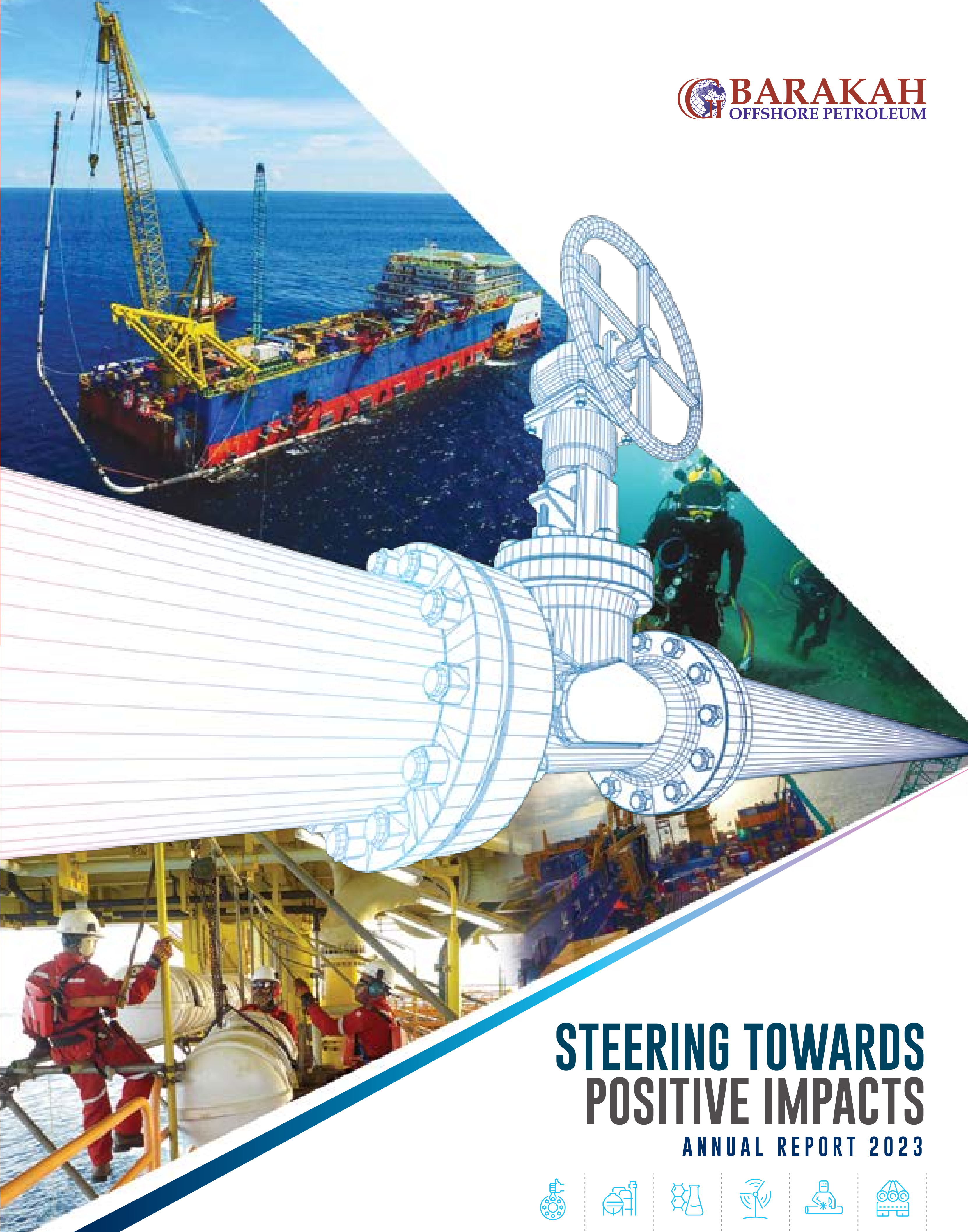
BARAKAH
OFFSHORE PETROLEUM



# STEERING TOWARDS POSITIVE IMPACTS

## ANNUAL REPORT 2023


Excel in providing unique services to the industries **VISION**

To be competitive and innovative without compromising safety and quality **MISSION**

# FOCUS BUSINESS ACTIVITIES

**Barakah Group is now a total service provider that is capable of, but not limited to, the following:**

### OFFSHORE PIPELINE, CABLE AND STRUCTURE INSTALLATIONS

- Installation of offshore pipeline (S-lay) and riser (stalk-on/subsea spool tie-in)
- Installation of flexible pipelines and submarine cables
- Heavy lift, jacket launch, float-over, and offshore structure transportation and installation
- Pipeline and structure repairs – subsea pipeline sectional replacement, jackets repairs
- Shore approach – pipeline beach-pull & surface towing, pipeline pre/post trenching and rock dumping
- Pipeline/cable crossing, offshore diving and related underwater works including free span correction/installation
- Mooring chains, anchor piles and subsea PLEM/PLET installation for FSO/FPSO

### PIPELINE PRE-COMMISSIONING AND DE-COMMISSIONING

- Cleaning, gauging and hydro-testing
- Vacuum or air drying
- Flushing, de-oiling, pigging
- Flooding and water leak testing
- Dewatering and nitrogen packing
- Nitrogen leak testing
- Degassing and preservation
- Water extraction system from sea or river

### UNDERWATER INSPECTION, REPAIR & MAINTENANCE

- Utilising main/support vessels DPDSV: air & saturation diving systems and remotely operated vehicles
- SMART flange, mechanical connector and PLIDCO clamp used for pipeline underwater repair
- Carry out pipeline surveys and inspections
- Survey and calibration for cathodic protection
- Installation of a clamp and anode
- Survey using Flooded Member Detection (FMD)
- Hydrographic analysis
- Pipeline End Manifold (PLEM) and Single Buoy Mooring (SBM) maintenance
- Measuring the thickness of steel plates
- Mapping surveys underwater welding and cleaning
- Broad and detailed visual examination tasks

