deputy Group President & Chief Executive Officer of PBJV Group Sdn Bhd starting October 2019.

Dato' Sri Azman Shah has more than 24 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.

Dato' Sri 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.

He is a member of Executive Committee.

DATO' RASDEE BIN ABDULLAH

Malaysian	Aged 52	Male

President & Chief Executive, PBJV Group Sdn Bhd
Non-Independent Executive Director

Meeting attendance in July 2021 – June 2022:
- Board of Directors: 6/7

Dato' Rasdee bin Abdullah, aged 52, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 May 2012 as an Executive Director. He is also the President & Chief Executive of PBJV and has assumed the role since 2014.

He has over 28 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 and has served a few local oil and gas main contractors such as Drexel Bakti Oilfield Sdn Bhd, MMC Engineering & Services Sdn Bhd, Shapadu Energy and Engineering Sdn Bhd and Ranhill Engineers and Constructors Sdn Bhd

Dato' 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.

He is a member of Executive Committee.

Disclaimer: 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 hold any directorship in other public companies.

PROFILE OF **SENIOR MANAGEMENT**

Malaysian | Aged 49 | Male

MEGAT KHAIRULAZHAR BIN KHAIRODIN
Chief Financial Officer

Megat Khairulazhar bin Khairodin, male, aged 49, a Malaysian, is the Chief Financial Officer of Barakah Offshore Petroleum Berhad. He was appointed to the position on the 14 October 2019. He has more than 25 years experience in corporate finance, financial services, project and tender evaluation, mergers and acquisitions, fund raising, cash management, budgeting and controls and asset management.

Prior to joining Barakah, Megat Khairulazhar was the Group Strategy and Transformation Officer of Prasarana Malaysia Berhad and was the Group Chief Financial Officer since 2016. His career with Prasarana Malaysia Berhad started back in 2002 where he was the Head of Corporate Finance Department. He was a key personnel involved in the take over initiative of rails from PUTRA-LRT, STAR-LRT and Monorail as well as buses from Intrakota and Cityliner and also the Langkawi Cable Car and Penang Ferry concession.

Before joining Prasarana, Megat Khairulazhar was with Projek Usahasama Transit Ringan Automatik Sdn. Bhd., formerly known as PUTRA-LRT, a concession company under Renong Berhad Group that design, construct and operate the LRT System 2 for Kuala Lumpur. Megat Khairulazhar graduated with a Bachelor of Science (Hons) in Accounting from University of Hull, United Kingdom and an Associate Member of the Institute of Certified Management Accountants of Australia.

He is a member of Executive Committee.

Malaysian | Aged 47 | Female

HANIZA BINTI JAFFAR
Vice President of Finance and Administration

Haniza binti Jaffar, female, aged 47, a Malaysian, is the Vice President of Finance and Administration at Barakah Offshore Petroleum Berhad. She heads the Finance and Accounts Information Technology and Administration departments of Barakah Offshore Petroleum Berhad. 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 21 years of experience in finance, accounting and treasury functions.

She started her career in 1998 as 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 2011 and to the current position in 2014.

Haniza graduated with a Bachelor's degree in Accountancy from University (Institute) Technology MARA in 1999. She is Chartered Accountant of the Malaysian Institute of Accountants.

She is a member of Executive Committee.

AHMAD AZRAI BIN ABU BAKAR
Vice President of Operations

Malaysian | Aged 59 | Male

Ahmad Azrai bin Abu Bakar, male, aged 59, a Malaysian, was appointed the Vice President of Operations at PBJV on 25 November 2014. He is in charge of project management and deliveries of the Group. He has 34 years of experience in project management, execution and deliveries.

Ahmad Azrai joined PBJV 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. 3 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 ranks 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.

He is a member of Executive Committee.

MANAGEMENT DISCUSSION **AND ANALYSIS**

Dato' Sri Nik Hamdan bin Daud
Group President & Chief Executive Officer

OVERVIEW OF FY2022

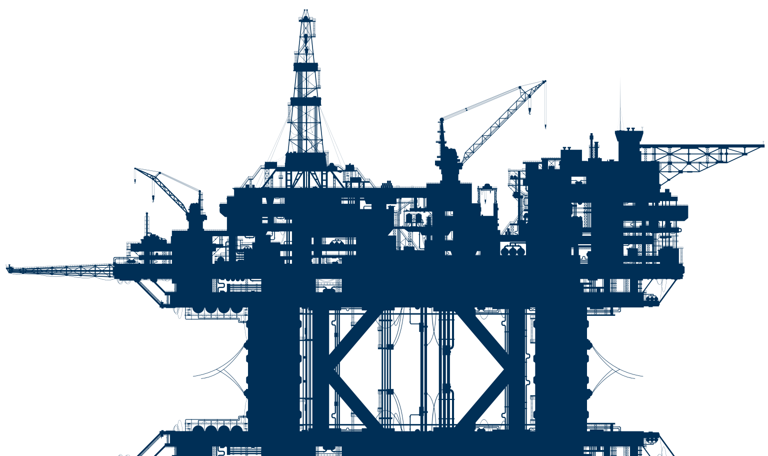
The Malaysian economy registered a positive growth in the fourth quarter of 2021. The growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan.

Meanwhile, the crude oil prices continued to rise up to an average of USD84 per barrel in October 2021 in line with the growth in consumption of crude oil. Brent crude oil prices reach an average of USD116 per barrel in March 2022. The price is currently hovering in the region of USD90 per barrel.

Hence, this will increase further on project opportunities deployed by project owners and main contractors around the Asian region. The Group will continue pursuing these opportunities and with the Group capabilities, proven track record and credible partners, there is a good chance and prospect to secure the opportunities available. Meanwhile, continuous enhancement of its operational efficiency of existing projects and cost reduction shall improve profits margins thus ensuring sustainability of its business.

The Group also continues to explore opportunities in the international markets and also into non-oil and gas related industries such as renewable energy and water by leveraging the Group's capability and track record as part of its growth strategy.

During the year, the Group has successfully completed its debt restructuring and fully settled the amounts due under the scheme. Currently, the group is exploring several proposals in order to add more value to its assets as required to regularise its financial conditions.



Bursa Securities had vide its letter dated 9 June 2022 approved the extension of time up to 16 November 2022 for Company to submit its regularisation plan to the regulatory authorities for approval and implementation accordingly to uplift from the PN17 status.

PROPOSED CAPITAL REDUCTION

RM197.7 million

PN17 STATUS

In November 2021, the Group has been granted an extension of six (6) months from Bursa Malaysia Securities Berhad ("Bursa Securities") up to 17 May 2022 to submit a regularisation plan to the regulatory authorities ("Extension of Time").

On 28 April 2022, Malacca Securities Sdn Bhd, ("Malacca Securities") the appointed Principal Advisor has made an announcement on behalf of the Company on the Proposed Regularisation Plan which comprises the following:

i. A proposed renounceable right issue of new ordinary shares in Barakah shares ("Rights Shares") with free warrants ("Warrants") to the entitled shareholders of Barakah ("Entitled Shareholders") on a basis and issue price to be determined and announced later to raise gross proceeds of up to approximately RM40.0 million ("Proposed Right Issue with Warrants");
ii. A proposed capital reduction of approximately RM197.7 million to be carried out by the Company, pursuant to Section 116 of the Companies Act 2016 to reduce the share capital and accumulated losses of the Company ("Proposed Capital Reduction");
iii. A proposed establishment of an employee's share scheme of up to 15% of the issued share capital of Barakah (excluding treasury shares, if any) at any point in time during the duration of the scheme, for the eligible directors and employees of Barakah and its subsidiaries (Barakah Group) ("Proposed ESS'), (collectively referred to as the Proposed Regularisation Plan).

Malacca Securities on the same date had submitted an application to Bursa Securities on behalf of the Company, for an extension of time of further six (6) month from 17 May 2022 to 16 November 2022 for Barakah to submit its proposed regularisation plan.

Bursa Securities had vide its letter dated 9 June 2022 approved the extension of time up to 16 November 2022 for the Company to submit its regularisation plan to the regulatory authorities for approval and implementation accordingly to uplift from the PN17 status.

MANAGEMENT DISCUSSION AND ANALYSIS

ON-GOING PROJECTS

Barakah Group is primarily an offshore and onshore oil and gas support service provider for oil and gas industry. Despite the three (3) years PETRONAS suspension, the Group is allowed to continue its ongoing project through its operating subsidiary, PBJV Group Sdn Bhd ("PBJV"), mainly the five (5) year contract for the Provision of Pan Malaysia Maintenance, Construction and Modification ("PM-MCM") Contract for year 2018 – 2023 Package A from Sapura Exploration and Production (PM) Inc. (currently undertaken by Jadestone Energy (PM) Inc.), HESS Exploration and Production Malaysia B.V ("HESS"), Petrofac (Malaysia-PM304) Limited ("PETROFAC") and IPC Malaysia B.V ("IPC").

FINANCIAL PERFORMANCE

The Group has recorded a profit after tax of RM84 million for FY2022 mainly due to the outcome from the debt settlement scheme in relation to EXIM financing and various initiatives undertaken to improve the profit margin which includes refining operational efficiency, continuous cost optimisation, maximising value of existing contracts and strengthening legal and contractual position with clients and sub-contractors.

CASHFLOW

The cash balance at the end of FY2022 was reduced to RM45 million compared to RM87 million as at end FY2021. The decrease in cash balance is mainly due to 2nd tranche settlement of debt restructuring which consist 40% of operating and 60% of financing activities.

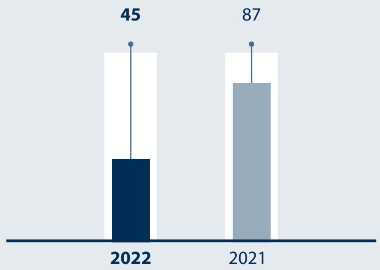
BALANCE SHEET

FY2022 Net Assets improved to negative RM5 million, an improvement of RM85 million from FY2021 net Assets of negative RM90 million. This was mainly due to the successful implementation of debt settlement scheme resulting in reduced liability of the Company.

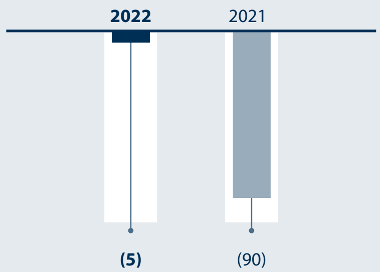
The Group's property, plant and equipment reduced to RM5 million in FY2022 from RM75 million in FY2021, mainly due to reclassification of vessel to non-current asset held for sale.

FY2022 total borrowings decreased to RM49 million from RM165 million in FY2021 mainly due to the successful implementation of debt settlement scheme.

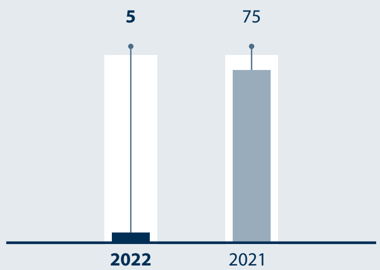
CASH BALANCE
(RM'MILLION)



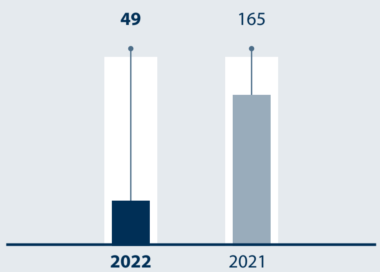
NET ASSETS
(RM'MILLION)



PROPERTY, PLANT, EQUIPMENT
(RM'MILLION)



TOTAL BORROWINGS
(RM'MILLION)



OPERATIONS

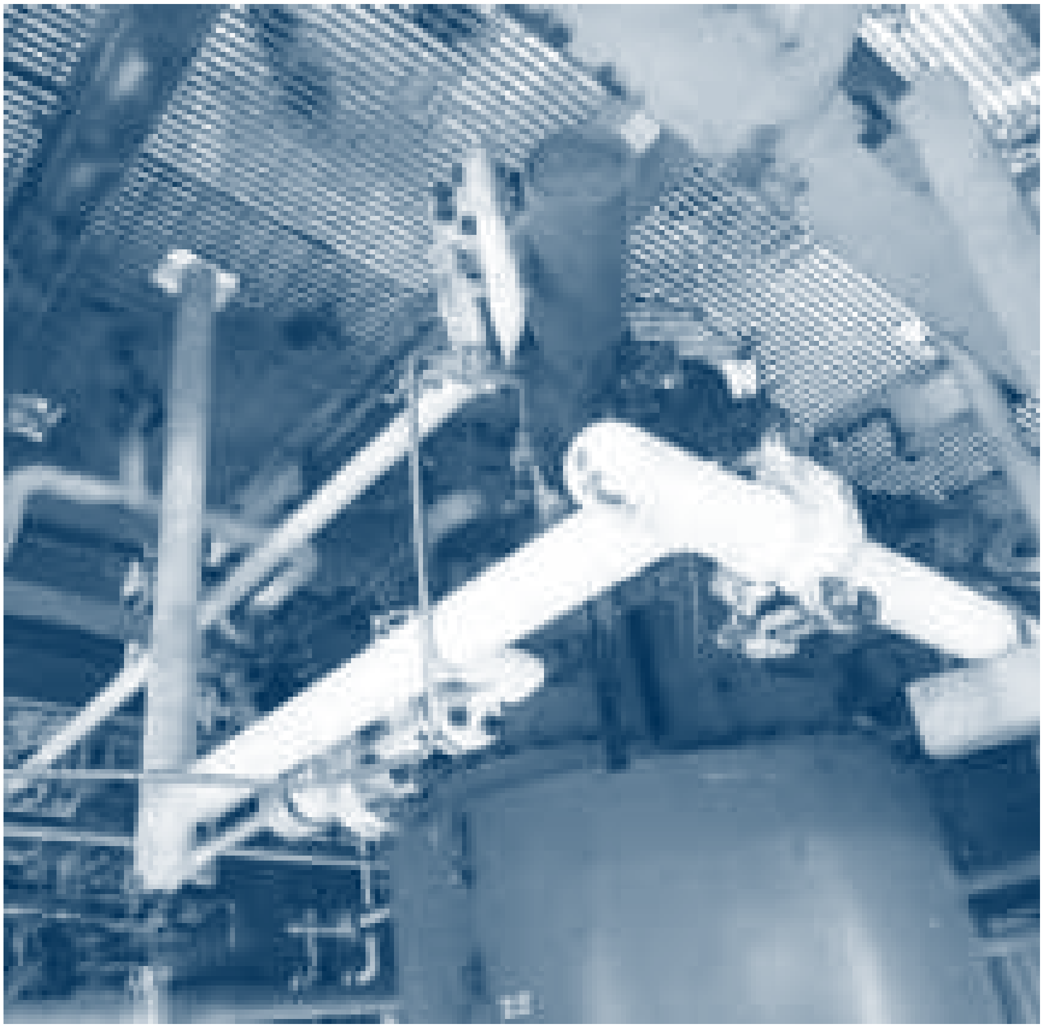
The Group reported a total revenue of RM84 million during the current FY2022 as compared to RM105 million for FY2021. The reduction of revenue is due to completion of projects during FY2021 mainly from the supply for Engineering, Procurement, Construction, Installation & Commissioning (EPCIC) of 309 Gas Ledang Redev Segment 2 (LEDANG S2) Development project.

Further, FY2022 saw a reduction in the contribution from the pipeline and commissioning services as a percentage of the group's revenue from 99% in FY2021 to 93% in FY2022 while balance 7% contributed from chartering business. There is no revenue contribution from installation and construction services division for FY2022 as compared to 1% contribution in FY2021.

PIPELINE AND COMMISSIONING SERVICES ("PCS")

Total revenue from PCS for FY2022 was 78 million as compared to RM104 million in FY2021 mainly due to completion of supply for EPCIC of 309 Gas Ledang Redev Segment 2 (LEDANG S2) Development project in FY2021 and lesser work orders received from PM-MCM works from clients during the current financial year. The PM-MCM is the main contributor for this PCS division which provide services to 4 oilfield operations, which generally covers the scope of repair and maintenance work for thier offshore platforms.

The main resources required for these contracts were manpower, equipment, supply of materials, fabrication, testing and commissioning including assistance of offshore support vessel where required.



INSTALLATION AND CONSTRUCTION SERVICES ("ICS")

No revenue from ICS for FY2022 as compared to RM1 million in FY2021. There are no new significant projects secured during the financial year.

CHARTERING SERVICES ("CS")

FY2022 revenue from CS was RM6 million was mainly contributed from supplying of vessel such as Accommodation Work Boat and Anchor Handling Tug ("AHT") Boat for underwater services works.

> **"FY2022 saw a reduction in the contribution from the pipeline and commissioning services as a percentage of the group's revenue from 99% in FY2021 to 93% in FY2022 while balance 7% contributed from chartering business."**

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK FY2023

For the Malaysian economy, the positive recovery is expected to gain momentum in FY2023. This is underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand. Taken together, these factors pave the way towards a more broad-based and sustainable recovery for Malaysia.

Despite positive outlook for Malaysia in 2022, the oil and gas industry faces its own challenges. Heightened pressure by regulators, investors, financiers and societies have led to oil and gas companies pledging to lower their carbon footprint and setting net zero carbon emissions goals in line with the government efforts to Sustainability that balances Environment, Social and Governance ("ESG") considerations across its value chain.

Moving forward the Group will continue to strengthen our engagement with stakeholders in line with Sustainability initiatives and brings positive impact to ESG campaign. Utilising its capabilities and assets in non-oil and gas sectors such as renewable energy and power generation is to avoid over-reliance on the challenging oil and gas industries. This can be done through collaboration with local and international partners to strengthen bidding success rate and improve project delivery capability.

While undertaking the above initiatives, the Group which has a proven track record remained focus in exploring opportunities and completing tasks and projects for the oil and gas, renewable energy, water and other industries. Our experience as an oil and gas support service provider that has undertaken various projects over the years is a testament to the Group's technical capability to provide quality services.

IMMEDIATE ACTION PLAN

From the improved bottom line and the positive outlook for FY2022, the Group still need to address the balance sheet and sustainability plan moving forward. Notable initiatives require us to focus and take immediate actions as follows:

1. Formulating a plan to regularise financial conditions including injection of new projects and assets hence to uplift the Group from the PN17 status.
2. Marketing the pipelay barge Kota Laksamana 101 and exploring for potential buyer of the barge.
3. Continue focusing on efficiency and performance including cost rationalisation in executing the existing Pan Malaysia Maintenance, Construction and Modification ("PM-MCM") Contract to sustain operations and cashflow.
4. Strengthening legal and contractual positions to maximise value of existing contracts in hand.
5. Backing on current facilities and resources the Group to venture into renewable energy, water industry, civil and construction and acquiring new technology capabilities.
6. Continuously exploring new international business venture through collaboration with international service providers to mitigate PETRONAS license suspension and exposure on local market.

Dato' Sri Nik Hamdan bin Daud
Group President & Chief Executive Officer

"MOVING FORWARD, THE GROUP WILL CONTINUE TO STRENGTHEN OUR ENGAGEMENT WITH STAKEHOLDERS IN LINE WITH SUSTAINABILITY INITIATIVES AND BRINGS POSITIVE IMPACT TO ESG CAMPAIGN."

SUSTAINABILITY **STATEMENT**

ABOUT THIS STATEMENT

Barakah Offshore Petroleum Berhad ("Barakah" or the "Company") is pleased to present our sustainability statement which is in line with the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") in October 2015. This statement is prepared in accordance with the Global Reporting Initiatives ("GRI") Standards: Core Option and describes the sustainability impacts of the Company's Environment, Economic and Social ("EES") risks and opportunities.

Our reporting period is from 1 July 2021 to 30 June 2022.

Barakah is committed to incorporating sustainability practices throughout our business guided by the importance of EES aspects that benefit our stakeholders. We strive to achieve a positive impact in terms of our economic and social performance whilst safeguarding the environment.

REPORT SCOPE

Barakah's business portfolio comprises the following segments:

- Pipeline Services
- Underwater Services
- Offshore Transportation and Installation
- Ship Management and Chartering
- Topside Major Maintenance and Hook-up Commissioning
- Technology, Mineral Operation and Services
- EPCC Onshore Pipeline and Construction

For this year of reporting, the Company has disclosed our qualitative and quantitative sustainability performance for two business segments – Topside Major Maintenance and Hook-up Commissioning as well as EPCC Onshore Pipeline and Construction.