### TOPSIDE MAJOR MAINTENANCE, HOOK-UP & COMMISSIONING

- Construction engineering, work-packing and work-scheduling preparation
- Pre-fabrication work for process pipework and structural steel onshore
- Offshore hook-up: install and commission pre-fabricated structural steel, process pipe, mechanical equipment, electrical system and instrument control system
- Facilities up-grading, tie ins and commissioning
- Upkeep of offshore installations – structural strengthening and repair
- Painting and blasting works
- Vessel cleaning and maintenance

### ONSHORE AND OFFSHORE EPCIC

- EPCC of onshore gas transmission pipeline
- Mechanical and piping erection for on-site processing plant
- Minor fabrication services, shutdown maintenance services
- Process facilities of a modest to medium size that use EPCC
- Single Point Mooring (SPM) and Single Buoy Mooring (SBM) offshore to onshore construction : include subsea flexible pipeline, floating hose, marine hawser, mooring chains, anchor piles and subsea amenities (spool, PLEM etc.)

### DE-COMMISSIONING OF OFFSHORE STRUCTURES & TOPSIDE INCLUDING PRESERVATION AND ABANDONMENT

- Major platforms: including subsea facilities and pipelines
- FPSO/FSO, SPM/SBM and all the piping system and facilities
- Facilities Deactivation – Disconnection and removal of the flowline, umbilical, power cable
- Assets preservation and mothballing: pipeline, structure and topside facilities
- Cleaning of asset including vessels, structures and pipelines
- Disposal of assets for fish reefs or at storage onshore yard

### MARINE VESSELS CHARTERING, SHIP MANAGEMENT AND LOGISTIC

- Pipelay barge, DPDSV vessel, DP2 vessel
- Derrick lay barge and Combi barge
- Accommodations work barge: DP2 and anchored barge
- Work boat and support vessel

### RENEWABLE ENERGY & TECHNOLOGY

- EPCC and asset owned of renewable energy power plant: includes evaluating technology, designing plant, sourcing materials, constructing facility and commissioning
- Mineral mining and assets: extract geological valuable minerals, operation maintenance and asset owning
- Storage tankage: fabrication, installation and operation maintenance of various types of tanks
- Wind vertical power turbine: installation, site assessment, integration into the existing electrical grid, operation and maintenance
- Asset management & operations: new technology on systematic approach of maintaining, upgrading, and managing physical assets and operations

# 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 result, backed by sound technical expertise and ability to resolve matters to exceed clients' expectation.**

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.

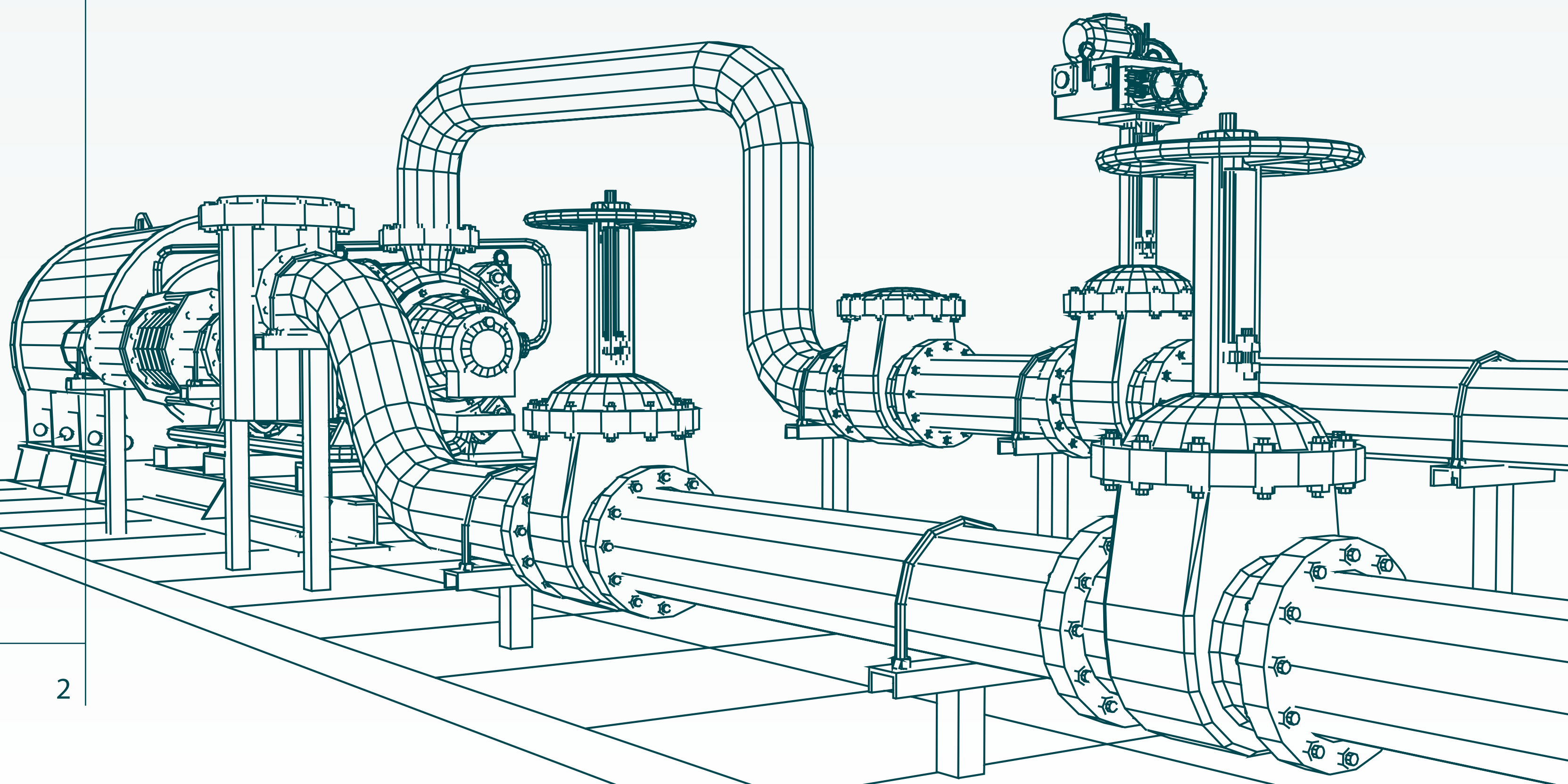
PBJV continued to expand its capability with people and asset and in November 2013 was listed on the Main Board of Bursa Malaysia Securities Berhad under Barakah. By then, PBJV was recognised as one of the main contractors in offshore pipeline installation and hook-up and commissioning when it secured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

As at 30 June 2023, we delivered RM5.0 billion worth of work to the industries and achieved 10,752,621 million Man-Hours without LTI since 26 October 2016.

Due to increased market challenges and competition, Barakah and its subsidiaries are looking at new technologies and forming new partnerships to enhance their capabilities. These developments have the potential to capture additional capabilities and business revenues from Malaysian and international industries.

Barakah is committed to its goal of "Providing Exceptional Services to the Industries with Full Compliance of QHSE and Achieving On-Time Schedule" by leveraging its extensive expertise, capabilities and resources.

**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
  - **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%** **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
- **100%** **BARAKAH OFFSHORE ENERGY SDN BHD**
  Investment in oil & gas ventures
  - **100%** **PBJV ENERGY SDN BHD**
    Investment in oil & gas and energy related assets
- **80%** **PBJV (B) SDN BHD**
  Mining support service activities in Brunei Darussalam

# 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
(Resigned w.e.f 4 October 2023)

**Tengku Ngah Putra bin Tengku Ahmad Tajuddin**
Independent Non-Executive Director
(Appointed w.e.f 8 August 2023)

**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 Mohammad Asnawi**
Chairperson

**Sulaiman bin Ibrahim**

**Dr Rosli bin Azad Khan**
(Resigned w.e.f 4 October 2023)

**Tengku Ngah Putra bin Tengku Ahmad Tajuddin**
(Appointed w.e.f 8 August 2023)

## NOMINATION & REMUNERATION COMMITTEE

**Sulaiman bin Ibrahim**
Chairman

**Nurhilwani binti Mohammad Asnawi**

**Dr Rosli bin Azad Khan**
(Resigned w.e.f 4 October 2023)

**Tengku Ngah Putra bin Tengku Ahmad Tajuddin**
(Appointed w.e.f 8 August 2023)

## 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 748492)
(SSM PC No. 202008002923)

**Wong Mee Kiat**
(MAICSA 7058813)
(SSM 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
E: listcomalaysia@acclime.com

## SHARE REGISTRAR

**Boardroom Share Registrar Sdn Bhd**
11th Floor, Menara Symphony
No.5, Jalan Professor, Khoo Kay Kim
Seksyen 13, 42600 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T: +603 7890 4700
F: +603 7890 4670
E: bsr.helpdesk@boardroomlimited.com

## STOCK EXCHANGE

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

**Shariah-Complaint Ordinary Shares**
Stock Name: BARAKAH
Stock Code: 7251

## CORPORATE WEBSITE

www.barakahpetroleum.com

## AUDITORS

**HLB Ler Lum Chew PLT**
A-23-1, Hampshire Place Office
157 Hampshire
No. 1, Jalan Mayang Sari
Off Jalan Tun Razak
50450 Kuala Lumpur
T: +603 7890 5588

## SOLICITORS

**Messrs. Fairuz Ali & Co**
No.12, 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

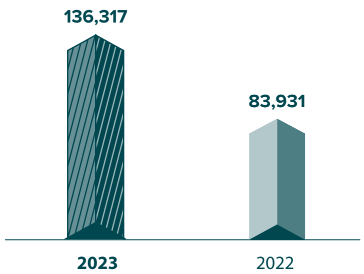
## PRINCIPAL BANKERS

Export-Import Bank of Malaysia Berhad

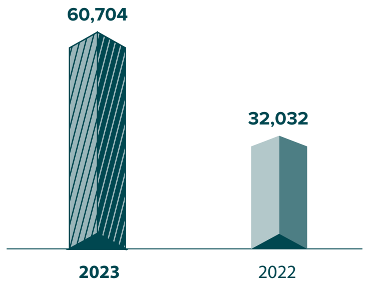
Malayan Banking Berhad

# FINANCIAL PERFORMANCE

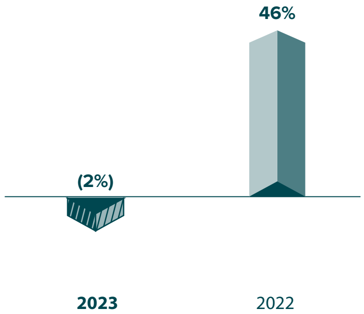
**Revenue**
(RM'000)