SUSTAINABILITY STRATEGY

Barakah has adopted a Sustainability Policy that aims to deliver lasting value to its stakeholders and the Company. Sustainability ensures that the Company is able to move in a strategic direction to enhance our economic growth whilst monitoring our impact on the environment and our commitment to corporate social responsibility. The Company's key success factors in the competitive industries are attributed to our continued strive for excellence and our unwavering focus and commitment in the execution of our services, supported by the elements of sustainability embedded into our business practices. Barakah's Sustainability Policy is anchored on four main pillars - workplace, marketplace, environment and community.

MARKET PLACE

Ensuring that the Company's business is governed by a professional code of conduct.

WORKPLACE

Ensuring a positive workplace, providing continuous development and training for our employees.

ENVIRONMENT

Protecting the environment by reducing negative environmental impacts.

COMMUNITY

Interacting with the communities and contributing to the underprivileged.

SUSTAINABILITY STATEMENT

LEADERSHIP FOR SUSTAINABILITY

The committee structure for sustainability leadership consists of the Board of Directors that establishes clear objectives and relevance of the sustainability within the Company.

To ensure continuous improvement in sustainability performance, at the foundation of the structure is the Sustainability Committee ("SC") which is helmed by the Chairman, who reports directly to the Board of Directors.

The Sustainability Committee is divided into two teams, Operations and Business, and is responsible for all sustainability policies and strategies.

BOARD OF DIRECTORS

CHAIRMAN OF THE SUSTAINABILITY COMMITTEE

SUSTAINABILITY COMMITTEE

Operations

- Group Supply Chain
- Tender and Commercial
- Project Management
- Quality, Health, Safety and Environment ("QHSE")

Business

- Legal
- Human Resource
- Finance
- Investor Relations

The roles and responsibilities of the Sustainability Committee are defined as below:

Board of Directors

- Establishes clear objectives and relevance of sustainability within the Company.
- Provides strategic guidance and oversees sustainability management.
- Reviews and approves the Company's sustainability strategies and ensures transparency in sustainability reporting.

Chairman of the Sustainability Committee

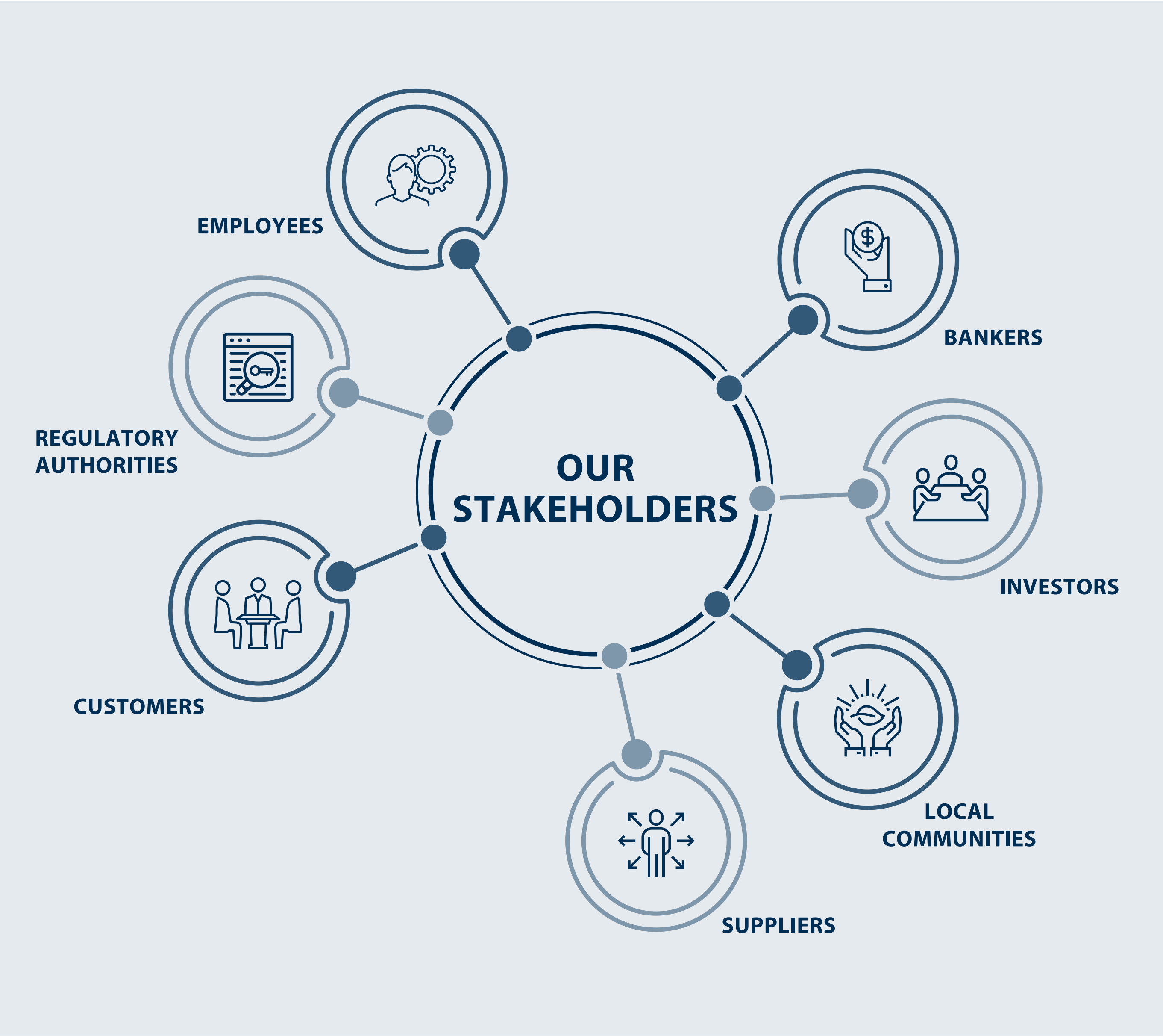
- Oversees the progress of the Sustainability Committee.
- Reports to the Board of Directors.

Sustainability Committee

- Develops sustainability policies and strategies.
- Develops and prioritises material sustainability matters.
- Develops related internal guidance documents on sustainability.
- Reports planning to the Chairman.

OUR STAKEHOLDERS

Barakah believes and prioritises in the long-term sustainability of our business, thus building strong relationships with our key stakeholder groups. The Company has identified our key stakeholders based on their influence on our business operations, and we continuously endeavour to maintain good ethics, integrity and conduct in our business practices to foster positive relations with our stakeholders.



SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

The table below shows our stakeholders' interests, how we engage with each of the stakeholder group(s) and the frequency of each engagement.

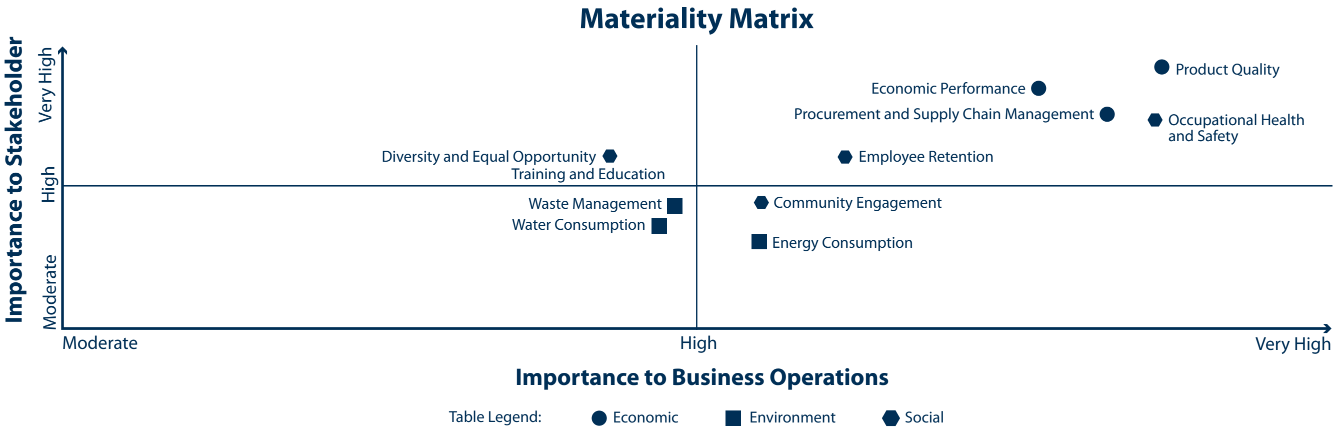
OUR STAKEHOLDERS	STAKEHOLDER INTERESTS	HOW WE ENGAGE WITH THEM	FREQUENCY OF ENGAGEMENT
Employees	• Fair remuneration • Career development and progression opportunities • Work life balance • Safe and conducive workplace	• Training programme • Management visits • Sport activities • Toolbox meetings	• Regularly • Quarterly visit • Regularly • Daily
Regulatory Authorities	• Regulatory compliances • Keeping abreast of policy and regulatory changes	• Policy briefings • Consultation sessions and conferences • ISO and OHSAS certificate compliance	• Regularly • Regularly • Annually
Customers	• Performance Reviews • Contractor's Engagement Sessions • Industry Conference and Networking Events	• Customer feedback and surveys • Meetings	• Quarterly • Monthly
Suppliers	• Suppliers evaluation • Establish price agreement/ contract for cost optimisation	• Supplier assessment review and performance • Site visits and supervision • Maintaining good relationship	• Regularly • Regularly • Regularly
Local Communities	• Creating a positive impact on the surrounding communities • Responsible corporate citizen-giving back to the community • Employment opportunity	• Corporate Social Responsibility ("CSR") programmes • Staff engagement programmes • Public engagement programmes • Internship programme	• Regularly • Regularly • Regularly • Regularly
Investors	• Stable and sustainable distribution of income • Solid financial performance • Timely and transparent reporting • Prudent risk management	• Statutory announcements • Annual general meetings • Annual Report • Financial report and Investor Briefing	• Regularly • Annually • Annually • Quarterly
Bankers	• Business growth and stability • Sustainable cashflow • Compliance to facilities condition	• Meetings and continuous correspondence • Annual review	• Regularly • Annually

SUSTAINABILITY MATTERS

Barakah's Sustainability Committee has identified and assessed material sustainability matters that are relevant to the Company's business operations and influence stakeholders' decisions. We have taken appropriate measures in assessing each material sustainability matters via a materiality assessment exercise to rank the level of importance that each material matter has on our Company and stakeholders.

MATERIALITY MATRIX

A materiality assessment was conducted with the management team and our Sustainability Committee to identify and rank the material sustainability matters that are unique to our business operations. The matrix below presents the results of the materiality assessment for the Company.



The table below shows the ranked material sustainability matters based on its relevance to our stakeholders as well as its corresponding GRI Standards indicators.

MATERIAL SUSTAINABILITY MATTER	RELEVANT STAKEHOLDER(S)	CORRESPONDING GRI INDICATOR(S)
Product Quality	Customers, Investors, Bankers	GRI General Standard Disclosures
Economic Performance	Investors, Suppliers, Bankers	Economic Performance
Occupational Health and Safety	Employees, Suppliers, Regulatory Agencies	Occupational Health and Safety
Procurement and Supply Chain Management	Suppliers, Regulatory Agencies, Investors	Procurement Practices
Employee Retention	Employees	Employment
Training and Education	Employees	Training and Education
Diversity and Equal Opportunity	Employees	Diversity and Equal Opportunity
Energy Consumption	Suppliers, Regulatory Agencies	Energy
Waste Management	Suppliers, Regulatory Agencies, Local Communities	Waste and Effluent
Water Consumption	Suppliers, Regulatory Agencies, Local Communities	Water
Community Engagement	Local Communities	Local Communities

SUSTAINABILITY STATEMENT

OUR MARKETPLACE

Despite the vagaries of the global oil and gas industry, Barakah has remained economically resilient and has overcome the challenges of continued low revenue in the past three years through the strategic reallocation of capital to optimise financial returns. The Company has further adopted a business approach focused on improving our project win rate and delivery to address the sustainability and safety matters.

To maintain a competitive advantage in the ever-challenging oil and gas industry, Barakah undertakes initiatives to deliver services with integrity, ethics, safety and quality. The Company's continued investments in our people and services have been critical in the ongoing drive for improvements in our business.

Our Procurement Practices

The Company seeks to conduct a fair, transparent and traceable procurement practices in all our business dealings. At Barakah, 100% of our suppliers are Malaysian companies registered under the PETRONAS Standardised Work & Equipment Categories ("SWEC") Code.

Non-local suppliers are only considered in the event that there is an unavailability of resources in the local market or as per clients' preference in selective cases. Through this practice, the Company is able to provide economic opportunities to local businesses, thereby strengthening the local economy.

Our Product Quality

Barakah pays close attention to our product quality and complies with all applicable regulations to meet the needs and expectations of our clients. With regular monitoring of our business performance, the Company is able to identify continual improvement measures to achieve product quality excellence.

Barakah's commitment to product quality and customer satisfaction is further enhanced by the Company's certification to the ISO 9001:2015 Quality Management Systems, the ISO 14001:2015 Environmental Management System and the ISO 45001:2018 Occupational Safety and Health ("OH&S") Management System. The Company takes a proactive approach to workplace safety and health by regularly undergoing audits, conducting inspections and reporting any unsafe activities during operations.

OUR ENVIRONMENT

Barakah places great importance in ensuring a sustainable environment and as such, the Company continuously strives to take the necessary measures and initiatives in our operations to minimise our impact on the environment. The Company strictly complies with all laws and regulations related to protecting the environment in Malaysia and we regularly conduct internal and external monitoring to ensure that our organisation meets these standards.

LICENSED CONTRACTOR
We engage only licensed contractors to dispose our schedule waste.

PAPER USAGE
Effort in reducing the usage of paper by communicating via email and phone.

CAMPAIGN
We have on-going Go Green Campaign – "Save Green, Save Planet" for recycling.

OPERATION EFFICIENCY
We use selected approved vessels for our operation.

Energy Consumption

As part of the Company's initiatives to minimise our energy consumption, we only select the most efficient vessels to carry out operations, whilst also ensuring cost efficiency. The criteria for selection of vessels are as presented below.

AGE → **HORSE POWER** → **PROPULSION TYPE** → **TECHNICAL REQUIREMENT**

Concurrent with our efforts in sustainability, we have implemented measures to ensure that our unused vessels remain pertinent to us. These unutilised vessels are scheduled to undergo maintenance, certification validity and physical or sea trials, in compliance with the requirements of our client's third-party Marine Warranty Surveyor audit.

Water Management

In conformity with the International Convention for the Prevention of Pollution from Ships ("MARPOL") – Annex IV regulations, all Barakah's vessels are equipped with sewage water treatment plants. On account of the Company's operations involving the hydro test process which utilises treated sea water, we have developed and communicated a site-specific emergency response plan for each hydrostatic test with the appropriate resources and response materials available for implementation as required.

Waste Management

As part of our efforts in waste management, the Company has established an ongoing Go Green Campaign – "Save Green, Save Planet" at our headquarters and region to promote recycling and initiatives to go paperless by encouraging business communication via emails and phones.

For the Company's offshore waste disposal, we only engage licensed contractors or third-party licensed contractors approved by the Department of Environment ("DOE") to collect, transport and dispose of our scheduled wastes, which are categorised as shown in the table below.

Type of Waste	Description
SW 408	Contaminated soil, debris or matter resulting from cleaning up of a spill of chemical, mineral oil or scheduled wastes
SW 417	Waste of inks, paints, pigments, lacquer, dye or varnish
SW 410	Rags, plastics, papers or filters contaminated with scheduled wastes
SW 305	Spent lubricating oil
SW 416	Sludges of inks, paints, pigment, lacquer, dye or varnish

SUSTAINABILITY STATEMENT

OUR WORKPLACE

Occupational Safety and Health

Occupational safety and health ("OSH") at the workplace has always been a prime consideration for Barakah. The Company strictly complies with the relevant legislation prescribed by the Department of Occupational Safety and Health ("DOSH"), and are proud to note that we are certified to the ISO 45001:2018 Occupational Safety and Health ("OH&S") Management System, having met the requirements and undergo surveillance audits by regulatory agencies and certification body.

The Company is committed to health, safety and environmental ("HSE") objectives in the execution and implementation of its operations and will do its utmost to provide a safe and healthy working environment at all times, to provide proper safety equipment required for the job, to safeguard the natural environment by taking into account any statutory requirement.

The Company has established management HSE performances standards which are spelled out in the HSE-MS Manual and the HSE Implementation Plan, while the site performance standards are mainly detailed out in the Operations HSE Manual and work procedures. The specific responsibilities for implementing the HSE policy and the HSE Plan are captured in the Company HSE-MS Manual.

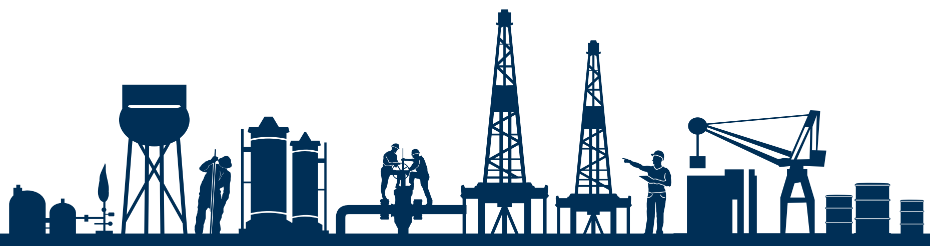
Yearly HSE Implementation plan involves the senior management to lead and promote HSE values and culture via site visits, planned inspections, employee engagements, counselling sessions and various HSE meetings. Key project management personnel including those from marine operations, construction services, and line supervisory staff have conducted various time out sessions, campaigns and on-the-job trainings.

Senior management carries out review of the HSE activities and its performance, to ensure its continuing suitability and effectiveness. The review is carried out quarterly and during monthly project HSE meetings to evaluate the performance of the Company and projects. The key performance indices include incident statistics, surveillance trending, programme feedback, and incentives performance. All statistics are compiled and shared with all operating units for the purpose of performance trending.

Towards FY2022, the Company was promoting the HSE Implementation Plan through HSE programmes, HSE trainings, HSE Campaign, HSE Leadership programmes, HSE meeting and HSE audit & inspections. The result of the yearly HSE Implementation Plan was measured above 100% achievement for actual vs plan.

Safety is a key priority at Barakah and as such, all personnel in the Company have a responsibility to play a role in maintaining our safety and health performance. We are proud of our standing figures on incident rates and strive to continually increase safety awareness in pursuit of an incident-free workplace.

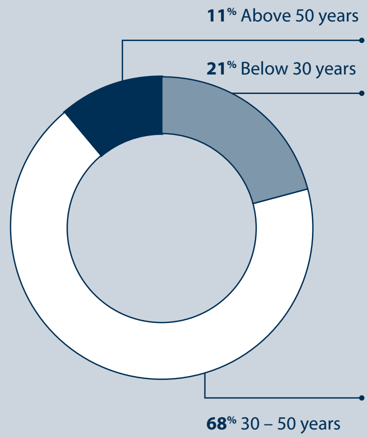
Barakah is also proud to announce the achievement of 9,867,132 Man-Hours without Lost Time Injuries ("LTI") from 26 October 2016 to 30 June 2022.



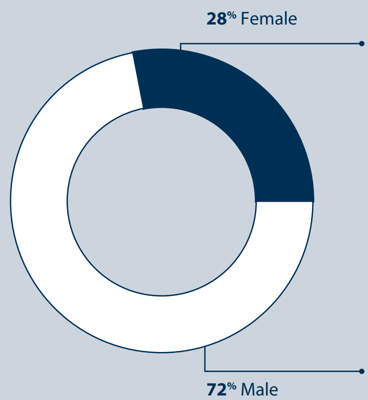
Our Diversity and Equal Opportunity

Barakah is a firm believer in diversity and equal opportunity and provides opportunities to employees on meritorious grounds regardless of race, ethnicity and gender. The Company also strongly encourages knowledge sharing and networking among employees.