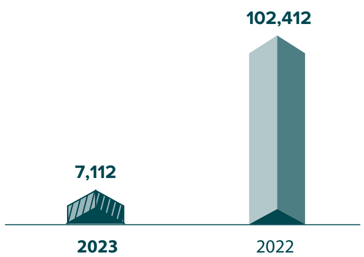

**Total Cash**
(RM'000)



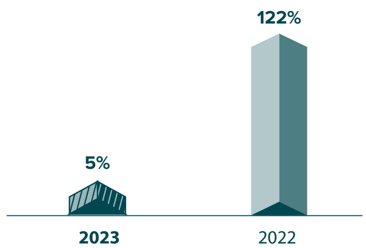

**Return on Assets**
(%)



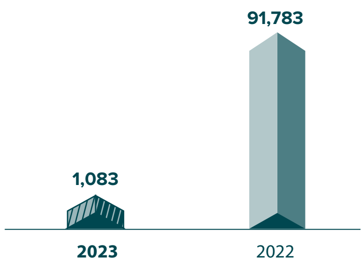

**EBITDA***
(RM'000)




**EBITDA* Margin**
(%)




**Profit before Taxation**
(RM'000)




| | FY2023 RM'000 | FY2022 RM'000 |
|---|---|---|
| Revenue | **136,317** | 83,931 |
| Profit before taxation | **1,083** | 91,783 |
| Profit after taxation attributable to owners of the Company | **(3,998)** | 83,741 |
| EBITDA* | **7,112** | 102,412 |
| EBITDA* Margin (%) | **5%** | 122% |
| Total assets | **176,360** | 182,467 |
| Total borrowings | **51,748** | 48,892 |
| Total cash | **60,704** | 32,032 |
| Total Equity attributable to owners of the Conpany | **(15,054)** | (4,684) |
| Return on assets (%) | **(2%)** | 46% |
| Return on shareholders' equity (%) | **N/A** | N/A |
| Net gearing (%) | **N/A** | N/A |
| Basic EPS (sen) | **(0.40)** | 8.74 |
| Diluted EPS (sen) | **N/A** | N/A |

* Earnings Before Interest, Tax, Depreciation and Amortisation.

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

**Tengku Ngah Putra bin Tengku Ahmad Tajuddin**
Independent Non-Executive Director
(Appointed w.e.f 8 August 2023)

# BOARD OF DIREC

**Datuk Mohd Zaid bin Ibrahim**
Independent
Non-Executive Chairman

**Dr Rosli bin Azad Khan**
Independent
Non-Executive Director
(Resigned w.e.f 4 October 2023)

**Sulaiman bin Ibrahim**
Senior Independent
Non-Executive Director

**Nurhilwani binti Mohamad Asnawi**
Independent
Non-Executive Director

# TORS

# PROFILE OF BOARD OF DIRECTORS

## DATUK MOHD ZAID BIN IBRAHIM

Independent Non-Executive Chairman

**Malaysian**

**72 / Male**

Meeting Attendance
**BOD: 5/7**

Datuk Mohd Zaid bin Ibrahim, aged 72, 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 42 years as a legal practitioner and was involved in multi-disciplinary practice and advises clients on corporate maters, privatisation and financing of major infrastructure project 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 Disable and Underprivileged based in Kota Bahru, Kelantan since 1999. This Foundation has helped more than 5,000 children and poorer members of the community. The Foundation not only help thousands of disabled but also provides palliative care to terminally ill cancer patients.

## DATO' SRI NIK HAMDAN BIN DAUD

Group President & Chief Executive Officer
Non-Independent Executive Director

**Malaysian**

**56 / Male**

Meeting Attendance
**BOD: 6/7**

Dato' Sri Nik Hamdan bin Daud, aged 56, 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 accomplishment 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 28 years of experience in serving various reputable local and international clients.

He has contributed excellent track record to the offshore and onshore sectors by developing and delivering more than RM5.0 billion 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

Senior Independent Non-Executive Director

**Malaysian**

**63 / Male**

Meeting Attendance

**BOD: 7/7**

**ARMC: 5/5**

**NRC: 2/2**

Sulaiman bin Ibrahim, aged 63, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as 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 and structural installation. 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

Independent Non-Executive Director

**Malaysian**

**48 / Female**

Meeting Attendance

**BOD: 7/7**

**ARMC: 5/5**

**NRC: 2/2**

Nurhilwani binti Mohamad Asnawi, aged 48, 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 22 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

Independent Non-Executive Director
(Resigned w.e.f 4 October 2023)

**Malaysian**

**66 / Male**

Meeting Attendance

**BOD: 7/7**

**ARMC: 5/5**

**NRC: 2/2**

Dr Rosli bin Azad Khan, aged 66, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 October 2019 as an Independent Non-Executive Director.

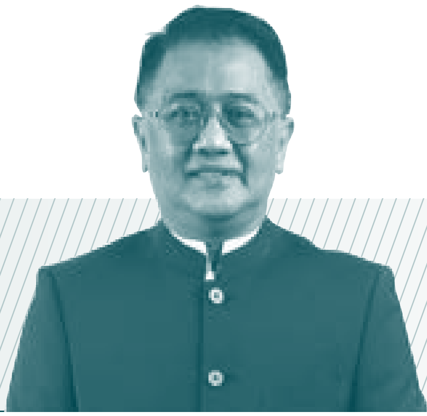
Dr Rosli obtained his Ph.D in Transport Economics and Masters in Transport Planning from Cranfield University, England. He is a Fellow of the Chartered Institute of Logistic & Transport ("CILT") and formerly the Vice President until 2018. Throughout his entire working career in the transportation sector he has directed or managed consultancy project 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 39 years of management and industrial experience including business consultancy especially in transportation, traffic and logistics sector covering various modes of transport such as air, land, rail and sea. His experience covers areas such as ports and shipping, shipyard & shipbuilding, cruise and 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.



## TENGKU NGAH PUTRA BIN TENGKU AHMAD TAJUDDIN

Independent Non-Executive Director
(Appointed w.e.f 8 August 2023)

**Malaysian**

**56 / Male**

Meeting Attendance

**BOD: –**

**ARMC: –**

**NRC: –**

Tengku Ngah Putra, 56, a Malaysian, was appointed to the Board of Director of Barakah Offshore Petroleum Berhad on 8 August 2023 as an Independent Non-Executive Director.

Currently, he is Corporate Advisor to a subsidiary of another public listed company and the Chief, Oil & Gas Cluster at Majlis Tindakan Ekonomi Melayu Bersatu Berhad (MTEM) unit under Malay Chamber of Commerce Malaysia.

Achievement during his tenure with MTEM, he manages to resolve licensing and payment issues on behalf of bumiputra companies with the support of PETRONAS. He also successfully advocated to increase charter-rates and vessel age approval by PETRONAS.

He initiated the LESTARI programme with PETRONAS for bumiputra companies to scale up Vendor Development Programme (VDP) and collaborate with Human Resource Development Corporation (HRDC) for talent development.

He has more than 35 years of experience in management, public land transportation, freight forwarding and export of Malaysian product to Eastern Europe and Central Asia (markets include Croatia, Russian, Iran, Iraq and Libya).

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

## DATO' SRI AZMAN SHAH BIN MOHD ZAKARIA

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

**Malaysian**

**59 / Male**

Meeting Attendance
**BOD: 7/7**

Dato' Sri Azman Shah bin Mohd Zakaria, aged 59, 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 has more than 25 years experience in the oil and gas industry, mainly in the areas of offshore pipeline installation, pre-commissioning and other related service. 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 project and operations. In 2000, he joined PBJV as General Manager and led the company in pre-commissioning and commissioning, T&I, onshore pipeline, HUC project 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

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

**Malaysian**

**53 / Male**

Meeting Attendance
**BOD: 7/7**

Dato' Rasdee bin Abdullah, aged 53, 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 Group Sdn Bhd and has assumed the role since 2014.

He has over 29 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 contractor such as Drexel Bakti Oilfield Sdn Bhd, MMC Engineering & Service Sdn Bhd, Shapadu Energy and Engineering Sdn Bhd and Ranhill Engineers and Constructors Sdn Bhd.

Dato' Rasdee also holds directorship 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

## MEGAT KHAIRULAZHAR BIN KHAIRODIN
Chief Financial Officer

**Malaysian**

**50 / Male**

Megat Khairulazhar bin Khairodin, male, aged 50, 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 26 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 the key personnel involved in the take over initiative of rail 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 Project 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 Kuala Lumpur. Megat Khairulazhar graduated with a Bachelor of Science (Hons) in Accounting from University of Hull, United Kingdom and an Associate Member on the Institute of Certified Management Accountants of Australia.

He is a member of Executive Committee.

## HANIZA BINTI JAFFAR
Vice President of Finance and Administration

**Malaysian**

**48 / Female**

Haniza binti Jaffar, female, aged 48, 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 Malaysian Financial Reporting Standards, policy and procedures, cash flow management and financial resource planning in support of the operations of the Group together with information technology and administration. She has over 24 years of experience in finance, accounting and treasury functions.

She started her career in 1998 as Accounts Executive with several limited companies, where she was involved in financial management reporting, office management, project financing and project development scheduling. She joined PBJV Group Sdn Bhd as Heads of Finance and Accounts in 2001. She was promoted to General Manager of Group Finance and Accounts in 2011 and to the current positions in 2014.

Haniza graduated with a Bachelor's Degree in Accountancy from University (Institute) Technology MARA in 1999. She is a 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**

**60 / Male**

Ahmad Azrai bin Abu Bakar, male, aged 60, a Malaysian, was appointed the Vice President of Operations at PBJV Group Sdn Bhd ("PBJV") on November 2014. He is in-charge of project management and deliveries of the Group. He has 35 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. Three years later, he joined Nigata Engineering Sdn Bhd as Construction Supervisor. In 1992, he joined Sri Takada (M) Sdn Bhd as a Field Engineer. A year later, he took on the role of Senior Mechanical Engineer and subsequently Site Manager with Projass Engineering Sdn Bhd.

From 1995 to 1997, he moved up the 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 & Service 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.

*Disclaimer:*
*The above Senior Management 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 offence. None of the Senior Management held any directorship in other public companies.*

# MANAGEMENT DISCUSSION AND ANALYSIS

**DATO' SRI NIK HAMDAN BIN DAUD**
Group President & Chief Executive Officer
Non-Independent Executive Director

## OVERVIEW OF FY2023

**In FY2023, the Malaysian economy continued to experience fluctuations in response to global economic dynamics and ongoing challenges. The year began with a surge in oil prices. This increase was primarily triggered by supply concerns related to geopolitical instability in Eastern Europe, particularly the Russia-Ukraine conflict, which impacted energy markets globally. The situation led to increased uncertainty and volatility in the oil and gas industry.**

Throughout the year, the energy industry remained a prominent focus, with oil and gas supply chains encountering exceptional challenges. Companies within this industry struggled with a range of factors, such as sustained global inflation, volatile material supply and costs, and increasing economic headwinds. These factors created a complex operating environment, requiring adaptability and resilience to maintain stability and profitability.

**The license renewal application by PBJV from PETRONAS has been successful and PBJV has since been granted the PETRONAS License, for a period of three (3) years from 18 April 2023.**

**10,752,621**
million
safe man-hours
without a Lost
Time Injury (LTI)

The post-pandemic "new normal" has continued to shape operational challenges in the industry, emphasising the importance of health and safety protocols as well as digitalisation efforts. The Group has proactively embraced these changes, leveraging technology and industry best practices to enhance operational efficiency and ensure safety.

Through engagement programmes, campaigns, and training initiatives, the Group has fostered a culture of Health, Safety, and Environment awareness and development among employees, enhancing their skills and competencies. By June 2023, the Group achieved a remarkable milestone of 10,752,621 million safe man-hours without a Lost Time Injury (LTI) since last LTI incident in 2016.

Amidst these challenges, the Group closely monitored developments in the energy sector. The oil price surge in early 2022 notably impacted project opportunities across the Asian region. Recognising the importance of diversification, the Group leveraging on its capabilities, proven track record, and established partnerships, continued to pursue these opportunities with the aim of securing projects that would contribute to its growth and sustainability.