Age Distribution



Gender Distribution



Employee Distribution	Below 30 years		30-50 years		Above 50 years		Total
Non-Executive	3	3	8	7	1	0	**22**
Executive	17	3	35	16	2	0	**73**
Management	0	0	10	5	4	0	**19**
Senior Management	0	0	2	1	6	0	**9**
Total	**20**	**6**	**55**	**29**	**13**	**0**	**123**

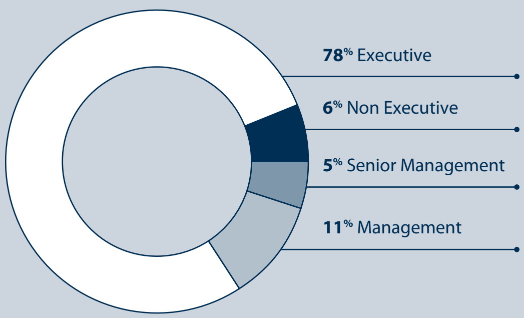
Training

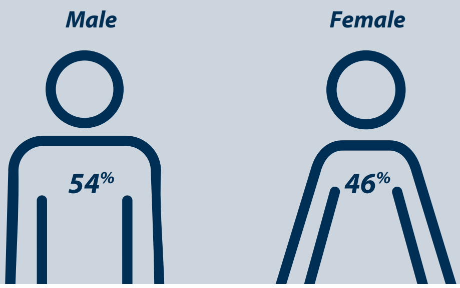
Barakah offers dedicated development programmes to our employees from all employment categories for enhancement of their skills and competencies. These training and development programmes are based on the employees' performance and their individual training matrix, and include but is not limited to, skills development, competencies and safety training. The Company is pleased to note that our total training hours for the reporting period has reached 2140 hours, with an average of 17.40 hours per employee. Our aim is to further increase these learning activities to support the development of our people.

The figure below shows our training statistics based on employment categories.

Total Training Hours for the Reporting Period
2140 hours.

Training Hours





Moving forward, the Company realises that all our employees need to be equipped with the right skills and capabilities to facilitate continuous business growth and success. Thus, we attach great importance in ensuring that sufficient training and skill enhancement programmes are provided to our employees.

Course
1. Navigating ESG Requirements for Growth
2. Occupational Safety and Health Management in Construction
3. Integrated Management System Internal Audit (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018)
4. Certified Environmental Professional in Schedule Waste Management
5. Bengkel Keselamatan & Kesihatan Pekerjaan 2021 – Pengurusan Dokumentasi Mandatori KKP & Keperlan Lain Dalam Industri
6. ASME Workshop Induction to B31.3 & B31.8
7. Project Management & Implementation Strategies
8. Training Needs Analysis
9. Effective Logistic and Supply Chain Management
10. Basic Offshore Induction & Emergency Training with CA-EBS
11. Foreign Currency & Consolidation of Foreign Subsidiaries
12. First Aid & CPR Training
13. Malaysia Hook Up Commissioning & Start-up ("HUCSU") congress
14. Basic Fire Fighting & ERP Training
15. Excellent Secretaries & Administrative Assistants
16. Excel-Intermediate to Advance
17. Chemical Spillage Control ("CSC") Training
18. Safety, Health & Environmental Legal Requirements Understanding
19. Letter Writing & Business Communication
20. Train the Trainer
21. Leading ESG, Charting Sustainability
22. Tripod Beta Analysis in Incident Investigation Course

SUSTAINABILITY STATEMENT

New Employee Hires and Employee Turnover

Barakah's new employee hires for the reporting year are majority of from the below 30 years age group followed by the 30-50 years age group and the least from the above 50 years age group.

During the reporting period, the Company's employee turnover rate was 8.9% which is a normal percentage for the oil & gas industry. After the recent COVID-19 pandemic transition into endemic, the industry employment has been extremely competitive.

Our Community

Barakah values its role in working with the local communities and networking as we believe that engaging with the communities is essential to creating sustainable impacts. To this end, the Company constantly endeavours to contribute and provide a helping hand to underprivileged through various sustainability initiatives.

Beyond our employee's welfare initiatives, the Company also focused on programmes related to safety, development of youth and spirituality. Programmes conducted include monthly contribution to an orphanage home manage by Persatuan Kebajikan Pusat Jagaan Rumah Kasih Harmoni known as Rumah Kasih Harmoni, which is located in Paya Jaras, Selangor and currently have 120 children from preschool to secondary school.

Calendar of Events/Programs

Month	Event Name	Venue
2021		
August	• CIDB Induction Presentation • IPC HSE Engagement & IPC Management Site Visit	• HQ Office, Selangor • Paka Yard, Terengganu
September	• Direct Safety Intervention Campaign	• Paka Yard, Terengganu
October	• Emergency & Evacuation Drill • DOSH Visit	• HQ Office, Selangor • HQ Office, Selangor
November	• Chemical Spillage Response Control Drill	• Paka Yard
December	• 9th Annual General Meeting • Program Komuniti Barakah Bersama Anda #BarakahBantu	• HQ Office • Hulu Langat Selangor
2022		
January	• DOSH Visit & Inspection • Safety Induction	• Paka Yard • Paka Yard
February	• Sanitize & Cleaning COVID-19 office building	• HQ Office, Selangor
March	• HSE Stand Down - PCSB (Fatality Bekok C PCSB Facility) • Management Site Visit • Management HSE Visit	• Paka Yard, Terengganu • Teluk Kalong Yard, Terengganu • Paka Yard, Terengganu
April	• Join MHSEV Petrofac	• Paka Yard, Terengganu
May'	• Emergency & Evacuation Drill	• HQ Office, Selangor
June	• Bow Tie assessment • Hot Work & Electrical Safety Campaign	• Paka Yard, Terengganu • Paka Yard, Terengganu

CONCLUSION

To remain relevant and competitive in the industry, the Company needs to gain insight into the dynamics of the market and capitalise on potential business opportunities. We need to continuously improvise approaches and solutions on how to overcome any challenges that may come our way. Guided by our four pillars of marketplace, workplace, environment and community, we seek to steadfastly realise the sustainability for our Economic, Environment and Social Initiatives.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("Board") of Barakah Offshore Petroleum Berhad ("Barakah" or the "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 Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") with references made to the Corporate Governance Report published by the Company on its website at www.barakahpetroleum.com

COMPLIANCE WITH THE MCCG

As a Main Market Listed entity, the Board is pleased to present this statement in accordance with the Malaysian Code on Corporate Governance ("MCCG") which sets out the standards of good practice in relation to:

PRINCIPLE A
Board Leadership and Effectiveness

PRINCIPLE B
Effective Audit and Risk Management

PRINCIPLE C
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES FOR LEADERSHIP FUNCTIONS

An Overview of the Roles and Responsibilities 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 ("GPCEO")	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 judgement in making board decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Clear Roles and Responsibilities

The key roles and responsibilities of the Board are to:

- Adopt and review the strategic business plan 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, acquisition 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 auditors 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 GPCEO and Chief Financial Officer ("CFO").

Responsibilities of Company Secretary

Company Secretary plays important roles in advising and supporting the Board. The Company Secretary through the Chairman plays important role in good governance by helping the board and its committees function effectively and in accordance with their respective Term of Reference ("TOR").

The Company has two (2) Company Secretaries who are qualified under the Section 235(2) of the Companies Act 2016 and are members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries also act as secretaries of all Board Committees (except for Executive Committee). The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Director's reference. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly documented in the minutes of meetings.

The Board Charter & Delegation of Authority

The Company has a Board Charter (Charter) that sets out the roles 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 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 term and 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 and reviewed the Group's Delegation & Limit of Authority ("DLA") on 1 February 2021 to define policy and operational decision making process that include matters reserved for the Board's approval and those delegated to the Board Committees, Group President & Chief Executive Officer ("GPCEO") and management.

Board Committees

Four (4) Board Committees were 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 report and its processes before presenting to Board for deliberation and approval. The ARMC also reviews the internal audit and external audit plans 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 Committee 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 39 to 42.

(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, 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
- Anti-Corruption Policy and Procedure

Together with Corporate Disclosure Policy, these policies promote appropriate communication and feedback channels including those that facilitate whistleblowing. These policies also encourage every person in the Group to act in the best interest of the Group, safeguarding confidentially, 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 20 to 30.

2. ESTABLISHED POLICY OF BOARD INDEPENDENCE

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, more than 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 continue to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

Appointment of Independent Directors

The Nomination and Remuneration Committee ("NRC") is responsible for recommending to the board for approval for the following appointments:

a. Chairman
b. Members of the Board
c. Members of the Board Committees
d. Senior Independent Non-Executive Director
e. Top Management

The NRC shall ensure that the Group recruits, retains, trains and develops suitably qualified and capable executive and non-executive directors and manages the Board's renewal and succession effectively. It also makes recommendations on the remuneration policy for the directors and the top management.

The NRC shall prepare a report on the effectiveness of the Board as a whole and the individual performance of each Director for the Board to assess annually.

Separation of Key Roles of Chairman and GPCEO

The Board supports the principle that separates roles of the Chairman and GPCEO with a clear division of responsibilities to ensure a balance of power and authority such that one individual has unlimited powers of decision making. Each of their roles had been identified in the Board Charter and DLA.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ESTABLISH 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 positions as well as the remuneration for the Directors and key management positions.

Roles and Responsibilities of the NRC

The main duties of the NRC as provided in the NRC Term 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 judgement and also to take into account the need for progressive change of the Board's composition at the conclusion of a specific term of office.
- 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").
- Recommended the remuneration for the directors and key management and review and recommend the annual bonus pool for employees.

The Board has adopted the Directors' Fit and Proper Policy for the appointment and re-election of Directors of the Company. This policy will ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto the Board and Directors who are seeking for re-election.

The NRC is responsible for the assessment of existing Directors seeking re-election or candidates for nomination or appointment as a Director of the Company and the Group.

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 a part of the NRC's Term 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 such policy on gender composition of the Board. Such policy may be considered in future depending on future growth and requirement of the Group.

Leadership Effectiveness

During the year, the NRC assessed the knowledge, skills and experience of the individual director and skill matrix based on evaluation forms recommended by Malaysian Code of Corporate Governance ("MCCG"). The assessment on the individual directors were then mapped onto 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.

Training

The Group recognises 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 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 attended by the Board is Succession Planning & Achieving Organization Success beyond the Founders.

Meeting

During the financial year ended 30 June 2022, below are the total number of meeting attended by all the Board:

Name	Board of Meeting
Datuk Mohd Zaid bin Ibrahim	6/7
Dato' Sri Nik Hamdan bin Daud	6/7
Sulaiman bin Ibrahim	7/7
Nurhilwani binti Mohamad Asnawi	7/7
Dr Rosli bin Azad Khan	6/7
Dato' Sri Azman Shah bin Mohd Zakaria	7/7
Dato' Rasdee bin Abdullah	6/7

3. REMUNERATION

The remuneration of the employees of the Group was structured based on the study conducted by professional human resources consultant 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 has 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 Non-Executive Directors for next year will be tabled for the shareholders' approval at the upcoming Tenth AGM of the Company.

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

PRINCIPLE B: EFFECTIVE AUDIT AND 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 the issues of the Group. The ARMC continues to maintain and review the 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 39 to 42.

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

Financial Reporting

The Board, with the assistance of the ARMC, review 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 Statement is presented in the appropriate section of this Annual Report as shown on page 43.

The ARMC reviewed all financial reports prepared by the management prior to submission to the Board for deliberation and approval. The External Auditors ("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 Malaysian 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 Auditors have performed limited review on the quarterly financial reports for additional reasonable assurance to the ARMC and Board.

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 stakeholders, on all material and significant information on the Group. Barakah's corporate website: www.barakahpetroleum.com contains a non-exhaustive list of the Group's corporate information, Board profiles, Group's businesses and announcement to Bursa Securities, press release, 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.

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 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 in convened to 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 Tenth AGM will be held on 21 December 2022 and detailed information of this meeting can be found in the Notice of Annual General Meeting.

Poll Voting

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

Key Focus Areas and Future Priorities in Relation to Corporate Governance Practices

In view of the enhancements in the corporate governance regulations, the Board has reviewed and uploaded the existing policies and procedures to ensure that they are kept contemporaneous and relevant to the Company's needs. The Board will further look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

AUDIT AND **RISK MANAGEMENT COMMITTEE REPORT**

A. COMPOSITION AND ATTENDANCE

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:

Puan Nurhilwani binti Mohamad Asnawi
ARMC Chairperson
Independent Non-Executive Director

Encik Sulaiman bin Ibrahim
ARMC Member
Senior Independent Non-Executive Director

Dr Rosli bin Azad Khan
ARMC Member
Independent Non-Executive Director

The ARMC Chairman, Puan Nurhilwani binti Mohamad Asnawi, is a fellow 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 30 June 2022 ("FY2022") and is published in Barakah's website in line with MMLR.

B. MEETINGS

The ARMC held six (6) meetings during the FY2022. Attendance record of the ARMC meetings can be found on pages 9 to 10 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 Summary Report.

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.

Four (4) private meetings with the Internal Auditors and two (2) private meetings with the 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 FY2022:

1. Financial Reporting

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

The ARMC also reviewed 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 and estimates.

Based on the ARMC deliberations and discussions with management, CFO and Internal Auditors, the ARMC recommended to the Board for deliberation and approval before releasing to Bursa Securities.

2. External Audit

The engagement partner of HLB AAC PLT is Ms Tang Yan Yu whom had confirmed her independence in compliance 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 FY2022 audit. ARMC deliberated the audit plan including on the scope, resources and timeline.

On 29 August 2022, the EA presented its audit summary report to the ARMC for deliberation. Subsequently, the ARMC Chairman updated the Board accordingly.

ARMC reviewed the scope of audit and the performance, their independence and objectivity, and their services rendered including non-audit services. The non-audit services were related to review of Statement on Risk Management and Internal Control. Considering the nature and scope of non-audit fees, the ARMC is of the opinion that they were not likely to create any conflict of interest or impair the independence and objectivity of the External Auditors.

ARMC also reviewed any matters considering the appointment and re-appointment, and any questions of resignation or dismissal of the External Auditors.

3. Internal Audit

ARMC reviewed and deliberated

- The adequacy of scope and coverage of IA Plan for FY2022. 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 Board meeting.
- The audit findings raised in the IA reports tabled during the year. The 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 Board on the key outcome from all audit reports.
- The adequacy of the scope, functions, competency, resources levels as well as the process and results of the internal audits functions.

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

Detailed activities of IA function are in page 38 of the Annual Report.

4. Risk Management

ARMC reviewed the risk reports prepared by the secretary of Risk Management Steering Committee ("RMSC") for FY2022. RMSC is chaired by Dato' Rasdee bin Abdullah President and Chief Executive of PBJV 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 RMSC;
- 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 Internal Auditors; 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.

There is no ESOS recommendation to ARMC for deliberation during the financial year.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

D. INTERNAL AUDIT FUNCTION

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

The IA is an outsourced function, which report directly to ARMC Chairman and administratively to GPCEO.

During the FY2022, a total of RM176,526.72 (inclusive SST) was incurred as part of resources allocation for IA, covering mainly on manpower and incidental costs such as travelling and training costs.

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

The IA plan for FY2022 was reviewed and approved by ARMC and Board was subsequently notified. Amongst others, the plan include risk based audit engagement and consulting activities, manpower requirements, budget and key performance indicators of the function.

The IA activities were carried out based on the approved risk based audit plan and ad-hoc assignment. The key IA engagements for FY2022 were:

- Follow-up on previous audit findings
- Limited review on quarterly financial results
- Review of operation support, asset management and barge management.
- Review of revenue assurance and contract bidding process.
- Review of internal control on business process of ERP-Integration of systems and modules.

The results of audit conducted were presented to top management and Executive Committee for management response to the audit findings. The reports were then reviewed by ARMC. On quarterly basis, IA updates its activities in relation to the execution of the approved audit plan, ad-hoc assignments and consulting activities performed, if any.

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

This statement is made in accordance with the resolution of the Board dated 26 October 2022.

STATEMENT ON **RISK MANAGEMENT & INTERNAL CONTROL**

INTRODUCTION

The Company acknowledges that the Board's responsibilities for the risk management and internal control, which include the establishment of appropriate control and ensures the framework and related system are manageable in good level. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Board is pleased to set out our Group's Statement of Risk Management and Internal Control for financial year ended 30 June 2022 which was prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors and Listed Issuers".

BOARD RESPONSIBILITY

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 Securities"), the Board acknowledges their responsibilities under the MMLR of Bursa Securities as follows:

- Review on the risk management framework, processes and responsibilities in order to provide reasonable assurance that risks are managed 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 ("CFO"), 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 31 March 2016 and revised on 2 January 2021.

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 the 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 Steering Committee ("RMSC"). The primary role of RMSC is facilitate the implementation of the risk management framework within the Group. The RMSC members comprise of Executive Director (cum President & Chief Executive ("PCE"), PBJV Group Sdn Bhd ("PBJV")) as Chairman and Heads of Divisions and Departments whom are identified as the respective Risk Owners within their divisions/departments.

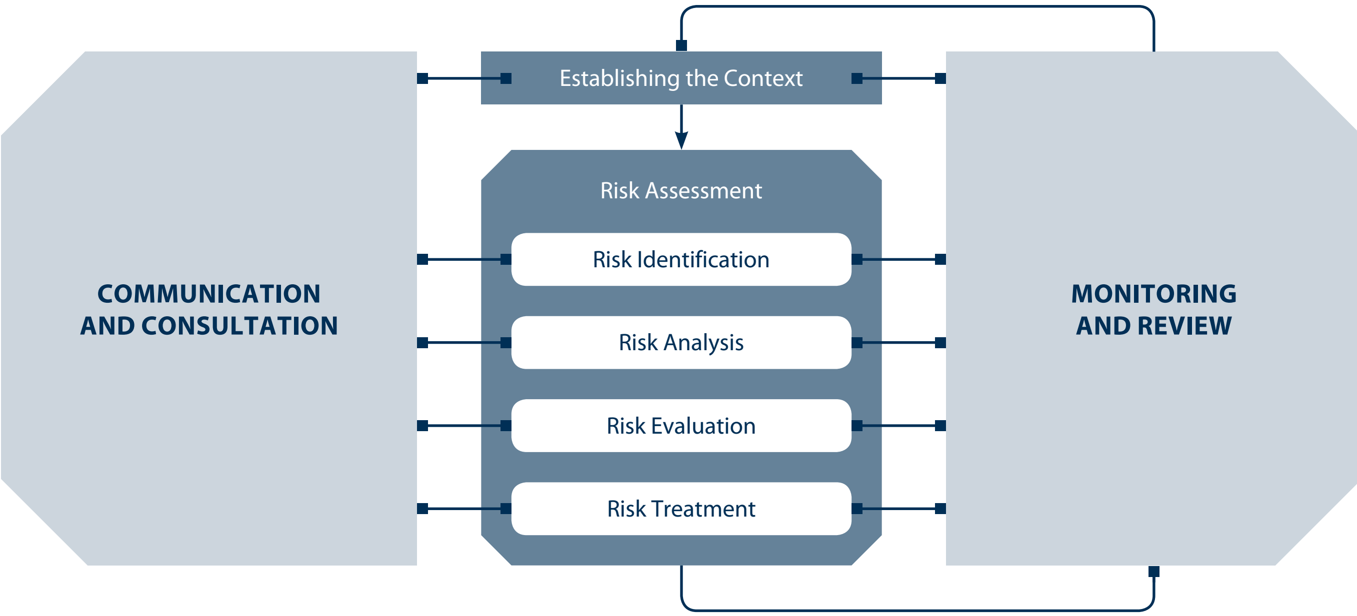
The coordination and reporting of risk management activities are managed by the PCE of PBJV and assisted by Quality Health Safety and Environment ("QHSE") Department.

The primary role of RMSC consists of issuance of risk report providing risk support to the operation and administration maintaining appropriate risk policies, procedures and providing coordination of the Group integrated risk management in 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 risk are continuously being monitored and managed within tolerable level. The risk reports include the identification of risks, potential impact, and evaluation of effectiveness of the mitigation and control procedures. The reports also include recommendation for further controls or indicators where necessary.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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



1. Establish, communicate and consult within the Group on its risk management and framework. This helps to establish the context, articulates the objectives, define the internal and external parameters in managing risk and define the risk criteria in line with our policy and establish the 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 level 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 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 QHSE Department 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 when 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 summarising risks to the Board through the Audit and Risk Management Committee for further deliberation where necessary.

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

   There were three (3) meetings held during the financial year under review.

KEY INTERNAL CONTROL PROCESSES

The Group's internal control systems 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 existing Delegation & Limit of Authority ("DLA"). The DLA 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 systems 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 outsourced Internal Auditors.

4. During the financial year under review, the management had continuously referred to its DLA 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 organisation.

   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
   k. Anti-Corruption Policy and Procedure

2. The Group through its main operating subsidiary, 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 9001:2015 Quality Management Systems, ISO 45001:2018 Occupational Safety and Health ("OH&S") Management System and ISO 14001:2015 Environmental 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.

Internal Audit ("IA")

Barakah has an outsourced IA reporting directly to ARMC. The IA provides an independent, objective assurance and consulting activity designed to add value 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 process. Further information on the IA is provided in pages 37 to 38 of the Annual Report.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 systems and risk management framework.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is the statement factually inaccurate.

This Statement of Risk Management and Internal Control is made accordance with the resolution of the Board dated 26 October 2022.

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 Securities.

In preparing the financial statements for the financial year ended 30 June 2022, the Directors have:

a. adopted and applied consistently accounting policies;

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

c. ensured that accounting records are properly maintained; and

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

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

ADDITIONAL **COMPLIANCE INFORMATION**

1. UTILISATION OF PROCEEDS

The details of the utilisation of proceeds from the Issuance of Shares on 16 October 2021 are as follows:

	Proposed Utilisation RM'000	Actual Proceed Received RM'000	Actual Amount Utilised from 16 Oct 2021 to 30 Jun 2022 RM'000		Balance Unutilised Proceed RM'000	Balance timeframe for utilisation
Working Capital	13,623	9,252	9,252		–	–
Estimated expenses for the Proposed Private Placement	660	660	660	^	–	–
	14,283	**9,912**	**9,912**		**–**	**–**

Note:
^ The actual utilisation for expenses for the Private Placement is RM240,686 and the balance of proceed totalling to RM419,314 has been utilised for working capital.

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 30 June 2022 amounted to RM75,000 and RM171,000 respectively.

The total amount of non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company and the Group during the financial year ended 30 June 2022 are as follows:

	The Company RM	The Group RM
Review of Statements on Risk Management and Internal Control	5,000	5,000

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 27 to the financial statements.

4. RELATED PARTY TRANSACTIONS

The details of related party transactions for the financial year ended 30 June 2022 are disclosed in Note 27 to the financial statements.

FINANCIAL STATEMENTS

DIRECTORS' **REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

Principal Activities

The principal activities of the Company are investment holding.

The principal activities of its subsidiary companies are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:		
- Owners of the Company	83,741	(2,830)
- Non-controlling interests	(8)	-
	83,733	(2,830)

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

Reserves and Provisions

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

Issue of Shares and Debentures

On 6 October 2021, the Company increased its issued and paid-up share capital from 835,786,391 ordinary shares to 1,002,943,391 ordinary shares through issuance of 167,157,000 new ordinary shares via private placement of RM0.0593 per ordinary shares for total consideration of RM9,671,724 (net of transaction costs) for working capital purpose. The newly issued ordinary shares ranked pari passu in all respect with the existing shares.

There were no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

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

Datuk Mohd Zaid Bin Ibrahim
Dato' Sri Nik Hamdan Bin Daud
Sulaiman Bin Ibrahim
Nurhilwani Binti Mohamad Asnawi
Dr Rosli Bin Azad Khan
Dato' Sri Azman Shah Bin Mohd Zakaria
Dato' Rasdee Bin Abdullah

The names of Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part thereof.

DIRECTORS' REPORT

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.7.2021	**Acquired**	**Disposed**	**At 30.6.2022**
Interest in the Company:				
Direct interest				
Datuk Mohd Zaid Bin Ibrahim	1,200,000	1,000,000	-	2,200,000
Dato' Sri Nik Hamdan Bin Daud	64,872,837	27,265,000	-	92,137,837
Sulaiman Bin Ibrahim	5	-	-	5
Nurhilwani Binti Mohamad Asnawi	5	-	-	5
Dr Rosli Bin Azad Khan	851,200	-	(850,000)	1,200
Dato' Sri Azman Shah Bin Mohd Zakaria	20,611,624	-	-	20,611,624
Indirect interest				
Dato' Sri Nik Hamdan Bin Daud [1]	10,891,800	-	-	10,891,800

Notes:
[1] *Deemed interested by virtue of his child's shareholding in the Company*

By virtue of their interests in the shares of the Company, Datuk Mohd Zaid Bin Ibrahim, Dato' Sri Nik Hamdan Bin Daud, Dato' Sri Azman Shah Bin Mohd Zakaria, Dr Rosli Bin Azad Khan, Sulaiman Bin Ibrahim and Nurhilwani Binti Mohamad Asnawi are deemed to have interests in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Directors' remuneration is as follows:

	Group RM'000	**Company RM'000**
Directors' remuneration:		
- fees	686	506
- salary and other emoluments	4,142	2,152
- allowances	84	84
- defined contribution plan	506	256
- other benefit	3	2
	5,421	3,000

DIRECTORS' REPORT

Subsidiary Companies

Details of the subsidiary companies are disclosed in Note 4 to the financial statements.

Auditors' Remuneration

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Statutory audit:		
- HLB AAC PLT	151	75
- Other auditors	20	-
	171	75
Non-statutory audit:		
- HLB AAC PLT	5	5

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for Directors or officers of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Group and of the Company misleading.

No contingent or other liability of any company in the Group 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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT

Other Statutory Information (Continued)

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

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

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

In the opinion of the Directors:

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

(ii) 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 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.

Material Litigations

Details of the material litigations are disclosed in Note 28 to the financial statements.

Significant Events

Details of the significant events are disclosed in Note 29 to the financial statements.

Subsequent Events

Details of the subsequent events are disclosed in Note 30 to the financial statements.

Auditors

HLB Ler Lum Chew PLT (201906002362 & AF0276) have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, HLB AAC PLT (202006000008 & AF001977).

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATO' SRI AZMAN SHAH BIN MOHD ZAKARIA

DATO' RASDEE BIN ABDULLAH

PUCHONG, SELANGOR
26 OCTOBER 2022

STATEMENT **BY DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, DATO' SRI AZMAN SHAH BIN MOHD ZAKARIA and DATO' RASDEE BIN ABDULLAH, being two of the Directors of BARAKAH OFFSHORE PETROLEUM BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 56 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATO' SRI AZMAN SHAH BIN MOHD ZAKARIA

DATO' RASDEE BIN ABDULLAH

PUCHONG, SELANGOR
26 OCTOBER 2022

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, MEGAT KHAIRULAZHAR BIN KHAIRODIN, 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 56 to 111 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **MEGAT KHAIRULAZHAR BIN KHAIRODIN**)
at PUCHONG, SELANGOR)
on this date of 26 OCTOBER 2022)

MEGAT KHAIRULAZHAR BIN KHAIRODIN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD
REGISTRATION NO.: 201201007022 (980542-H)
(INCORPORATED IN MALAYSIA)

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 30 June 2022 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 56 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Emphasis of Matter

We draw attention to Note 28 to the financial statements which described the uncertainty related to the outcome of the pending material litigations against the Group by its customers and subcontractors. Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD

REGISTRATION NO.: 201201007022 (980542-H)
(INCORPORATED IN MALAYSIA)

Key Audit Matters

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

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Liquidity position of the Group and of the Company
Refer to Note 2.1 and Note 26 of the financial statements

The Group recorded a negative operating cash flows of RM29,800,000 during the financial year ended 30 June 2022 and as at that date, it had a deficit in shareholders' fund of RM4,684,000.

In assessing the liquidity position of the Group and of the Company, management had considered the repayment obligations for liabilities and cost overheads which are due in next 12 months, taking into consideration of the following:
(a) Proceeds from the proposed disposal of its pipe laying barge and machinery and equipment on board;
(b) Ability of the Group to generate sufficient cash flows from its existing customers and engineering, procurement, construction, and commissioning ("EPCC") for renewable energy segment; and
(c) Professional advice from the solicitors on the most possible outcome and timeline for conclusion of the pending material litigations.

We focused on this area due to the significant degree judgements and estimates used by the management in assessing the liquidity position.</td><td>Our audit procedures focused on the following:
• obtained understanding on management's control and evaluated management's going concern assessment that covers twelve months from the date of financial statements through review of cash flow forecast approved by the Board of Directors;
• inquired management as to its knowledge of events or conditions beyond the period of management's going concern assessment;
• assessed the reasonableness of the management's key assumptions used and judgement exercised on its cash flows forecast;
• evaluated the relevant supporting documentation to support the circumstances used in the cash flows forecast;
• performed scenario analysis on the range of possible outcomes faced by the Group and the Company; and
• considered the completeness and accuracy of disclosure in the financial statements.</td></tr>
<tr><td>Revenue recognition from pipeline commissioning and construction contracts
Refer to Note 2.2(i), Note 2.4(m)(i) and Note 18 of the financial statements

The Group generates revenue from pipeline commissioning and construction contracts amounting to RM78,041,000 for the financial year ended 30 June 2022.

Significant accounting judgements are involved in revenue recognition, which includes:
• Estimation of total budgeted project costs and the assessment of costs to complete;
• Determination of the progress towards satisfaction of the performance obligations and overall progress of the Group's projects; and
• Consideration of variation orders and claims with the Group's customers.

We focused on this area due to the complexity and inherent subjectivity in revenue recognition.</td><td>Our audit procedures focused on the following:
• obtained an understanding on the Group's revenue recognition policies and internal controls over the approval of project budgets;
• verified budgeted revenue to the approved work order, and in certain circumstances, approved variation orders;
• inspected cost incurred to-date against suppliers' invoices;
• verified the progress towards satisfaction of the performance obligations by checking to service acceptance forms, and performed re-computation on the percentage of completion; and
• assessed the completeness, accuracy and adequacy of disclosures in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD

REGISTRATION NO.: 201201007022 (980542-H)
(INCORPORATED IN MALAYSIA)

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matters
Contingent liabilities arising from material litigations *Refer to Note 2.2(iii), Note 2.4(l) and Note 28 of the financial statements* The Group is involved in several material litigations with its customers and subcontractors. We focused on this area due to the significance of the contingent liabilities. The assessment as to whether a liability should be recognised or whether the amounts can be estimated reliably involves subjectivity.	Our audit procedures focused on the following: • discussions with management on the latest developments arising from the ongoing legal proceedings; and • obtained confirmations from the Group's external solicitors and held discussions with the Group's external solicitors directly to assess the appropriateness of disclosures in the financial statements.
Expected credit loss of trade receivables and accrued billing *Refer to Note 2.2(ii), Note 2.4(g)(iv), Note 7 and Note 8 of the financial statements* As at 30 June 2022, the Group carried gross trade receivables and accrued billing amounting to RM46,213,000 and RM20,581,000 respectively. An expected credit loss allowance of RM13,564,000 was made in relation to the trade receivable and accrued billing. In assessing expected credit losses, the Group considered the historical loss rate of the receivables, adjusted for forward-looking factors specific to the industry of the customer, and any known adverse conditions in respect of the receivables which would affect the recoverability of the balances. We focused on this area due to the inherent subjectivity in making judgement in relation to credit risk exposures in determining the recoverability of the trade receivables and accrued billing.	Our audit procedures focused on the following: • obtained an understanding of the Group's credit control; • recomputed the probability of default using historical data and forward-looking information applied by the Group; • scrutinised trade receivable ageing and investigated trends and conditions that may indicate objective evidence of impairment; • reviewed long outstanding trade receivables and discussed with management on the recoverability; • reviewed contract schedules and investigated any long outstanding accrued billing; • reviewed the appropriateness and reasonableness of the assumptions applied in the management's assessment of the expected credit loss, taking into account specific known receivables' circumstances; and • assessed the completeness, accuracy and adequacy of disclosures in the financial statements.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD

REGISTRATION NO.: 201201007022 (980542-H)
(INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD
REGISTRATION NO.: 201201007022 (980542-H)
(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 4 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 person for the content of this report.

HLB AAC PLT
(202006000008 & AF001977)
Chartered Accountants

TANG YAN YU
Approved Number: 03452/10/2023 J
Chartered Accountant

KUALA LUMPUR
26 OCTOBER 2022

STATEMENTS OF **FINANCIAL POSITION**
AS AT 30 JUNE 2022

		Group	
	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	4,965	75,204
Right-of-use assets	5	3,758	3,610
		8,723	78,814
Current Assets			
Trade receivables	7	34,030	39,602
Contract assets	8	24,066	12,880
Other receivables	9	4,884	2,448
Tax recoverable		7,813	8,955
Cash and cash equivalents	10	45,400	86,603
		116,193	150,488
Non-current asset held for sale	6	57,551	-
		173,744	150,488
TOTAL ASSETS		182,467	229,302
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	11	241,561	231,889
Reserves	12	(246,245)	(321,666)
Equity attributable to owners of the Company		(4,684)	(89,777)
Non-controlling interests		(145)	(129)
TOTAL EQUITY		(4,829)	(89,906)
Non-Current Liabilities			
Borrowings	13	48,488	-
Lease liabilities	14	2,099	1,983
Deferred tax liabilities	15	1,446	-
		52,033	1,983
Current Liabilities			
Trade payables	16	114,089	138,829
Other payables	17	6,215	3,450
Contract liabilities	8	7,163	8,261
Borrowings	13	404	164,827
Lease liabilities	14	1,811	1,781
Tax payable		5,581	77
		135,263	317,225
TOTAL LIABILITIES		187,296	319,208
TOTAL EQUITY AND LIABILITIES		182,467	229,302

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Company	
	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	1	2
Investment in subsidiary companies	4	28,305	40,430
		28,306	40,432
Current Assets			
Other receivables	9	71	65
Tax recoverable		-	425
Cash and cash equivalents	10	24,144	2,861
		24,215	3,351
TOTAL ASSETS		52,521	43,783
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	11	241,561	231,889
Reserves	12	(191,284)	(188,454)
TOTAL EQUITY		50,277	43,435
Current Liabilities			
Other payables	17	910	348
Tax payable		1,334	-
TOTAL LIABILITIES		2,244	348
TOTAL EQUITY AND LIABILITIES		52,521	43,783

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

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	18	83,931	105,132	7,545	4,510
Cost of sales		(50,173)	(76,599)	-	-
Gross profit		33,758	28,533	7,545	4,510
Other income		110,195	69,905	94	144
Administrative expenses		(15,354)	(13,858)	(7,266)	(7,044)
Other operating expenses		(20,782)	(17,443)	(1,696)	(86,212)
Net (provision)/reversal of expected credit loss allowances on financial assets and contract assets		(13,153)	95	-	36,627
Profit/(Loss) from operations		94,664	67,232	(1,323)	(51,975)
Finance costs		(2,881)	(1,987)	-	-
Profit/(Loss) before taxation	19	91,783	65,245	(1,323)	(51,975)
Taxation	21	(8,050)	(906)	(1,507)	-
Profit/(Loss) for the financial year		83,733	64,339	(2,830)	(51,975)
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(8,328)	6,168	-	-
Total comprehensive income/(loss) for the financial year		75,405	70,507	(2,830)	(51,975)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		83,741	64,344	(2,830)	(51,975)
Non-controlling interests		(8)	(5)	-	-
		83,733	64,339	(2,830)	(51,975)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		75,421	70,508	(2,830)	(51,975)
Non-controlling interests		(16)	(1)	-	-
		75,405	70,507	(2,830)	(51,975)
Earnings per share					
Basic and diluted (sen)	22	8.74	7.70		

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Group	Note	Share Capital RM'000	Merger Deficit RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non-Controlling Interests RM'000	Total RM'000
		← Attributable to owners of the Company →						
		Non-distributable			Distributable			
At 1 July 2021		231,889	(71,909)	6,344	(256,101)	(89,777)	(129)	(89,906)
Issuance of shares, net of share issuance costs pursuant to private placement	11	9,672	-	-	-	9,672	-	9,672
Profit/(Loss) for the financial year		-	-	-	83,741	83,741	(8)	83,733
Other comprehensive loss:								
Foreign currency translation differences		-	-	(8,320)	-	(8,320)	(8)	(8,328)
Total comprehensive income/(loss) for the financial year		-	-	(8,320)	83,741	75,421	(16)	75,405
At 30 June 2022		241,561	(71,909)	(1,976)	(172,360)	(4,684)	(145)	(4,829)

Group	Share Capital RM'000	Merger Deficit RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non-Controlling Interests RM'000	Total RM'000
	← Attributable to owners of the Company →						
	Non-distributable			Distributable			
At 1 July 2020	231,889	(71,909)	180	(320,445)	(160,285)	(128)	(160,413)
Profit/(Loss) for the financial year	-	-	-	64,344	64,344	(5)	64,339
Other comprehensive income:							
Foreign currency translation differences	-	-	6,164	-	6,164	4	6,168
Total comprehensive income/(loss) for the financial year	-	-	6,164	64,344	70,508	(1)	70,507
At 30 June 2021	231,889	(71,909)	6,344	(256,101)	(89,777)	(129)	(89,906)

Company	Note	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
At 1 July 2021		231,889	(188,454)	43,435
Issuance of shares, net of share issuance costs pursuant to private placement	11	9,672	-	9,672
Loss/Total comprehensive loss for the financial year		-	(2,830)	(2,830)
At 30 June 2022		241,561	(191,284)	50,277
At 1 July 2020		231,889	(136,479)	95,410
Loss/Total comprehensive loss for the financial year		-	(51,975)	(51,975)
At 30 June 2021		231,889	(188,454)	43,435

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

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash Flows from Operating Activities					
Profit/(Loss) before taxation		91,783	65,245	(1,323)	(51,975)
Adjustments for:					
Depreciation of property, plant and equipment		6,629	6,374	1	*
Depreciation of right-of-use assets		1,830	1,874	-	-
Amount owing by subsidiary companies written-off		-	-	81	84,272
Inventory written-off		-	4,291	-	-
Impairment loss on non-current asset held for sale		9,529	-	-	-
Property, plant and equipment written-off		437	42	-	-
Impairment loss on investment in subsidiary companies		-	-	264	-
Finance costs		2,906	2,010	-	-
Other receivables written-off		7	-	-	-
Net provision/(reversal) of expected credit loss allowance on:					
- trade receivables	7	12,525	215	-	-
- accrued billings	7	9	-	-	-
- other receivables	9	-	(307)	-	-
- contract assets	8	619	(4)	-	-
- amount owing by subsidiary companies		-	-	-	(36,627)
Interest income		(736)	(1,779)	(94)	(90)
Remeasurement of lease liabilities		-	(62)	-	-
Reversal of accrued purchases		(16,617)	(17,000)	-	-
Reversal of impairment loss on property, plant and equipment		-	(3,262)	-	-
Unrealised foreign exchange (gain)/loss		(6,688)	1,907	(15)	2
Waiver of debt settlement		(102,440)	(64,335)	-	-
Operating loss before changes in working capital		(207)	(4,791)	(1,086)	(4,418)
Changes in working capital:					
Trade and other receivables		(9,390)	36,099	(6)	(64)
Contract assets/(liabilities)		(12,902)	16,856	-	-
Amount owing by subsidiary companies		-	-	12,995	(2,521)
Trade and other payables		(5,395)	(43,679)	562	(166)
Cash (used in)/generated from operations		(27,894)	4,485	12,465	(7,169)
Interest paid		(2,518)	(2,010)	-	-
Interest received		732	1,779	94	90
Tax refund		269	7,724	269	331
Tax paid		(389)	(1,629)	(17)	(206)
Net cash (used in)/generated from operating activities		(29,800)	10,349	12,811	(6,954)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(255)	(23)	-	-
Decrease in cash and bank pledged to a licensed bank		3,250	520	-	-
Investment in subsidiaries companies		-	-	(1,200)	-
(Increase)/Decrease in fixed deposits pledged to licensed banks		(208)	22,919	-	-
Net cash generated from/(used in) investing activities		2,787	23,416	(1,200)	-
Cash Flows from Financing Activities					
Repayment of term loan	23	(19,226)	(17,511)	-	-
Repayment of lease liabilities	23	(1,832)	(1,779)	-	-
Proceeds from issuance of share capital, net of issuance costs	11	9,672	-	9,672	-
Net cash (used in)/generated from financing activities		(11,386)	(19,290)	9,672	-
Net (decrease)/increase in cash and cash equivalents		(38,399)	14,475	21,283	(6,954)
Effect of changes in exchange rate		238	705	-	-
Cash and cash equivalents at the beginning of the financial year		70,193	55,013	2,861	9,815
Cash and cash equivalents at the end of the financial year		32,032	70,193	24,144	2,861
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposit with licensed banks	10	12,954	59,879	-	-
Short-term investment	10	23,640	381	23,056	357
Cash and bank balances	10	8,806	26,343	1,088	2,504
		45,400	86,603	24,144	2,861
Less: Fixed deposit pledged to licensed banks		(12,621)	(12,413)	-	-
Cash and bank balances pledged to a licensed bank		(747)	(3,997)	-	-
		32,032	70,193	24,144	2,861

Notes:
* *Denotes less than RM500*

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

NOTES TO THE **FINANCIAL STATEMENTS**

1. Corporate Information

The principal activities of the Company are investment holding.