In conclusion, FY2023 was marked by continued economic fluctuations and challenges in the energy industry, driven by geopolitical tensions, global inflation, and supply chain disruptions. Despite these challenges, the Group demonstrated resilience by actively seeking growth prospects, improving operational efficiency, and exploring diversification possibilities to ensure its sustainability and thrive in an ever-changing business landscape.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PN17 STATUS (2023)

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, Kota Laksamana 101 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 14 November 2022, the Company had submitted the regularisation plan to Bursa Securities. A revised regularisation plan was announced on 20 February 2023 which entails the following:

i. a proposed capital reduction of RM238.00 million pursuant to Section 116 of the Companies Act 2016 (“the Act”);
ii. a proposed shares consolidation of existing 10 Barakah Shares into one (1) consolidated Barakah Share;
iii. a proposed shares issuance of 5.00 million Barakah Shares (“Subscription Shares”) to the Subscriber at a Subscription Price of RM0.20 per Subscription Share to raise gross proceeds of up to approximately RM1.00 million;
iv. a proposed renounceable rights issue on the basis of four (4) Rights Shares for every one (1) existing Barakah Share held by the Entitled Shareholders at the Rights Issue Price of RM0.10 for each Rights Share, together with free detachable Warrants (“Warrants”) on the basis of one (1) Warrant for every two (2) Rights Shares subscribed for at the Warrant Exercise Price of RM0.20 each, on an Entitlement Date to be determined at a later date;
v. a proposed ESOS 2013/2023 termination; and
vi. a proposed employees’ shares scheme (“ESS”) 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 the Group.

Following the auditors’ opinion on the audit of the financial statements for the financial year ended 30 June 2023, the Company will reformulate a revised regularisation plan to be submitted to Bursa Securities.

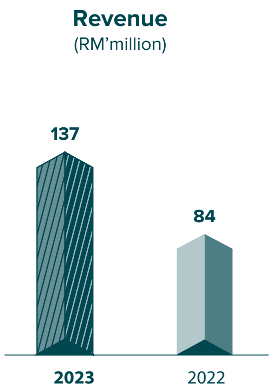
## PETRONAS LICENSE UPLIFTMENT AND ON-GOING PROJECTS

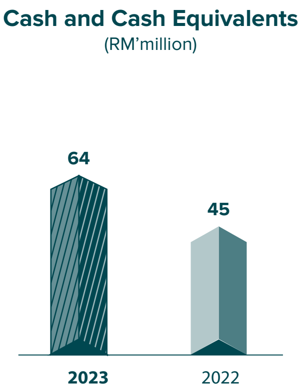
On 6 April 2023, PETRONAS has uplifted the license suspension imposed against its wholly-owned subsidiary, PBJV Group Sdn Bhd (“PBJV”) since July 2019. The license renewal application by PBJV from PETRONAS has been successful and PBJV has since been granted the PETRONAS License, for a period of three (3) years from 18 April 2023, and thereafter obtained full reinstatement of SWEC (Standardised Work and Equipment Categories) code in respect of all its Twenty-Seven (27) Approved License Categories.

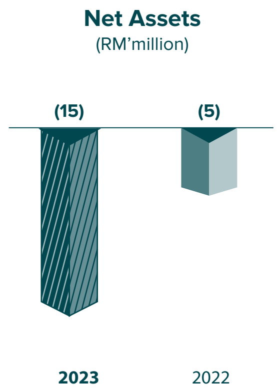
On 17 July 2023, the Group through its operating subsidiary, PBJV received a one and half-year contract extension, for the Provision of Pan Malaysia Maintenance, Construction and Modification (“PM-MCM”) Contract for the year 2018 – 2023 Package A until December 2024 from Jadestone Energy (PM) Inc., HESS Exploration and Production Malaysia B.V (“HESS”), Petrofac (Malaysia-PM304) Limited (“PETROFAC”) and IPC Malaysia B.V (“IPC”).

Meanwhile, as part of the Group’s diversification strategy and leverage its expertise in engineering and construction to clients in different industries, the Group had secured in October 2022 a contract for the provision of turnkey construction works for a biomass power plant facility at Kerteh, Terengganu and two (2) purchase orders for the provision of equipment for a biomass power plant facility at Rasa, Selangor. The said contract works at Kerteh, Terengganu will be for a period of 24 months from the notice to proceed.

The Group achieved a significant increase in total revenue, reaching RM136 million during FY2023, marking an impressive increase from the RM84 million recorded in FY2022. This substantial revenue growth of approximately 62% underscores the Group’s resilient performance and strategic intiatives during FY2023. The growth is mainly from the ongoing works from clients during the current financial year.




Additionally, the Group has recently undertaken a new project known as the 'SPM2 Replacement Project', commissioned by Brunei Shell Petroleum Co Sdn Bhd ("BSP"). This project provides a range of services, including engineering work, material supply, fabrication, load-out, decommissioning, installation, and commissioning of one (1) SPM2 (Single Point Mooring Bouy), located along the shoreline of Brunei Darussalam. This strategic move demonstrates its unwavering commitment to long-term growth, readiness to explore fresh opportunities beyond traditional boundaries, its dedication in exploring new horizons and recognition of the Group's core strengths in the oil and gas industry.

**The Group has recently undertaken a new project known as the 'SPM2 Replacement Project', commissioned by Brunei Shell Petroleum Co Sdn Bhd ("BSP").**

## FINANCIAL PERFORMANCE

### Performance Review

In FY2023, the Group reported a noteworthy rise in revenue, achieving total earnings of RM136 million, which is a substantial increase compared to the RM84 million recorded in FY2022. This remarkable revenue growth of approximately 62% highlights the Group's strong performance and effective strategic actions in FY2023. The growth was primarily driven by significant contributions from pipeline and commissioning activities, which formed the majority of our revenue sources.

### Cash flow

The cash and cash equivalents at the end of FY2023 increased by RM19 million at RM64 million as compared to RM45 million at the end of FY2022. This increase was attributed to the increase in cash caused by operating activities which contributed to the overall positive cash flow. This signifies a strategic balance between managing liquidity and operational requirement which potentially positioning the Group for growth and financial stability.