The principal activities of its subsidiary companies are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 3, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The financial statements of the Group and the Company have been prepared on a going concern basis notwithstanding that:

(a) The Group recorded a negative operating cash flows of RM29.800 million for the financial year ended 30 June 2022;

(b) The Group had a deficit in shareholders' fund of RM4.684 million as at 30 June 2022; and

(c) As disclosed in Note 28 to the financial statements, the Group and the Company is involved in several pending material litigations.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

However, the Directors have considered the following in assessing the appropriateness of the use of the going concern assumption in the preparation of the current year financial statements:

(a) The Group has an active plan to locate a buyer and approached a shipbroking company to market its pipe laying barge and machinery and equipment on board ("KL 101") before the financial year end, which led to classification of KL101 as non-current asset held for sale as at 30 June 2022 as disclosed in Note 6 to the financial statements. As at the date of this report, the Group has received letter of intent from a potential buyer to purchase KL 101 on a "as is where is, Terengganu, Malaysia" condition;

(b) The Group is in the process of formulating its regularisation plan which comprises a proposed rights issue with warrants, capital reduction and establishment of an employees' share scheme as announced in Bursa Securities on 28 April 2022;

(c) The Group has been proactively exploring business opportunity with non-oil and gas customers and oil and gas customers. On 7 October 2022, the Group has received letter of intent for engineering, procurement, construction and commissioning ("EPCC") for renewable energy segment from a potential customer;

(d) The Group had obtained advice from its external solicitors on the pending material litigations. Based on the advice from the external solicitors, the potential financial exposure to the Group is deemed immaterial due to:

- The claims against the Group are not fully substantiated; or
- The Group is not the ultimate party responsible for the claims as the responsibility lies with its customers/ subcontractors.

The Group has also considered the timeline of the ongoing legal proceedings and assessed that the conclusion of any material litigations will most likely fall beyond twelve months period from the date of the financial statements.

The ability of the Group and of the Company to continue as going concerns is dependent on the timely completion of the planned disposal of its non-current asset held for sale, approval of the regularisation plan by Bursa Securities, successful and timely implementation of the regularisation plan, ability of the Group to attain profitable operations, continuous support from its creditors and lender and favourable outcome from the material litigations as disclosed in Note 28 to the financial statements.

Should the going concern basis of preparing the financial statements be inappropriate, adjustments would have to be made to reduce the value of all assets to their estimated realisable values, and to provide further estimated liabilities that may arise, and to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Amendments to accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 July 2021 are as follows:

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform – Phase 2:
  - o Amendments to MFRS 4, "Insurance Contracts"
  - o Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - o Amendments to MFRS 9, "Financial Instruments"
  - o Amendments to MFRS 16, "Leases"
  - o Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

Accounting standard and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
  - o Amendment to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards"
  - o Amendment to MFRS 9, "Financial Instruments"
  - o Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
  - o Amendment to MFRS 141, "Agriculture"

Annual periods beginning on/after 1 January 2023

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts"
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10, "Consolidated Financial Statements" and MFRS 128, "Investments in Associates and Joint Ventures" (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The adoption of the accounting standard and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or 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 are discussed below:

(i) Revenue recognition from pipeline commissioning and construction contracts

The Group recognises revenue from pipeline commissioning and construction contracts over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customer for the work performed to date relative to the remaining pipeline commissioning and construction work promised under the contract.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations, the estimated total contract revenue and costs, as well as the recoverability of the cost incurred to fulfill the contract with the customer. In making the judgement, the Group evaluates by relying on past experience, industry practices and the work of specialists.

(ii) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

(iii) Liabilities arising from material litigations

The Group is involved in several pending litigations with its customers and suppliers as disclosed in Note 28 to the financial statements. Significant judgement is required in determining the potential liabilities arising from these litigations. In making the judgement, the Group evaluates the expected outcome and possible range of financial exposure based on consultation with external legal counsels.

2.3 Basis of consolidation

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.3 Basis of consolidation (Continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

2.4 Summary of significant accounting policies

(a) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as net in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(b) Property, plant and equipment (Continued)

(ii) Depreciation

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended to use. Other property, plant and equipment are depreciated on the straight-line method to their residual values over their estimated useful lives as follows:

Leasehold land	99 years
Computers	2 years
Furniture and fittings	10 years
Communication equipment	10 years
Motor vehicles	5 years
Machinery and equipment	4 - 10 years
Office equipment	10 years
Renovation	10 years
Barge and pipe laying equipment	1 - 22 years

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(c) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the translation reserve.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(f) Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

(g) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”)

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

(iii) Subsequent measurement

<u>Debt instruments</u>

Debt instruments mainly comprise of trade and other receivables, contract assets and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- <u>Amortised cost</u>

  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- <u>FVOCI</u>

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- <u>FVTPL</u>

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

<u>Equity instruments</u>

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and the Company's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(h) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Finance liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(i) Offsetting financial instruments

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

(j) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(j) Leases (Continued)

(ii) Accounting by lessor

The Group and the Company determine at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

<u>Operating leases</u>

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating leases as lease income on a straight-line basis over the lease term.

(k) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(m) Revenue and income recognition

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

<u>Pipeline commissioning and construction activities</u>

Revenue from pipeline commissioning and construction activities is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance creates and enhances an asset that the customer controls as the Group performs.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date).

Incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

<u>Chartering income</u>

Revenue from vessel chartering is recognised on a straight-line basis over the period of charter. Accrued income is recognised within trade receivables when the services have been rendered but pending billings to be made.

(ii) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(iii) Other income

<u>Interest income</u>

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

<u>Rental income</u>

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

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(n) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

(o) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(p) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group President and Chief Executive Officer that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment

	Balance as at 1.7.2021 RM'000	Additions RM'000	Written-off RM'000	Transfer RM'000	Exchange difference RM'000	Balance as at 30.6.2022 RM'000
Group						
Cost						
Leasehold land	1,858	-	-	-	-	1,858
Computers	247	188	-	-	-	435
Furniture and fittings	84	-	-	-	-	84
Communication equipment	1	-	-	-	-	1
Motor vehicles	3,367	-	-	-	-	3,367
Machinery and equipment	43,735	-	(3,000)	(12,691)	273	28,317
Office equipment	684	-	-	-	-	684
Renovation	3,790	67	-	-	-	3,857
Barge and pipe laying equipment	373,687	-	-	(382,080)	8,393	-
	427,453	255	(3,000)	(394,771)	8,666	38,603

	Balance as at 1.7.2021 RM'000	Charge for the year RM'000	Written-off RM'000	Transfer RM'000	Exchange difference RM'000	Balance as at 30.6.2022 RM'000
Group						
Accumulated depreciation						
Leasehold land	358	19	-	-	-	377
Computers	227	71	-	-	-	298
Furniture and fittings	66	6	-	-	-	72
Communication equipment	-	-	-	-	-	-
Motor vehicles	3,303	43	-	-	-	3,346
Machinery and equipment	32,283	762	(2,121)	(10,344)	223	20,803
Office equipment	575	46	-	-	-	621
Renovation	1,230	382	-	-	-	1,612
Barge and pipe laying equipment	94,624	5,300	-	(102,010)	2,086	-
	132,666	6,629	(2,121)	(112,354)	2,309	27,129

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment (Continued)

	Balance as at 1.7.2021 RM'000	Reversal during the year RM'000	Written-off RM'000	Transfer RM'000	Exchange difference RM'000	Balance as at 30.6.2022 RM'000
Group						
Allowance for impairment losses						
Leasehold land	-	-	-	-	-	-
Computers	-	-	-	-	-	-
Furniture and fittings	-	-	-	-	-	-
Communication equipment	-	-	-	-	-	
Motor vehicles	-	-	-	-	-	-
Machinery and equipment	8,773	-	(442)	(1,865)	43	6,509
Office equipment	-	-	-	-	-	-
Renovation	-	-	-	-	-	-
Barge and pipe laying equipment	210,810	-	-	(215,676)	4,866	-
	219,583	-	(442)	(217,541)	4,909	6,509

	Balance as at 1.7.2020 RM'000	Additions RM'000	Written-off RM'000	Transfer RM'000	Exchange difference RM'000	Balance as at 30.6.2021 RM'000
Group						
Cost						
Leasehold land	1,858	-	-	-	-	1,858
Computers	3,597	23	(3,454)	81	-	247
Furniture and fittings	84	-	-	-	-	84
Communication equipment	1	-	-	-	-	1
Motor vehicles	3,367	-	-	-	-	3,367
Machinery and equipment	44,137	-	-	-	(402)	43,735
Office equipment	684	-	-	-	-	684
Renovation	3,290	-	-	500	-	3,790
Barge and pipe laying equipment	385,421	-	-	526	(12,260)	373,687
Capital work-in-progress	1,171	-	(42)	(1,107)	(22)	-
	443,610	23	(3,496)	-	(12,684)	427,453

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment (Continued)

	Balance as at 1.7.2020 RM'000	Charge for the year RM'000	Written-off RM'000	Exchange difference RM'000	Balance as at 30.6.2021 RM'000
Group					
Accumulated depreciation					
Leasehold land	339	19	-	-	358
Computers	3,555	126	(3,454)	-	227
Furniture and fittings	58	8	-	-	66
Communication equipment	-	-	-	-	-
Motor vehicles	3,222	81	-	-	3,303
Machinery and equipment	31,844	763	-	(324)	32,283
Office equipment	510	65	-	-	575
Renovation	851	379	-	-	1,230
Barge and pipe laying equipment	92,560	4,933	-	(2,869)	94,624
Capital work-in-progress	-	-	-	-	-
	132,939	6,374	(3,454)	(3,193)	132,666

	Balance as at 1.7.2020 RM'000	Reversal during the year RM'000	Transfer RM'000	Exchange difference RM'000	Balance as at 30.6.2021 RM'000
Group					
Allowance for impairment losses					
Leasehold land	-	-	-	-	-
Computers	-	-	-	-	-
Furniture and fittings	-	-	-	-	-
Communication equipment	-	-	-	-	-
Motor vehicles	-	-	-	-	-
Machinery and equipment	8,856	(19)	-	(64)	8,773
Office equipment	-	-	-	-	-
Renovation	-	-	-	-	-
Barge and pipe laying equipment	220,911	(3,243)	369	(7,227)	210,810
Capital work-in-progress	383	-	(369)	(14)	-
	230,150	(3,262)	-	(7,305)	219,583

	2022 RM'000	2021 RM'000
Group		
Carrying amount		
Leasehold land	1,481	1,500
Computers	137	20
Furniture and fittings	12	18
Communication equipment	1	1
Motor vehicles	21	64
Machinery and equipment	1,005	2,679
Office equipment	63	109
Renovation	2,245	2,560
Barge and pipe laying equipment	-	68,253
	4,965	75,204

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment (Continued)

	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company					
Cost					
At 1.7.2021/30.6.2022	3	2	1,372	2	1,379
Accumulated depreciation					
At 1.7.2021	2	1	1,372	2	1,377
Charge for the financial year	*	1	-	*	1
At 30.6.2022	2	2	1,372	2	1,378
Carrying amount					
At 30.6.2022	1	-	-	*	1
Cost					
At 1.7.2020/30.6.2021	3	2	1,372	2	1,379
Accumulated depreciation					
At 1.7.2020	2	1	1,372	2	1,377
Charge for the financial year	*	*	-	*	*
At 30.6.2021	2	1	1,372	2	1,377
Carrying amount					
At 30.6.2021	1	1	-	*	2

Notes:
* *Denotes less than RM500*

(a) Included in the property, plant and equipment of the Group are the following assets acquired under term loan. These assets have been pledged as security for the facilities granted to the Group as disclosed in Note 13 to the financial statements of the Group:

	Group	
	2022 RM'000	2021 RM'000
Barge and pipe laying equipment	-	68,253

(b) During the prior financial year, the Group had undertaken an impairment assessment on its barge and pipe laying equipment on board the barge as they had remained idle as a result of the Covid-19 pandemic and the adverse impact from the suspension of license by Petroliam Nasional Berhad.

The Group had estimated the recoverable amount of the barge and pipe laying equipment on board based on fair value less cost of disposal method. The Group had determined the fair value based on valuation performed by an external valuer using the market comparison approach, which included consideration of the recent market transaction of similar assets. Accordingly, a reversal of impairment loss amounting to RM3.262 million was recognised in statements of profit or loss and other comprehensive income.

(c) During the financial year, the Group has classified the barge and pipe laying equipment and machinery and equipment on board from property, plant and equipment to non-current asset held for sale following the implementation of active plan to locate potential buyer by the management and a sale is expected to be completed in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	99,077	97,878
Share options granted to employees of a subsidiary	5,745	5,745
Amount owing by subsidiary companies treated as quasi-investment	27,369	40,429
	132,191	144,052
Less: Impairment loss	(103,886)	(103,622)
	28,305	40,430

The amount owing by subsidiary companies are unsecured and interest-free. The settlement is neither planned or likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiary companies as this amount is, in substance, a part of the Company's net investment in the subsidiary companies.

Movement on the provision for impairment of investment in subsidiary companies is as follows:

	Company	
	2022 RM'000	2021 RM'000
At beginning of the financial year	103,622	103,622
Charge during the financial year	264	-
At end of the financial year	103,886	103,622

(b) The subsidiary companies and shareholding therein are as follows:

Name of company	Country of incorporation/ principal place of business	Effective ownership and voting interest 2022 %	Effective ownership and voting interest 2021 %	Principal activities
Direct holding:				
PBJV Group Sdn. Bhd.[3, 7]	Malaysia	100	100	Providing and carrying out onshore and offshore contracting works such as pipeline pre-commissioning, commissioning and de-commissioning, pipeline installation, fabrication, hook-up, topside maintenance and other related activities.
PBJV Energy (Labuan) Limited[4]	Federal Territory of Labuan, Malaysia	100	100	Dormant
PBJV Asset Management Sdn. Bhd.[4, 6]	Malaysia	100	100	Dormant
Barakah Offshore Energy Sdn. Bhd.[1, 5]	Malaysia	100	100	Dormant
Barakah Onshore Ventures Sdn. Bhd.[4, 6]	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

4. Investment in Subsidiary Companies (Continued)

(b) The subsidiary companies and shareholding therein are as follows: (Continued)

Name of company	Country of incorporation/ principal place of business	Effective ownership and voting interest 2022 %	2021 %	Principal activities
Allseas Oil & Gas Sdn. Bhd.	Malaysia	100	-	Providing and carrying out onshore and offshore contracting works such as pipeline pre-commissioning, commissioning and de-commissioning, pipeline installation, fabrication, hook-up, topside maintenance and other related activities.
Cendana Pasifika Sdn. Bhd.[1]	Malaysia	100	-	Engineering, procurement, construction and maintenance services
Cenang Bayuemas Sdn. Bhd.[1]	Malaysia	100	-	Engineering, procurement, construction and maintenance services
Indirect holding: Subsidiary of PBJV Group Sdn. Bhd.				
Kota Laksamana Management Sdn. Bhd.	Malaysia	100	100	Conducting service expedition relating to marine activities for the oil and gas industry.
PBJV International Limited[4]	Federal Territory of Labuan, Malaysia	100	100	Dormant
PBJV Gulf Co. Ltd[2, 4]	Kingdom of Saudi Arabia	85	85	Dormant
Kota Laksamana 101 Ltd[5]	Malaysia	100	100	Ship-owning and other shipping related activities.
PBJV Macfeam Sdn. Bhd.[5]	Malaysia	51	51	Dormant
Subsidiary of Barakah Offshore Energy Sdn. Bhd.				
PBJV Energy Sdn. Bhd.[1,5]	Malaysia	100	100	Dormant

1 Subsidiary companies audited by other firm of chartered accountants.
2 The subsidiary company is under Member's Voluntary liquidation.
3 These subsidiaries were consolidated using the merger method of accounting.
4 The audited financial statements for the financial year ended 30 June 2022 of these subsidiary companies are not available at the date of financial statements of the Group. However, the Directors are of the opinion that the financial results of these subsidiaries are not material to the Group as the subsidiary companies are dormant.
5 The auditors' report on the financial statements of these subsidiaries contained material uncertainty related to going concern.
6 These subsidiaries had on 22 September 2022 submitted an application to strike off to the Companies Commission of Malaysia, pursuant to Section 550 of the Companies Act, 2016.
7 The auditors' report on the financial statement of the subsidiary contains emphasis of matter.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment in Subsidiary Companies (Continued)

(c) Incorporation of new subsidiaries

(i) On 30 July 2021, the Company had incorporated a new subsidiary, Allseas Oil & Gas Sdn. Bhd. ("Allseas"), under the Companies Act, 2016 with a total paid-up capital of RM1. During the financial year, the Company increased its investment in Allseas by RM999,999 by cash consideration.

(ii) On 19 November 2021, the Company had incorporated two (2) new subsidiaries, Cendana Pasifika Sdn. Bhd. and Cenang Bayuemas Sdn. Bhd., under the Companies Act, 2016 with a total paid-up capital of RM100,000 each.

The incorporation of the new subsidiaries does not have a significant impact to the Group.

(d) Non-controlling interests ("NCI") in subsidiary companies

	PBJV Macfeam Sdn. Bhd.		PBJV Gulf Co. Ltd	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current assets	78	81	1,175	1,107
Current liabilities	(95)	(80)	(2,092)	(1,971)
Net (liabilities)/assets	(17)	1	(917)	(864)
Carrying amount of NCI as at 30 June	(8)	*	(138)	(130)
Loss/Total comprehensive loss for the financial year	(17)	(10)	(53)	-
Loss/Total comprehensive loss allocated to NCI during the financial year	(8)	(5)	(8)	-
Cash used in operating activities/Net decrease in cash and cash equivalents	(3)	-	-	-
Ownership interest and voting rights percentage held by NCI	49%	49%	15%	15%

Notes:
* Denotes less than RM500

NOTES TO THE FINANCIAL STATEMENTS

5. Right-of-use Assets

	Office and yard RM'000	Office equipment RM'000	Total RM'000
Group			
Cost			
At 1.7.2021	7,068	79	7,147
Addition	422	62	484
Remeasurement of right-of-use assets	1,494	-	1,494
Completion of right-of-use assets	(99)	(19)	(118)
At 30.6.2022	8,885	122	9,007
Accumulated depreciation			
At 1.7.2021	3,495	42	3,537
Charge for the financial year	1,801	29	1,830
Completion of right-of-use assets	(99)	(19)	(118)
At 30.6.2022	5,197	52	5,249
Carrying amount			
At 30.6.2022	3,688	70	3,758
Cost			
At 1.7.2020	7,250	158	7,408
Remeasurement of right-of-use assets	(3)	(40)	(43)
Completion of right-of-use assets	(179)	(39)	(218)
At 30.6.2021	7,068	79	7,147
Accumulated depreciation			
At 1.7.2020	1,840	41	1,881
Charge for the financial year	1,834	40	1,874
Completion of right-of-use assets	(179)	(39)	(218)
At 30.6.2021	3,495	42	3,537
Carrying amount			
At 30.6.2021	3,573	37	3,610

NOTES TO THE FINANCIAL STATEMENTS

6. Non-Current Asset Held for Sale

	Machinery and equipment RM'000	Barge and pipe laying equipment RM'000	Total RM'000
Group			
Cost			
At 1 July 2021	-	-	-
Transferred from property, plant and equipment (Note 3)	482	64,394	64,876
Exchange differences	21	2,562	2,583
At 30 June 2022	503	66,956	67,459
Accumulated impairment loss			
At 1 July	-	-	-
Charge for the year	46	9,483	9,529
Exchange differences	1	378	379
At 30 June	47	9,861	9,908
Carrying amount			
At 30 June 2022	456	57,095	57,551
At 30 June 2021	-	-	-

During the financial year, the Group has classified the barge and pipe laying equipment and machinery and equipment on board from property, plant and equipment to non-current asset held for sale following the implementation of active plan to locate potential buyer by the management and a sale is expected to be completed in the next 12 months.

The non-current asset held for sale had been pledged as security for the facility granted to the Group as disclosed in Note 13 to the financial statements

7. Trade Receivables

	Note	Group 2022 RM'000	Group 2021 RM'000
Trade receivables	(a)	46,213	40,013
Less: Expected credit loss allowances	(c)	(12,936)	(411)
		33,277	39,602
Accrued billing	(b)	762	-
Less: Expected credit loss allowances	(c)	(9)	-
		753	-
		34,030	39,602

NOTES TO THE FINANCIAL STATEMENTS

7. Trade Receivables (Continued)

(a) Trade receivables

(i) The Group's normal trade credit terms is 30 days (2021: 30 days). Other credit terms are assessed and approved on a case-by-case basis.

(ii) Included in the trade receivables of the Group is an amount of RM6.970 million (2021: Nil) owing by a substantial shareholder of the Company.

(iii) The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Neither past due nor individually impaired	8,193	4,659
Past due but not individually impaired		
- past due 1 - 60 days	5,703	4,903
- past due 61 - 365 days	2,946	30,251
- past due more than 365 days	16,995	-
	25,644	35,154
Individually impaired	12,376	200
	46,213	40,013

The Group's trade receivables of RM25.644 million (2021: RM35.154 million) were past due but not individually impaired. These relate to a number of independent customers for whom there is no recent history of default.

The Group's trade receivables of RM12.376 million (2021: RM0.200 million) were individually impaired. The individually impaired receivables mainly relate to trade receivables which are facing cash flow difficulties or under material litigations as disclosed in Note 28 to the financial statements.

(iv) At the reporting date, the Group's concentration of the top 3 (2021: 3) trade customers represents 82% (2021: 86%) of the total trade receivables.

(b) Accrued billing

Accrued billing represents work done which the Group has fully satisfied the performance obligation but not yet billed.

NOTES TO THE FINANCIAL STATEMENTS

7. Trade Receivables (Continued)

(c) Movements on the provision for expected credit loss allowances on trade receivables and accrued billing are as follows:

	Group		
	Trade receivables RM'000	Accrued billing RM'000	Total RM'000
2022			
At beginning of the financial year	411	-	411
Charge during the financial year	12,936	9	12,945
Reversal during the financial year	(411)	-	(411)
At end of the financial year	12,936	9	12,945
Represented by:			
Individual impairment	12,376	-	12,376
Lifetime expected credit loss	560	9	569
	12,936	9	12,945
2021			
At beginning of the financial year	196	-	196
Charge during the financial year	411	-	411
Reversal during the financial year	(196)	-	(196)
At end of the financial year	411	-	411
Represented by:			
Individual impairment	200	-	200
Lifetime expected credit loss	211	-	211
	411	-	411

NOTES TO THE FINANCIAL STATEMENTS

8. Contract Assets/(Liabilities)

	Note	Group 2022 RM'000	Group 2021 RM'000
Cost incurred to date		134,661	81,617
Add: Attributable profits		72,059	46,051
Less: Progress billings		(189,198)	(123,049)
		17,522	4,619
Less: Expected credit loss allowances	(a)	(619)	-
		16,903	4,619
Represented by:			
Construction activities			
- contract assets		24,066	12,880
- contract liabilities		(7,163)	(8,261)
		16,903	4,619

(a) Movement on the expected credit loss allowances on accrued billing is as follows:

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year	-	4
Charge during the financial year	619	-
Reversal during the financial year	-	(4)
At end of the financial year	619	-
Represented by:		
Lifetime expected credit loss	619	-

(b) As at the end of the financial year, the aggregate amount of the transaction price allocated to the remaining unfulfilled performance obligations of the Group is RM34.784 million (2021: RM23.114 million) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 12 months (2021: 12 months).

9. Other Receivables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other receivables		118	598	-	-
Prepayments	(a)	3,266	1,240	71	65
Deposits		1,500	610	-	-
		4,884	2,448	71	65
Less: Expected credit loss allowances	(b)	-	-	-	-
		4,884	2,448	71	65

(a) Included in prepayments is an amount of RM2.513 million (2021: Nil) which relates to advance payment made for charter-hire of third party vessels.

NOTES TO THE FINANCIAL STATEMENTS

9. Other Receivables (Continued)

(b) Movement on the expected credit loss allowances during the financial year as follows:

	Group	
	2022 RM'000	2021 RM'000
At beginning of the financial year	-	307
Reversal during the financial year	-	(307)
At end of the financial year	-	-
Represented by:		
Lifetime expected credit loss	-	-

10. Cash and Cash Equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term investment	23,640	381	23,056	357
Fixed deposits with licensed banks	12,954	59,879	-	-
Cash and bank balances	8,806	26,343	1,088	2,504
	45,400	86,603	24,144	2,861

The short-term investment represents the Group's and the Company's investments in short-term money market fund which are designed to provide investors with a regular stream of income. The redemption proceeds for investments will normally be collected by the next business day.

The Group considered short-term investments as investments in highly liquid money market instruments which are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

Included in the fixed deposits with licensed banks of the Group at the end of the financial year were amounts of RM12.621 million (2021: RM12.413 million) which have been pledged to several licensed banks as security for banking facilities granted to the Group.

The interest rates and maturities of fixed deposits with licensed banks range from 1.40% to 1.60% (2021: 1.40% to 2.00%) per annum and 30 to 365 days (2021: 30 to 365 days) respectively.

Included in the cash and banks balances of the Group at the end of the financial year were amounts of RM0.747 million (2021: RM3.997 million) which have been pledged to a licensed bank as security for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

11. Share Capital

	Group/Company			
	Number of shares		Amount	
	2022 Units'000	2021 Units'000	2022 RM'000	2021 RM'000
Issued and fully paid				
At beginning of the financial year	835,786	835,786	231,889	231,889
Issuance of shares, net of issuance costs pursuant to private placement	167,157	-	9,672	-
At end of the financial year	1,002,943	835,786	241,561	231,889

On 6 October 2021, the Company increased its issued and paid-up share capital from 835,786,391 ordinary shares to 1,002,943,391 ordinary shares through issuance of 167,157,000 new ordinary shares via private placement of RM0.0593 per ordinary shares for total consideration of RM9,671,724 (net of transaction costs) for working capital purpose.

The newly issued ordinary shares ranked pari passu in all respect with the existing shares.

12. Reserves

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-Distributable:					
Merger deficit	(a)	(71,909)	(71,909)	-	-
Foreign exchange translation reserve	(b)	(1,976)	6,344	-	-
Distributable:					
Accumulated losses		(172,360)	(256,101)	(191,284)	(188,454)
		(246,245)	(321,666)	(191,284)	(188,454)

(a) Merger deficit

The merger deficit of RM71.909 million (2021: RM71.909 million) 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 principles.

(b) Foreign exchange translation reserve

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.

NOTES TO THE FINANCIAL STATEMENTS

13. Borrowings

	Group	
	2022 RM'000	2021 RM'000
Non-Current		
Secured:		
Term loan	48,488	-
Current		
Secured:		
Term loan	404	164,827
	48,892	164,827

The term loan obtained from a licensed bank is secured by the following:

(i) corporate guarantees from the Company and one of the subsidiary companies, PBJV Group Sdn. Bhd.;

(ii) mortgage over the barge known as "Kota Laksamana 101" and pipe laying equipment as disclosed in Note 6 to the financial statements;

(iii) an assignment over contract proceeds of the barge;

(iv) an assignment and charge over the customers' project account; and

(v) an assignment of the barge's insurance policies.

An indirect wholly-owned subsidiary of the Group, Kota Laksamana 101 Ltd ("KL101 Ltd") had received first and second notice of demand of its term loan facilities from a licensed bank on an event of default in payment of loan instalments on 17 May 2019 and 16 August 2019 respectively. On 22 October 2019, KL101 Ltd received a notice of termination, recall and demand of the facilities for an outstanding amount of USD43.590 million. Accordingly, the total outstanding term loan of RM164.827 million was classified as a current liability in previous financial year.

On 26 July 2021, the Company and KL 101 Ltd entered into a settlement agreement with the licensed bank whereby a final registered negotiated settlement amounting to USD12.650 million to be paid over 11 quarterly instalment of USD0.138 million and a final instalment of USD11.138 million.

The interest rates of the term loan during the financial year are as follows:

	Group	
	2022 %	2021 %
Term loan	5.00	5.00

14. Lease Liabilities

	Group	
	2022 RM'000	2021 RM'000
Repayable within twelve months	1,811	1,781
Repayable after twelve months	2,099	1,983
	3,910	3,764

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred Tax Liabilities

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year	-	-
Recognised in profit or loss: (Note 21)		
- property, plant and equipment	2,301	-
- provisions	(758)	-
- right-of-use assets	(51)	-
- unabsorbed capital allowances	(46)	-
	1,446	-
At end of the financial year	1,446	-

The components of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

	Group 2022 RM'000	Group 2021 RM'000
Deferred tax assets		
- provisions	(51)	-
- right-of-use assets	(758)	-
- unabsorbed capital allowances	(46)	-
	(855)	-
Offsetting	855	-
Net deferred tax assets	-	-
Deferred tax liabilities		
- property, plant and equipment	2,301	-
Offsetting	(855)	-
Net deferred tax liabilities	1,446	-

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred Tax Liabilities (Continued)

The deductible temporary difference and unutilised tax losses of the Group and of the Company for which no deferred tax assets were recognised in the statements of financial position are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets				
- provisions	(360)	(51)	(264)	-
- right-of-use asset	(1)	-	-	-
- unutilised tax losses	(4,401)	(17,806)	(4,336)	(1,314)
- unrealised loss on foreign exchange	-	(460)	-	(1)
- unabsorbed capital allowances	-	(4)	-	-
	(4,762)	(18,321)	(4,600)	(1,315)
Offsetting	-	2,732	-	-
Net deferred tax assets not recognised	(4,762)	(15,589)	(4,600)	(1,315)
Deferred tax liabilities				
- property, plant and equipment	-	2,732	-	-
Offsetting	-	(2,732)	-	-
Net deferred tax liabilities	-	-	-	-

The Group's and the Company's unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

16. Trade Payables

	Group	
	2022 RM'000	2021 RM'000
Trade payables	43,554	51,989
Accrued purchases	70,535	86,840
	114,089	138,829

The trade credit terms granted to the Group range from 30 to 90 days (2021: 30 to 90 days).

Included in trade payables of the Group are:

(a) amount of RM6.054 million (2021: Nil) payable to a substantial shareholder of the company.

(b) amount of Nil (2021: RM0.420 million) payable to a shareholder of a subsidiary company.

Included in accrued purchases are provisions amounting to RM70.223 million (2021: RM70.223 million) arising from litigations as disclosed in Note 28 to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

17. Other Payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	2,541	3,195	651	268
Accrual	973	255	259	80
Deferred income	2,701	-	-	-
	6,215	3,450	910	348

Deferred income of the Group mainly relates to charter income paid in advance by the customer.

18. Revenue

Revenue recognised from contracts with customers is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Pipeline and commissioning	78,041	104,105	-	-
Installation and construction	-	1,027	-	-
Chartering income	5,890	-	-	-
	83,931	105,132	-	-

Revenue from other sources is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Management fees	-	-	7,545	4,510
Geographical market				
Malaysia	83,931	105,132	7,545	4,510
Timing of revenue recognition				
Over time	83,931	105,132	7,545	4,510

NOTES TO THE FINANCIAL STATEMENTS

19. Profit/(Loss) before Taxation

Profit/(loss) before taxation is derived after charging/(crediting):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- statutory audit				
- HLB AAC PLT				
- current year	151	147	75	75
- other auditors				
- current year	19	27	-	-
- under/(over) provision in prior year	1	(1)	-	-
- non-statutory audit				
- HLB AAC PLT	5	10	5	10
Reversal of impairment loss on property, plant and equipment	-	(3,262)	-	-
Impairment loss on non-current asset held for sale	9,529	-	-	-
Depreciation of property, plant and equipment	6,629	6,374	1	*
Depreciation of right-of-use assets				
- cost of sales	371	393	-	-
- administrative expenses	1,459	1,481	-	-
Interest expense:				
- bank overdraft	10	4	-	-
- term loan	2,720	1,761	-	-
- bank guarantee	2	51	-	-
- lease liabilities				
- administrative expense	149	171	-	-
- cost of sales	25	23	-	-
Staff cost (excluding Directors):				
- salaries, allowances and bonuses	6,215	7,811	3,198	3,144
- defined contribution plan	800	849	383	380
- other benefits	81	68	23	23
Net provision/(reversal) of expected credit loss allowances on:				
- trade receivables	12,525	215	-	-
- accrued billing	9	-	-	-
- other receivables	-	(307)	-	-
- contract assets	619	(4)	-	-
- amount owing by subsidiary companies	-	-	-	(36,627)
Amount owing by subsidiary companies written-off	-	-	81	84,272
Property, plant and equipment written-off	437	42	-	-
Realised foreign exchange loss	99	*	-	-
Impairment loss on investment in subsidiary companies	-	-	264	-
Other receivables written-off	7	-	-	-
Unrealised foreign exchange (gain)/loss	(6,688)	1,907	(15)	2
Remeasurement of lease liabilities	-	(62)	-	-
Inventory written-off	-	4,291	-	-
Waiver of debt settlement	(102,440)	(64,335)	-	-
Reversal of accrued purchases	(16,617)	(17,000)	-	-
Interest income:				
- fixed deposit placed with licensed banks	(440)	(1,213)	-	(53)
- investment income	(261)	(155)	(94)	-
- cash and bank balances	(31)	(411)	-	(37)
- trade receivables	(4)	-	-	-
Rental income	(31)	(31)	-	-
Short term leases of:				
- equipment and machinery	3	-	-	-
- premises	61	12	-	-

Notes:
* *Denotes less than RM500*

NOTES TO THE FINANCIAL STATEMENTS

20. Key Management Personnel Compensation

The key management personnel of the Group and of the Company comprise the Board of Directors and certain members of senior management team.

The remuneration of key management personnel during the financial year are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Directors				
Executive Directors:				
- salary and other emoluments	4,142	4,129	2,152	2,169
- defined contribution plan	506	489	256	254
- other benefit	3	5	2	2
	4,651	4,623	2,410	2,425
Non-Executive Directors:				
- fees	686	626	506	506
- allowances	84	88	84	88
	770	714	590	594
	5,421	5,337	3,000	3,019
Other key management personnel				
- salary and other emoluments	1,876	1,807	1,152	1,093
- defined contribution plan	228	221	137	131
	2,104	2,028	1,289	1,224

21. Taxation

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current taxation:				
- current year	3,799	1,048	48	-
- under/(over) provision in prior year	2,805	(142)	1,459	-
	6,604	906	1,507	-
Deferred taxation: (Note 15)				
- origination and reversal of temporary differences	(719)	-	-	-
- under provision in prior year	2,165	-	-	-
	1,446	-	-	-
Taxation for the financial year	8,050	906	1,507	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit/(loss) for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

21. Taxation (Continued)

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Profit/(Loss) before taxation	91,783	65,245	(1,323)	(51,975)
Taxation at statutory tax rate of 24% (2021: 24%)	22,028	15,659	(318)	(12,474)
Non-deductible expenses	4,577	2,668	425	11,665
Non-taxable income	(62)	(4,117)	(23)	(37)
Effect of different tax rates in subsidiaries	(23,488)	(538)	-	-
Change in unrecognised temporary differences	25	(12,624)	(36)	846
Under/(over) provision of current taxation in prior year	2,805	(142)	1,459	-
Under provision of deferred taxation in prior year	2,165	-	-	-
Taxation for the financial year	8,050	906	1,507	-

22. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022 RM'000	**2021 RM'000**
Profit for the financial year attributable to the owners of the Company	83,741	64,344
Weighted average number of ordinary shares issued (unit'000)	958,521	835,786
Basic earnings per share (sen)	8.74	7.70

(b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any potential dilutive ordinary shares at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

23. Cash Flow Information

Reconciliation of liabilities arising from financing activities:

	Term loan RM'000	Lease liabilities RM'000	Total RM'000
Group			
At 1.7.2021	164,827	3,764	168,591
Cash flows			
Repayment of principal	(19,226)	(1,832)	(21,058)
Repayment of interest	(2,332)	(174)	(2,506)
	(21,558)	(2,006)	(23,564)
Non-cash changes			
Finance charges recognised in profit or loss	2,720	174	2,894
Addition of right-of-use-asset	-	484	484
Waiver of term loan	(102,440)	-	(102,440)
Remeasurement of lease liabilities	-	1,494	1,494
Foreign exchange movements	5,343	-	5,343
	(94,377)	2,152	(92,225)
At 30.6.2022	48,892	3,910	52,802

	Term loan RM'000	Lease liabilities RM'000	Total RM'000
Group			
At 1.7.2020	188,070	5,648	193,718
Cash flows			
Repayment of principal	(17,511)	(1,779)	(19,290)
Repayment of interest	(1,761)	(194)	(1,955)
	(19,272)	(1,973)	(21,245)
Non-cash changes			
Finance charges recognised in profit or loss	1,761	194	1,955
Remeasurement of lease liabilities	-	(62)	(62)
Termination of lease	-	(43)	(43)
Foreign exchange movements	(5,732)	-	(5,732)
	(3,971)	89	(3,882)
At 30.6.2021	164,827	3,764	168,591

NOTES TO THE FINANCIAL STATEMENTS

24. Segmental Information

(a) 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 are not presented.

(b) Major customers

The following are the major customers individually accounting for 10% or more of the Group's revenue:

	Group	
	2022 RM'000	2021 RM'000
Customer A	35,013	28,131
Customer B	-	22,411
Customer C	18,666	21,886
Customer D	-	12,680
Customer E	8,864	11,586
Customer F	-	1,191
Customer G	12,944	-
	75,487	97,885

25. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	Group	
	2022 RM'000	2021 RM'000
Borrowings	48,892	164,827
Less: Cash and cash equivalents	(45,400)	(86,603)
Net liquidity	3,492	78,224
Equity attributable to owners of the Company	(4,684)	(89,777)
Gearing ratio (%)	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

26. Financial Instruments

The table below provides an analysis of financial instruments and their categories:

	Group		Company	
	2022 Financial assets and liabilities at amortised cost RM'000	2021 Financial assets and liabilities at amortised cost RM'000	2022 Financial assets and liabilities at amortised cost RM'000	2021 Financial assets and liabilities at amortised cost RM'000
Financial assets				
Trade receivables	34,030	39,602	-	-
Other receivables	1,618	1,208	-	-
Cash and cash equivalents	45,400	86,603	24,144	2,861
	81,048	127,413	24,144	2,861
Financial liabilities				
Trade payables	114,089	138,829	-	-
Other payables	6,215	3,450	910	348
Borrowings	48,892	164,827	-	-
Lease liabilities	3,910	3,764	-	-
	173,106	310,870	910	348

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

<u>Credit risk</u>

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than as disclosed in Note 7 to the financial statements.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, lease liabilities and borrowings.