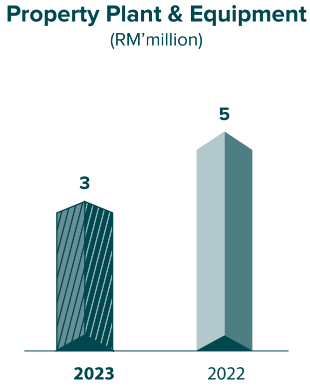
### Balance Sheet

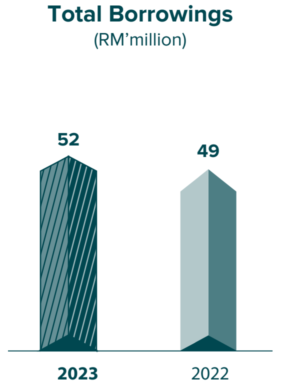
In FY2023, the Group's net asset position, which stands at a negative RM15 million, signifies a cautious yet resilience response to past challenges. The decrease from the previous year was mainly due to RM8 million impairment on asset held for sale. The Group is fully committed to manage its financials and anticipate the implementation of measures aimed at effectively addressing the balance sheet and challenges in the future.

In FY2023, the Group's property, plant and equipment decreased to RM3 million from RM5 million in FY2022. Apart from the annual depreciation charge, the decrease reflects the full disposal of fixed assets, mainly furniture, fittings and renovation written-off, due to the Group's office relocation from the old premises to current new location. This strategic decision has allowed the Group to save its rental cost and optimise asset utilisation in adapting to its evolving operational needs, underscoring with the Group's commitment to efficient resource management.

In FY2023, the Group's total borrowings increased to RM52 million from RM49 million in FY2022. This is due to fluctuations in forex exchange rates, as the Group's borrowings is mainly in USD.

# MANAGEMENT DISCUSSION AND ANALYSIS




**Operations**

The Group achieved a significant increase in total revenue, reaching RM136 million during FY2023, marking an impressive increase from the RM84 million recorded in FY2022. This substantial revenue growth of approximately 62% underscores the Group's resilient performance and strategic initiatives during FY2023. This growth mainly from the ongoing works from clients during the current financial year.

FY2023 saw an increase in the contribution from the pipeline and commissioning services division significantly to the Group's revenue and building on higher work done delivered in FY2023. The division's revenue surged to RM130 million, a noteworthy increase from the RM78 million recorded in FY2022, highlighting its continued expansion and efficiency in the Group's overall operations.

**Pipeline and Commissioning Services ("PCS")**

FY2023 revenue for PCS increased to RM130 million compared to RM78 million in FY2022 due to an increase in work orders received for Pan Malaysia Maintenance Construction and Modification ("PM-MCM") projects from clients during the current financial year. These contracts cover services for four oilfield operations managed by the respective clients, encompassing a wide range of repair and maintenance work for their offshore platforms. This remarkable expansion underscores the recovery and momentum gained in FY2023.

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

**Chartering Services ("CS")**

For FY2023, revenue from CS amounted to RM3 million, reflecting a decrease compared to the RM6 million generated in FY2022. This decline is due to a reduction in charter period for the vessel supply, including Accommodation Work Boats and Anchor Handling Tug (AHT) Boats for underwater service works.

**Revenue for PCS increased to RM130 million compared to RM78 million in FY2022.**

## OUTLOOK 2024

In 2024, Malaysia's economic outlook presents a promising picture with sustained growth across various sectors. The Government's initiatives in the continuation of strategic projects, digitalisation, improved productivity and advanced manufacturing will further stimulate the growth of the economy in the medium term. The strategic geographic location of the nation may continue to attract foreign investments, which will contribute significantly to its economic growth.

The oil and gas industry in 2024 is expected to maintain stability and experience growth, particularly in the domestic oil and gas production sector. A strong emphasis on natural gas continues, and the industry is actively exploring opportunities for expansion in international markets. This strategic approach exemplifies the industry's commitment to ensuring a strong and dynamic future.

Despite Malaysia's overall positive outlook in 2024, the oil and gas industry faces distinct challenges. Regulatory pressures, investor expectations, and society's focus on sustainability are prompting oil and gas companies to reduce their carbon footprint. The Group is committed to allign with Government sustainability efforts, emphasising Environmental, Social, and Governance (ESG) considerations across its operations.

The Group is dedicated to strengthen its engagement with stakeholders and contribute positively to ESG initiatives. It plans to further leverage on its capabilities and assets in non-oil and gas sectors like renewable energy and power generation. By collaborating with local and international partners, the Group aims to reduce its reliance on the challenging oil and gas sector, increase its competitiveness in bidding, and enhance project delivery capabilities in the domestic and regional landscape.

While pursuing these initiatives, the Group will continue to explore opportunities and execute projects in the oil and gas, renewable energy, water and other industries. Its extensive experience as an oil and gas support service provider demonstrates its technical expertise and ability to deliver high-quality services which has been recognised locally and abroad.

**IMMEDIATE ACTION PLAN**

Despite the challenges in FY2023 and with the positive outlook for FY2024, it is paramount for the Group to address the balance sheet and sustainability plan moving forward. Immediate initiatives to be implemented that require immediate actions are as follows:

1. Regularisation of its financial conditions including injection of new projects and assets to uplift the Group from the PN17 status.
2. Aggressive marketing of the pipelay barge Kota Laksamana 101 and seek a potential buyer for the barge.
3. Continue focusing on efficiency and performance including cost rationalisation in executing the existing contracts to sustain operations and cashflow.
4. Active submission of bids and tenders to secure new projects since the license has been reinstated.
5. Strengthening legal and contractual positions to maximise value of existing contracts in hand.
6. Backing on current facilities and resources to venture into water industry, civil and construction, and acquiring new technology capabilities.
7. Continuous exploration of new international business ventures through collaboration with international service providers to expand the Group's business and exposure in local markets.