The Directors have prepared a cash flow forecast and the Group's obligations are expected to be financed via profitable operations, continuous support from creditors and lender, timely completion of the planned disposal of non-current asset held for sale and available cash and bank balances. Significant assumptions and judgements are used in the preparation of the cash flow forecast.

The Board of Directors is of the opinion that the Group will be able to discharge its liabilities in the normal course of business over a twelve-month period from the end of the financial year.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flow RM'000	On demand or within one year RM'000	One to five years RM'000
2022					
Group					
Trade payables	114,089	-	114,089	114,089	-
Other payables	6,215	-	6,215	6,215	-
Borrowings	48,892	5.00	53,336	2,828	50,508
Lease liabilities	3,910	-	4,092	1,930	2,162
	173,106		177,732	125,062	52,670
Company					
Other payables	910	-	910	910	-
2021					
Group					
Trade payables	138,829	-	138,829	138,829	-
Other payables	3,450	-	3,450	3,450	-
Borrowings	164,827	5.00	164,827	164,827	-
Lease liabilities	3,764	-	3,939	1,902	2,037
	310,870		311,045	309,008	2,037
Company					
Other payables	348	-	348	348	-

NOTES TO THE FINANCIAL STATEMENTS

26. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange 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 give rise to this risk is primarily United States Dollar ("USD"), Saudi Riyal ("SAR") and Singapore Dollar ("SGD"). Foreign currencies 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, based on carrying amounts as at the end of the reporting period was:

Functional Currency	USD RM'000	SAR RM'000	SGD RM'000	Total RM'000
2022				
Cash and bank balances	741	1,175	-	1,916
Trade and other payables	(638)	(25)	-	(663)
Borrowings	(48,892)	-	-	(48,892)
	(48,789)	1,150	-	(47,639)
2021				
Cash and bank balances	165	1,107	2	1,274
Trade and other payables	(551)	(24)	-	(575)
Borrowings	(164,827)	-	-	(164,827)
	(165,213)	1,083	2	(164,128)

The following shows the sensitivity of the Group's equity and profit/(loss) net of tax to a reasonably possible change in the USD, SAR and SGD exchange rates against the functional currency of the affected Group entities which do not have a Ringgit Malaysia functional currency, with all other variables remain constant.

	Group	
	2022 RM'000	2021 RM'000
Increase/(Decrease) in profit or loss		
USD/RM - weakening 1%	-	1
Increase/(Decrease) in other comprehensive income		
USD/RM - weakening 1%	371	1,256
SAR/RM - weakening 1%	(9)	(8)

NOTES TO THE FINANCIAL STATEMENTS

26. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(b) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's fixed deposits placed with licensed banks and borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instrument				
Fixed deposits placed with licensed banks	12,954	59,879	-	-
Borrowings	(48,892)	-	-	-
	(35,938)	59,879	-	-
Floating rate instrument				
Borrowings	-	(164,827)	-	-

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's and the Company's profit or loss.

Interest rate risk sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss net of tax by the amounts shown below, assuming all other variables remain constant.

	Group Increase/(Decrease) Profit or loss net of tax	
	2022 RM'000	2021 RM'000
Floating rate instrument		
Increase 100 basis points	-	(1,253)
Decrease 100 basis points	-	1,253

NOTES TO THE FINANCIAL STATEMENTS

26. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair values of financial instruments not carried at fair value, together with their carrying amounts in the statement of financial position:

	2022		2021	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Group				
Financial liability				
Lease liabilities	3,910	3,910	3,764	3,764

NOTES TO THE FINANCIAL STATEMENTS

27. Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Board of Directors and certain members of senior management team.

The significant related party transactions of the Group and of the Company, other than key management personnel compensation are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Company in which certain Directors have substantial financial interests				
Rental of premises paid/payable	(1,560)	(1,560)	-	-
Rental of yard paid/payable	(90)	(90)	-	-
Donations	(240)	(240)	-	-
Legal fees	(30)	-	(30)	-
Subsidiary				
Management fee received/receivable	-	-	7,545	4,510
Substantial shareholders of the Company				
Chartering income received/receivable	5,890	-	-	-
Rental of premises paid/payable	(30)	-	-	-
Purchase of project materials and subcontractor cost	(19,806)	-	-	-

The remuneration of Directors and other member of key management during the financial year is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

28. Material Litigations

(a) On 8 July 2019, PBJV received a notification of suspension of PBJV's license from Petroliam Nasional Berhad ("PETRONAS"). The letter from PETRONAS indicated that there was an adverse report from Petronas Carigali Sdn. Bhd. ("PCSB") pertaining to the non-performance of PBJV in relation to the contract referred to as "Provision for Underwater Services For PCSB" ("the Contract"). Resulting from that, PETRONAS has decided to suspend PBJV's license for a period of three (3) years with effect from the date of the letter.

The implication of the letter is that PETRONAS including its subsidiaries and any Petroleum Arrangement Contractors ("PACs") will not award any new contract to PBJV during the suspension period. PBJV will not be allowed to bid for new projects undertaken by PETRONAS including its subsidiaries and any PACs during the suspension period. Nevertheless, PBJV is still allowed to continue and complete its existing and on-going contracts with PETRONAS including its subsidiaries and PACs in accordance to the term and conditions of the respective existing and on-going contracts.

In response to this, on 5 August 2019, PBJV has issued a Notice of Demand and Dispute to both PETRONAS and PCSB where it disputes the validity of the suspension being issued without any legal justification nor compliance to procedures. The Contract has been successfully carried out and completed prior to the suspension. Upon completion of the Contract, positive appraisal was subsequently given by PCSB hence making the suspension unwarranted. PBJV has demanded an amount of RM1.02 billion against PETRONAS and PCSB, among others, based on the loss of future profits and reputation.

On 25 September 2019, the Company and PBJV have jointly filed a Writ of Summons proceeding against PETRONAS and PCSB ("the Defendants") in the Kuala Lumpur High Court ("Writ"). The Writ proceeding filed cites that the suspension notice issued by PETRONAS is illegal, unjustified and unwarranted and aims for it to be annulled and invalidated.

On 6 April 2020, the Defendants filed a Striking-out Application against the Plaintiff's suit. On 8 December 2020, the Court delivered the decision to dismiss the Application by the Defendant with cost and ordered the full trial of the Case to be heard on 28 June 2021 until 2 July 2021.

The case has been heard from 24 to 26 August 2021, 1 to 2 September 2021 and 13 to 14 September 2021. The Parties have exhausted written submissions. The Court has fixed the date for Hearing for Clarification on 16 December 2021 which was then vacated. The Court fixed next Case Management to be on 17 January 2022. During the Case Management fixed on 17 January 2022, the Court has fixed new date for Clarification hearing to be in March 2022.

On 31 March 2022, the High Court of Malaya has dismissed the claim with cost amounting to RM400,000.00. On 8 April 2022, Company and PBJV have filed Notice of Appeal to the Court of Appeal.

NOTES TO THE FINANCIAL STATEMENTS

28. Material Litigations (Continued)

(b) PRPC has filed a Writ of Summons dated 7 February 2020 against the Company and Pegasus Diversified Berhad as respective guarantor for PBJV and Macfeam Sdn Bhd (the P14 Contract joint venture partners) in claiming for RM85.2 million due to a purported breach of contract of the P14 Contract. The Company and Pegasus Diversified Berhad has filed a counterclaim in the amount of RM42.7 million. On 28 December 2020, the Court has struck off PRPC's summons with liberty to file afresh. No further action taken by parties to date.

PBJV has, through its firm of advocates and solicitors, Messrs. Ram Reza & Muhammad, commenced a legal proceeding by filing a Writ of Summons on 12 September 2019 in the Kuala Lumpur High Court in claiming for RM42.7 million against PRPC. Macfeam Sdn. Bhd. has also been named as the Second Plaintiff in the said legal action.

Due to an alleged counter-claim of RM85.2 million by PRPC against the Company PRPC, based on the arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL Rules), on 3 August 2021 filed the request to the Permanent Court of Arbitration, The Hague, proposing Asian International Arbitration Center (AIAC) to be designated as the arbitration authority for the case. As of date of this report, the arbitration proceeding under AIAC in Kuala Lumpur is ongoing.

At the same time, PBJV has also commenced a Winding-up Proceedings combined with Adjudication Proceeding against PRPC in light of the breach of the same contract. PBJV's Winding-up application was dismissed by the Court on 3 September 2021. However, PBJV has filed the Notice of Appeal on the same day. The hearing date of the Appeal to be fixed pending the disposal of Grounds of Judgement from the Kuala Lumpur High Court. PBJV has on 20 June 2022, withdrawn its appeal in view of the matter proceeding under Adjudication. As for the Adjudication, the proceeding is pending appointment of the Adjudicator by AIAC.

On 28 July 2022, PBJV has, through its firm of advocates and solicitors, Messrs Dinesh Praveen Nair, filed Defence and Counter-claim and discontinued the winding up and adjudication proceeding. On 23 September 2022, PRPC filed the Reply and Defence to Counter-claim, and PBJV to Reply to Defence to Counter-claim by 21 October 2022.

Next Case Management was set on 21 November 2022 while Trial Dates was set on 28 November to 2 December 2022 (first session) and in June 2023 (second session which dates have yet to be fixed).

(c) On 2 October 2019, PBJV has through its firm of Advocates and Solicitors, Messrs Dinesh Praveen Nair, served a Notice of Demand to Petronas Gas Berhad ("PGB") for a sum of approximately RM179.8 million for the Procurement, Construction and Commissioning (PCC) of Pengerang Gas Pipeline Project (formerly known as Procurement, Construction and Commissioning of RGT2 Pipeline Project ("the Project").

On 28 November 2019, PBJV served a Notice of Arbitration to PGB to claim for a sum of RM179.8 million. The Asian International Arbitration Centre (AIAC) has appointed the Arbitrators for the proceeding. On 12 May 2020 both PBJV and PGB paid the Arbitration Advance Deposit and the first Arbitral Tribunal was held on 16 April 2021 with Parties agreed to make relevant payments to AIAC and the Arbitrators as per milestones determined by the Arbitral Tribunal. PBJV has filed Points of Claim while PGB has filed Defence and Counterclaim. PBJV is to file reply to Defence and Defence of Counterclaim by 9 November 2021.

On 17 November 2021, PGB filed the application for Jurisdictional Review to dismiss the arbitration. PBJV then filed the reply to the application on 20 December 2021.

On 27 December 2021, PGB filed an application for Security for Cost, to which PBJV then filed a reply on 29 December 2021. On 13 January 2022, PGB filed the Affidavit in Reply (for Security for Cost).

On 27 January 2022, the Arbitrators had allowed the request for filing of supplementary affidavit, and the revised timeline for filing of the necessary cause papers are as follows Parties agreed with the followings:

(a) PBJV to file Supplemental Affidavit on 8 February 2022;

(b) PGB to file Affidavit in Reply on 22 February 2022;

(c) The parties' Written Submissions to be filed simultaneously on 28 February 2022.

On 7 February 2022, the Arbitral Tribunal vacated the date for hearing of both PGB's applications (Jurisdictional Challenge and Security for Costs) from 28 February 2022 to a new date which will be confirmed later. On 18 April 2022, one of the Arbitrators undergone medical treatment, and hence all the dates which were reserved in May and June 2022 have to be vacated.

The hearing date for the applications has been held on 28 July 2022 for Jurisdictional Challenge and Security for Costs and PGB's applications (Jurisdictional Challenge and Security for Costs) had been dismissed on 2 September 2022. The next case management will be held on 31 October 2022 and agreed Trial Dates have been fixed on 7 to 9 November 2022 (first session) and 14 to 16 November 2022 (second session).

NOTES TO THE FINANCIAL STATEMENTS

28. Material Litigations (Continued)

(d) On 9 March 2020, PBJV received notification from its appointed solicitors that a Notice of Adjudication has been served on Petronas Gas Berhad ("PGB") on 28 February 2020 to claim the sum of RM6.85 million on pre-commissioning works to replace the damage pipeline crossing at Sungai Layau under Global Settlement Agreement dated 12 April 2018 and Main Contract dated 21 April 2014 title "Procurement, Construction and Commissioning (PCC) of Pengerang Gas Pipeline Project. The said Notice of Adjudication was withdrawn on 15 June 2020 as PBJV decided to proceed with Winding-Up proceeding.

On 30 June 2020 PBJV through its Advocates and Solicitors, Messrs Dinesh Praveen Nair served a Winding-up Notice against PGB to claim the said sum of RM6.85 million for PGB to pay the said sum to PBJV by 30 December 2020.

Upon being served with the Winding-up Notice on 30 June 2020 by PBJV, PGB filed Originating summons in Kuala Lumpur High Court (OS) against PBJV to seek leave from Court to file Fortuna Injunction application against PBJV.

On 9 December 2020 the Court delivered decision in favour of PGB's Fortuna Injunction, but also allowed PBJV to still pursue the claim against PGB by means other than a Winding-up Petition.

PBJV then on 8 January 2021 filed the Notice of Appeal with Court of Appeal against Kuala Lumpur High Court's decision. The next Case Management is fixed to be on 17 November 2021 to update the Court of Appeal on the status of Grounds of Judgement from the Kuala Lumpur High Court.

During the Case Management on 17 November 2021, the Court fixed the next Case Management to be on 21 January 2022. During Case Management on 21 January 2022, PBJV give update to the Court of Appeal that the High Court's written judgement is still pending. The hearing date of the Appeal to be fixed pending the disposal of Grounds of Judgement from the High Court. Despite numerous follow-up on the Grounds of Judgement which has not been fruitful, PBJV is withdrawing the appeal and next case management will be on 3 November 2022.

(e) On 22 September 2020, the Company with its wholly owned subsidiary, PBJV Group Sdn. Bhd. ("PBJV") and Nik Hamdan Bin Daud ("NHD") (collectively referred to as Plaintiffs) have filed a Writ of Summons and Statement of Claim in the High Court of Kuala Lumpur against Samling Energy Sdn. Bhd., United Power Group Holdings Limited, Yaw Holding Sdn. Bhd., Samling Resources Sdn. Bhd., Chew Theam Hock, Yaw Teck Seng, Magnadrive Sdn. Bhd. ("Magnadrive") and Syarikat Samling Timber Sdn. Bhd. (collectively referred to as "Defendants").

The Writ of Summons and Statement of Claim have been filed by its firms of advocates and solicitors, Messrs. Ram Reza & Muhammad, based on summarily on the following reasons:

(i) Breach of fiduciary duties due to the internal information obtained by being part of the Board members of Barakah; and

(ii) One of the Defendants breach of contract under the Consortium Agreement dated 29 November 2017 entered with one of the Plaintiffs.

On 20 December 2020, the Defendants have filed an application to Strike Out the Plaintiffs' claims and the Court in March 2021 have dismissed their application.

Court had on 25 January 2022 allowed application for Striking Out under Order 92 rule 4 on the basis of Plaintiffs' non-compliance of Court's 'Unless Order' in respect of further-and-better-particular application by Samling Energy's and 5 others.

On 25 February 2022, the Plaintiffs filed Notice of Appeal. The first Case Management was fixed on 21 April 2022. Records of Appeal filed. The Hearing for Appeal is fixed on 29 September 2022 and the Hearing for Appeal against Defendant is fixed on 16 February 2023.

NOTES TO THE FINANCIAL STATEMENTS

28. Material Litigations (Continued)

(f) On 3 November 2020 Company's wholly-owned subsidiary, PBJV Group Sdn Bhd ("PBJV") has been served with a Notice of Arbitration from Petrofac (Malaysia-PM304) Limited ("Petrofac") for the alleged anchor dropping incident caused by PBJV's appointed subcontractor namely Asian Kaliber Sdn Bhd (the charterer for marine vessel Armada Firman) and Bumi Armada Navigation Sdn Bhd (vessel's owner for Armada Firman) while executing the subcontracting work for the supply of Accommodation Work Barge (AWB) for Petrofac on 6 November 2014. The amount of the claim of USD1.19 million (approximately RM4.95 million) was for the Insurance's deductible/excess and other costs, which are as follows:

(i) Deductible/Excess sum of Petrofac's Insurance Policy in the sum of USD1.0 million; and

(ii) Additional 7% Premium in the sum of USD0.19 million.

On 3 December 2020, PBJV replied the Notice of Arbitration and disputed the liability to pay the sum of USD1.19 million. Subsequently on 8 December 2020 PBJV's Solicitors, Messrs. Dinesh Praveen Nair filed a letter to Petrofac's Solicitors Messrs. Zaid Ibrahim & Co. informing that PBJV has obtained a Court Order to restrain any proceeding against PBJV for a period of 3 months from 18 November 2020 until 18 February 2021 pending PBJV's proposed Scheme of Arrangement (the "Restraining Order"). AIAC had written to Petrofac's solicitors requesting Petrofac to fully pay for the provisional advance deposit in order to commence the arbitral proceeding, failing which the Director of AIAC may exercise its discretion to strike out the claim for non-compliant with the rules. Petrofac paid the deposits for both parties and arbitrators been appointed.

The first Preliminary meeting had taken place on 30 September 2022 to which the directions are pending finalisation as of date of this report.

(g) In relation to Petrofac's claims as disclosed in Note 28(f) to the financial statement, PBJV has, on 3 November 2020, served a Writ and Statement of Claim on Asian Kaliber Sdn Bhd ("Asian Kaliber") and Bumi Armada Navigation Sdn Bhd ("Bumi Armada") under Kuala Lumpur High Court for a sum of USD1.19 million (approximately RM4.95 million).

Asian Kaliber and Bumi Armada are PBJV's subcontractor respectively under the Contract's works (via a Letter of Award dated 4 April 2014, and Charter Party Agreement dated 22 April 2014) and owners of vessel Armada Firman.

The basis of PBJV's Writ Action against Asian Kaliber and Bumi Armada, is as follows:

(i) the incident occurred due to Asian Kaliber and Bumi Armada's negligence and incompetence as owners and handlers of Armada Firman; and

(ii) therefore, Asian Kaliber and Bumi Armada are to indemnify PBJV from Petrofac's claims for the said claim of USD1.19 million and/or any other claims by Petrofac related to the same.

On 3 December 2020 PBJV filed and served Notice of Application and Affidavit to add in Petrofac as a 3rd Defendant in the above case. On 29 December 2020, the Judge allowed application to add Petrofac as the 3rd Defendant in this action.

On 10 February 2021, Petrofac filed an application for Stay of Proceedings pending arbitration, to which the Court had on 21 May 2021 allowed the application.

On 19 July 2021, Bumi Armada filed the Application for Discovery (Enclosure 60) against Petrofac. On 25 November 2021, the Court had allowed Bumi Armada's Application for Discovery.

On 8 December 2021 (Enclosure 85), Asian Kaliber filed Stay Application (to postpone the Trial Dates) pending its striking-out Application disposed by the Court of Appeal, which was allowed on 13 December 2021.

On 6 January 2022, Bumi Armada filed application to issue Third Party Notice against Synergy Marine (M) Sdn Bhd and was allowed by the Court on 17 January 2022. The directions by the court for the third-party action as follows:

(i) Synergy Marine to file defence on/before 14 July 2022.

(ii) Bumi Armada to file reply to defence on/before 28 July 2022.

The matter is fixed for Case Management on 28 July 2022 for Bumi Armada and Synergy Marine to update on the cause papers filed for the third-party action.

On 8 August 2022, Synergy Marine filed a striking out application against Bumi Armada, to which the Hearing will take place on 28 October 2022.

The Court then vacated the earlier Trial Dates and moved them to 19 to 22 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

28. Material Litigations (Continued)

(h) On 21 July 2021, PBJV has received Writ and Statement of Claim both dated 8 July 2021 ("WRIT") from Samling Resources Sdn Bhd ("SAMLING").

The amounts purportedly claimed by SAMLING in the WRIT are as follows:

(i) Alleged claim for the sum of RM4.00 million being 'excess amount of deposit';

(ii) Alleged claim for the sum of RM16.91 million being amount due under 'Supplemental Agreement to SSGP';

(iii) Alleged claim for interest of five per centum (5%) per annum for item (i) and (ii);

(iv) Cost; and

(v) Any or further order from Court.

On 27 August 2021 PBJV filed Statement of Defence against Samling claims. Samling then filed a reply on 9 September 2021. Subsequently, on 24 September 2021, PBJV filed a Striking-out Application against Samling's Writ.

The hearing was on 16 February 2022 and on 2 March 2022 the Court has made the following decision:

(i) Samling's Application for Summary Judgement is allowed by the Court.

(ii) PBJV Application to Strike-out is dismissed by the Court.

PBJV filed Notice of Appeal for interlocutory matter. The Hearing for Appeal against the Plaintiff is fixed on 17 February 2023.

As at 30 June 2022, the Group had provided the liabilities arising from the litigation as disclosed in Note 16 to the financial statements.

(i) On 6 September 2021, an Adjudication Claim had been served against Enquest Petroleum Production Malaysia Ltd ("ENQUEST") for the total sum of RM73.57 million.

On 29 December 2021, the Adjudicator has determined and delivered his Decision in favour of PBJV which the breakdown are as follows:

(i) ENQUEST shall pay to PBJV the sum of RM71,567,429.55;

(ii) The adjudicated sum shall be paid on or before 28 January 2022;

(iii) Interest at a rate of 5% per annum on the Adjudicated Sum calculated from the Due Date until full payment; and

(iv) Costs of the adjudication proceedings of RM154,995.69

As of the date of this report, no payment is received by PBJV. Instead, on 26 January 2022, ENQUEST filed Notice of Arbitration against PBJV for alleged losses suffered by ENQUEST arising from the termination of PBJV as ENQUEST's Contractor. The Arbitration Proceeding is now pending appointment of Arbitrators by AIAC.

The Adjudication Decision is subject to further legal proceedings which PBJV has taken all the necessary steps to act accordingly.

PBJV filed Originating Summons ("OS") for Enforcement Application of Adjudication Decision. The hearing for the OS is fixed on 31 May 2022. The Court decided in favour of PBJV during further/extended Hearing on 5 July 2022. PBJV's application was allowed.

ENQUEST filed Originating Summons for Setting Aside and Notice of Application for Stay Pending Setting Aside. Hearing for the Stay was fixed on 5 April 2022 and the Court has directed parties to resolve the Stay in view of Hearing for the Setting Aside fixed on 31 May 2022. Stay was resolved and Hearing for Setting Aside fixed and confirmed on 31 May 2022. The Court decided against ENQUEST during further/extended Hearing on 5 July 2022. ENQUEST's application to set aside Adjudication Decision was dismissed.

ENQUEST filed Notice of Application for Stay Pending Arbitration. Hearing is fixed on 1 June 2022. Hearing of the suit for Stay Application by ENQUEST has been ongoing for two (2) sessions on 6 July 2022 and 9 August 2022 respectively. The Hearing continues on and the next date of continued Hearing is on 11 November 2022.

PBJV filed Originating Summons and Notice of Application for Direct Payment against Petronas (who is being the partner of ENQUEST under Production Sharing Contract) under S.30 CIPAA 2012 (Suit 81). First Case Management was fixed on 13 April 2022 and the Court has further fixed 2 June 2022 as next Case Management to update Court on Suit 33. The Court has further fixed 14 November 2022 as next case management for further directions pending disposal of Suit 34 (Stay Application by ENQUEST pending Arbitration).

NOTES TO THE FINANCIAL STATEMENTS

29. Significant Events

(a) On 21 May 2019, the Company announced that the Company had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(f) of Practice Note 17 ("PN17") of the Listing Requirements of Bursa Securities as the Company's indirect wholly-owned subsidiary, KL101 Ltd had received a notice of demand on 17 May 2019 from EXIM Bank due to breach of terms in its facility agreement for failing to make instalment payments pursuant to Paragraph 9.19A of the Listing Requirements and the Company is unable to provide a solvency declaration to Bursa Securities. In accordance with PN17, the Company is required to submit a regularisation plan within twelve (12) months to Bursa Securities.

On 26 March 2020, Bursa Securities had provided extension of time for submission of regularisation plan by listed issuers for another twelve (12) months i.e. 16 May 2021 for those who had triggered the PN17 criteria between 2 January 2019 and 31 December 2020.

On 3 May 2021, the Company has submitted an application for an extension of time from Bursa Securities on the deadline for Regularisation Plan. On 3 June 2021, Bursa Securities has granted the Company an extension of time of six (6) months from 16 May 2021 up to 17 November 2021 to submit a regularisation plan to the regulatory authorities.

On 10 November 2021, Bursa Securities granted the Company an extension of time of six (6) months up to 17 May 2022 to submit a regularisation plan to the regulatory authorities.

On 28 April 2022, on behalf of Company, Malacca Securities Sdn Bhd ("Malacca Securities") announced the Company's Proposed Regularisation Plan which comprises the following:

(i) A proposed renounceable rights issue of new ordinary shares in the Company's shares with free warrants to the entitled shareholders of the Company on a basis and issue price to be determined and announced later to raise gross proceeds of up to approximately RM40.000 million;

(ii) A proposed capital reduction of approximately RM197.700 million to be carried out by the Company, pursuant to Section 116 of the Companies Act, 2016 to reduce the share capital and accumulated losses of the Company; and

(iii) A proposed establishment of an employee's shares scheme of up to 15% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the scheme, for the eligible directors and employees of the Company and its subsidiaries.

Malacca Securities on the same date had submitted an application to Bursa Securities on behalf of the Company, for an extension of time of 6 months from 17 May 2022 to 16 November 2022 for the Company to submit its proposed regularisation plan.

Bursa Securities had vide its letter dated 9 June 2022 approved the extension of time up to 16 November 2022 for the Company to submit its regularisation plan to the regulatory authorities.

(b) In early year 2020, the global market was hit by the outbreak of the novel coronavirus pandemic ("COVID-19"), causing a global economic downturn. Global oil and gas demand fell significantly as several major economies went into lockdown to control the pandemic. In January 2021, Movement Control Order restrictions was re-introduced by the government ("MCO 2.0") and has extended several times to curb the spread of COVID-19 outbreak in Malaysia. The MCO 2.0 was impacting the logistics arrangement of the supply chain in project execution coupled with reduced maintenance activities deployed by the client, hence recording lower revenue for the FY2021.

Nevertheless, crude oil prices continued to rise up to an average of USD83.7 per barrel in October 2021 in line with the growth in consumption of crude oil. As a result of the Russia-Ukraine war, Brent crude oil prices reached an average of USD115.6 per barrel in March 2022.The increase in crude oil prices was largely due to a shortage in crude oil in Europe as Russia is one of the world's largest producers of crude oil. The price is currently hovering in the region of USD90 per barrel. The Group and the Company will continuously monitor the impact of Covid-19 on their operations and financial performances.

NOTES TO THE FINANCIAL STATEMENTS

29. Significant Events (Continued)

(c) On 26 July 2021, the Company, KL 101 Ltd and EXIM Bank had agreed on a final registered negotiated settlement of USD12.650 million to be paid over 11 quarterly instalments of USD0.138 million and a final instalment of USD11.138 million. On 30 August 2021, the Company, PBJV and KL101 have been notified by its solicitors that pursuant to the settlement agreement, the Writ of Summons and Statement of Claim both dated 17 April 2020 for the amount of USD43.800 million (as at 29 February 2020) by EXIM Bank have been withdrawn. With the withdrawal of the said Writ of Summons and Statement of Claim by EXIM Bank the default which partly triggered the PN17 critera has been successfully addressed.

(d) On 28 July 2021, the Company has made second tranche payment amounting to RM32.000 million to the stakeholder of the Group A Scheme Creditors via Messrs. Chellam Wong being full and final settlement under the 'Sanction Order' dated 26 April 2021 for the approved PBJV's Proposed Debt Settlement.

30. Subsequent Events

(a) On 30 September 2022, the Company has filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Kuala Lumpur against Petroliam Nasional Berhad (PETRONAS), Tan Sri Wan Zulkiflee Bin Wan Arifin, Datuk Tengku Muhammad Taufik Bin Tengku Kamadjaya Aziz, Tuan Haji Shamsudin Bin Miskon, Nasrin Bin Amir, Noor Mohamad Bin Taj, Freida Binti Amat, Liza Binti Mustapha and Shaliza Binti Abdul Malik ("the Defendants").

The action is commenced for misfeasance in public office and unlawful interference in trade or business by reason of the Defendants' wrongful issue and maintenance of an indefinite Suspension Notice issued by the 1st Defendant Petroliam Nasional Berhad (PETRONAS) on 8 July 2019 against the Company's wholly-owned subsidiary, PBJV Group Sdn Bhd ("PBJV").

The case against the other Defendants is that they are public officers carrying out duties and responsibilities in the 1st Defendant which is a statutory corporation and they authorised, directed and/or endorsed the issuance and the continued maintenance of the Suspension Notice.

The Company seeks a mandatory injunction for the Suspension Notice to be lifted, damages for misfeasance in public office, damages for unlawful interference in trade or business, together with interest, costs and such other relief that the Honourable Court may grant.

The Company and PBJV have, when the Writ and Statement of Claim above was filed, withdrawn their Notice of Appeal (as disclosed in Note 28(a) to the financial statements) in the Court of Appeal filed on 8 April 2022 against the dismissal of the claim which both companies previously filed against Petronas Carigali Sdn Bhd and PETRONAS.

31. Capital Commitments

	Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	444	556

32. Contingent Liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unsecured:				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	-	-	48,892	164,827
Bank guarantees extended to clients	1,597	5,246	-	-

33. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Directors dated 26 October 2022.

LIST OF **PROPERTIES**

No.	Name of 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 30.06.2022
1	PBJV Group 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	RM696,560
2.	PBJV Group Sdn Bhd	Leasehold, 60 years, expiring on 14.08.2056	Lot 1244, Block 5 Kuala Baram Land District, in the locality of Lutong – Kuala Baram Road, Miri Sarawak (Registration Number: 04-LCLS-005-005-01244) Lot 1244, Jalan Marigold Desa Senadin 98100, Miri Sarawak	Open yard fabrication facilities Category of land use: Town land to be used as a 2-storey detached building where the ground floor 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	RM786,208

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

PBJV Support Offices

KUALA LUMPUR

PBJV GROUP SDN BHD
Unit B-3-1
Megan Avenue 1
No, 189, Jalan Tun Razak
50400 Kuala Lumpur
Tel : +603 2164 8030
Fax : +603 2164 8034

TERENGGANU

PBJV GROUP SDN BHD
Lot 198, Jalan Kuala
Terengganu-Kuantan
Kampung Nyior, Paka
23100 Terengganu
Tel : +609 827 6172
Fax : +609 827 6172

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 13 OCTOBER 2022

SHARE CAPITAL

Number of Issued Shares	: 1,002,943,391 ordinary shares
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per share

ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	1,054	12.987	14,743	0.001
100 – 1,000	1,046	12.888	582,507	0.058
1,001 – 10,000	2,772	34.155	15,656,625	1.561
10,001 – 100,000	2,458	30.286	102,335,597	10.204
100,001 – 50,147,169 (*)	784	9.660	753,812,262	75.160
50,147,170 and above (**)	2	0.024	130,541,657	13.016
Total	**8,116**	**100**	**1,002,943,391**	**100**

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	Dato' Sri Nik Hamdan bin Daud	92,137,837	9.187	10,891,800	1.086
2	Baxtech Resources Sdn Bhd	66,862,800	6.667	0	0
3	Dakota Integrated Services Sdn Bhd	63,678,857	6.349	0	0

DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No	**Name**	**No. of shares**	**%**	**No. of shares**	**%**
1	Dato' Sri Nik Hamdan bin Daud	92,137,837	9.187	10,891,800	1.086
2	Sulaiman bin Ibrahim	5	0	0	0
3	Nurhilwani binti Mohamad Asnawi	5	0	0	0
4	Dato' Sri Azman Shah bin Mohd Zakaria	20,611,624	2.055	0	0
5	Datuk Mohd Zaid bin Ibrahim	2,200,000	0.219	0	0
6	Dr Rosli bin Azad Khan	1,200	0	0	0

LIST OF **TOP 30 SHAREHOLDINGS**
AS AT 13 OCTOBER 2022

NO	NAME	HOLDINGS	%
1	BAXTECH RESOURCES SDN BHD	66,862,800	6.667
2	DAKOTA INTEGRATED SERVICES SDN BHD	63,678,857	6.349
3	EUREKA EFEKTIF SDN BHD	38,431,400	3.832
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK HAMDAN BIN DAUD	33,472,837	3.337
5	MAGNADRIVE SDN BHD	32,461,200	3.237
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NIK HAMDAN BIN DAUD (PB)	31,400,000	3.131
7	NIK HAMDAN BIN DAUD	27,265,000	2.718
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD LING SOON HING	26,000,000	2.592
9	AZMAN SHAH BIN MOHD ZAKARIA	20,611,624	2.055
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PHUA SIN MO	15,000,000	1.496
11	MUHAMMAD YUSRI BIN ABDUL RASHID	14,100,000	1.406
12	TEY JIIN CHYUAN	12,200,000	1.216
13	NIK AZRI SYAZWI BIN NIK HAMDAN	10,891,800	1.086
14	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SIEW JUN KIT	10,677,100	1.065
15	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUA SIN MO	10,306,200	1.028
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENTS' ACCOUNT)	10,129,000	1.010
17	NG MOOI YONG	9,350,000	0.932
18	FARIZ BIN JAAFAR	9,000,000	0.897
19	UOBM NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)	8,694,400	0.867

LIST OF TOP 30 SHAREHOLDINGS AS AT 13 OCTOBER 2022

NO	NAME	HOLDINGS	%
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SAI MUN	8,000,000	0.798
21	CHAN TECK CHYE	7,000,000	0.698
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN TIONG YUAN (7003364)	6,500,000	0.648
23	KHAIRUL NAZRIN BIN MOHD NASIR	5,947,100	0.593
24	SIM SOO KIANG	5,876,000	0.586
25	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM SIEW HAN (TM RAYA-CL)	5,770,000	0.575
26	PAMELA PHUA JO LYN	5,500,000	0.548
27	WOON YEN SIANG	5,320,000	0.530
28	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	5,120,000	0.510
29	KOPERASI SENTOSA JAYA KUALA LUMPUR BERHAD	5,000,000	0.499
30	PHUA SIN MO	5,000,000	0.499

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) Annual General Meeting of Barakah Offshore Petroleum Berhad ("Barakah" or "the Company") will be conducted on a virtual basis through live streaming from Level 6, Menara Mitraland, No. 13A, Jalan PJU 5/1, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") using the Remote Participation and Voting Facilities ("**RPV**") provided by Agmo Digital Solutions Sdn Bhd via its Vote2U Online at https://web.vote2u.my on Tuesday, 20 December 2022 at 2.30 p.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Directors' and Auditors' Reports thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors who retire by rotation pursuant to Article 131 of the Company's Constitution:
   (i) Dato' Sri Nik Hamdan bin Daud **Ordinary Resolution 1**
   (ii) Dr Rosli Bin Azad Khan **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of RM58,600 per month for the Non-Executive Directors, from 21 December 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 3**

4. To approve the payment of Directors' benefits of up to RM240,000 for the Directors, from 21 December 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 4**

5. To appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company, in place of the retiring Auditors, Messrs. HLB AAC PLT and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

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

6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

   (a) "THAT approval be and is hereby given to Sulaiman Bin Ibrahim, who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Ordinary Resolution 6**

   (b) "THAT approval be and is hereby given to Nurhilwani Binti Mohamad Asnawi, who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Ordinary Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING

7. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 8**

"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;

THAT pursuant to Section 85 of the Companies Act, 2016 read together with Article 76.1 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company;

AND FURTHER 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."

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

BY ORDER OF THE BOARD
NG HENG HOOI (MAICSA 7048492) (SSM PC No. 202008002923)
WONG MEE KIAT (MAICSA 7058813) (SSM PC No. 202008001958)
Company Secretaries

Date: 28 October 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

   Members are to attend, (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by Agmo Digital Solutions Sdn Bhd via its Vote2U Online. Please follow the Procedures for RPV in the Administrative Guide for the AGM.

2. 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.

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

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

5. The appointment of a proxy may have to be made in hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (a) In hard copy
   The form of proxy must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 12 December 2022 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. 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.

8. 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.

NOTICE OF ANNUAL GENERAL MEETING

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. Ordinary Resolution 3 and Ordinary Resolution 4
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 the Directors for the period commencing from 21 December 2022 up till the next Annual General Meeting of the Company in 2023. The Remuneration comprises fees, meeting allowances and benefits-in-kind payable to the Directors of the Company.

3. Ordinary Resolution 6 and Ordinary Resolution 7
Continuing In Office as Independent Non-Executive Directors

The Nomination and Remuneration Committee has assessed the independence of the Directors namely Sulaiman Bin Ibrahim and Nurhilwani Binti Mohamad Asnawi, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue act as Independent Non-Executive Directors of the Company based on the following justifications:

- They fulfil the criteria under definition on independent director as stated in the Listing Requirements; and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board;
- Their experiences in the financial and other relevant sections enable them to provide the Board and Board Committees with pertinent expertise, skills and competence; and
- They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings.

The Proposed Resolutions 6 and 7, if passed, will enable Sulaiman Bin Ibrahim and Nurhilwani Binti Mohamad Asnawi to continue in office as Independent Non-Executive Directors of the Company. Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Company would be seeking the shareholders' approval through a two-tier voting process.

4. Ordinary Resolution 8
Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the Tenth Annual General Meeting ("AGM") of the Company.

The Company had been granted a general mandate by its shareholders at the 9th AGM of the Company on 22 December 2021 ("Previous Mandate"). The previous mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Article 76.1 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Article 76.1 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the best interest of the Company.

The 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.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

PROXY **FORM**

BARAKAH OFFSHORE PETROLEUM BERHAD 201201007022 (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 ____________________________

with email address of. ____

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

of ____

with email address 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 Tenth (10th) Annual General Meeting of the Company to be conducted on a virtual basis through live streaming from Level 6, Menara Mitraland, No. 13A, Jalan PJU 5/1, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") using the Remote Participation and Voting facilities ("**RPV**") provided by Agmo Digital Solutions Sdn Bhd via its Vote2U Online at https://web.vote2u.my on Tuesday, 20 December 2022 at 2.30 p.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' Sri Nik Hamdan bin Daud as Director		
Ordinary Resolution 2	Re-election of Dr Rosli bin Azad Khan as Director		
Ordinary Resolution 3	Approval of the payment of Directors' fees of RM58,600 per month for the Non-Executive Directors, from 20 December 2022 until the next Annual General Meeting of the Company		
Ordinary Resolution 4	Approval of the payment of Directors' benefits of up to RM240,000 for the Directors, from 20 December 2022 until the next Annual General Meeting of the Company		
Ordinary Resolution 5	Appointment of Messrs. HLB Ler Lum Chew PLT as Auditors of the Company in place of the retiring Auditors, Messrs. HLB AAC PLT and to authorise the Directors to fix their remuneration		
	Special Business		
Ordinary Resolution 6	Continuing in Office as Independent Non-Executive Director – Sulaiman Bin Ibrahim		
Ordinary Resolution 7	Continuing in Office as Independent Non-Executive Director – Nurhilwani Binti Mohamad Asnawi		
Ordinary Resolution 8	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.

____
Signature/Common Seal

Date: ______________________

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

	Percentage
Proxy 1	%
Proxy 2	%
Total	**100%**

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members WILL NOT BE ALLOWED to attend the AGM in person at the Broadcast Venue on the day of the meeting.

   Members are to attend, (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by Agmo Digital Solutions Sdn Bhd via its Vote2U Online at https://web.vote2u.my. Please follow the Procedures for RPV in the Administrative Guide for the AGM.

2. 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.

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

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

5. The appointment of a proxy have to be made in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:-

   (a) In hard copy
   The form of proxy must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 12 December 2022 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. 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.

8. 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.

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AFFIX
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The Share Registrar of

BARAKAH OFFSHORE PETROLEUM BERHAD 201201007022 (980542-H)
C/O Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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BARAKAH OFFSHORE PETROLEUM BERHAD 201201007022 (980542-H)

No. 3, Jalan Teknologi, Taman Sains Selangor 1
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