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

**By collaborating with local and international partners, the Group aims to reduce its reliance on the challenging oil and gas sector, increase its competitiveness in bidding, and enhance project delivery capabilities in the domestic and regional landscape.**

# SUSTAINABILITY STATEMENT

## Introduction

**This Sustainability Statement ("Statement") reflects Barakah Offshore Petroleum Berhad and its subsidiaries ("Barakah", "the Company", or "our") efforts and performance in managing its material Economic, Environmental, Social ("EES") risks and opportunities, in the manner prescribed by Bursa Malaysia Main Market Listing Rules ("MMLR").**

### Reporting Framework

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by GRI Standards, which serves as the foundation for the Statement's reporting framework.

### Reporting Scope

This sustainability statement covers Barakah Offshore Petroleum Berhad and all its subsidiaries within our business sector for the financial year end June 30, 2023 ("FYE 2023", "the year", and "Reporting Period"). Unless mentioned otherwise, this statement excludes joint ventures. The basis for this exclusion is that we do not have any operational control over these entities.

Where relevant, we will also include data from previous years to track year on year progress and to provide additional context. This statement addresses our response to 11 material topics which impact our business and our ability in delivering value to all our stakeholders.

### Assurance Statement

The information presented in this statement has not undergone verification by our internal audit function or any other independent assurance provider.

The Board through management will re-evaluate the necessity to obtain limited assurance on selected information disclosed in the statement through engagement with key stakeholders such as bankers, investors, and customers.

## Sustainability Strategy

**Barakah's Sustainability Policy is focused on delivering lasting value to stakeholders and the Company. It guides us in pursuing economic growth while monit oring our environmental impact and upholding corporate social responsibility. The policy is built on four pillars: workplace, marketplace, environment, and community.**


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

**Community**
Interacting with the communities and contributing to the underprivillaged.

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

**Environment**
Protecting the environment by reducing negative environmental impacts.

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

Here at Barakah, we have established a Sustainability Committee ("SC") to integrate core EES values into our business strategy. The Board of Directors ("Board") bears the ultimate responsibility for establishing clear objectives and relevance of the sustainability within the Company. They are supported by the SC, which is helmed by the Chairman to oversee the Company's sustainability efforts, activities, and initiatives.

The SC is divided into two teams, Operations and Business. Both teams are responsible for ensuring that all sustainability policies and strategies are in place within the Company. They report to the Chairman, who reports directly to the Board.

### Board of Directors ("Board")

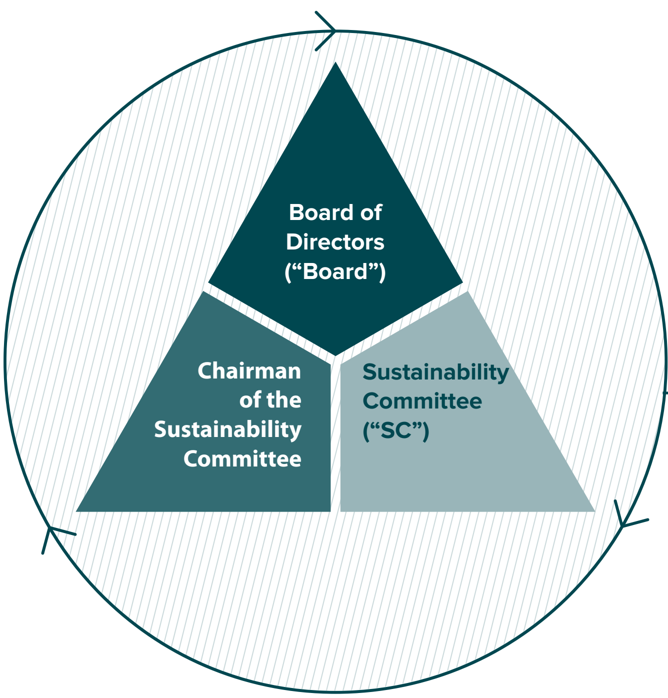
- Establishes clear objectives and relevance of sustainability within the Company.
- Provides strategic guidance and oversees sustainability management.
- Reviews and approves the Company's sustainability strategies and ensures transparency in sustainability reporting.

### Chairman of the Sustainability Committee

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

### Sustainability Committee ("SC")

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




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

**Business**
- Legal
- Human Resource
- Finance
- Investor Relations

## STAKEHOLDER ENGAGEMENT

Barakah prioritises the importance of our stakeholders and their impact on our business operations and activities. By maintaining active and consistent communication across various platforms, we identify and comprehend their needs and expectations.

The Company stakeholders includes our employees, regulatory/authorities, customers, suppliers, local communities, investors, and bankers. The table below outlines our stakeholders' interests, engagement methods, and frequency of engagement.

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

# SUSTAINABILITY STATEMENT

## MATERIALITY ASSESSMENT

Barakah's SC has identified and assessed material sustainability matters that are relevant to the Company's business operations and influence stakeholders' decisions. We have conducted a materiality assessment exercise to determine the relative importance of each sustainability matter to both our company and our stakeholders.

The materiality matrix below presents the identified 11 material topics plotted on the x-axis to indicate their importance to the business operations, and the y-axis reflecting the criticality of each topic in influencing stakeholder decisions for FYE2023.

**FYE 2023 Materiality Matrix**

| Importance to Stakeholders / Importance to Business Operations | Moderate | Critical | Highly Critical |
|---|---|---|---|
| **Highly Critical** | | | ▲ Energy and Emissions Management<br>● Economic Performance<br>● Anti-Corruption<br>■ Health, Safety, and Security |
| **Critical** | | ▲ Waste Management | ● Supply Chain Management<br>■ Human Capital Management |
| **Moderate** | ■ Diversity<br>■ Community Engagement<br>● Data Privacy and Security | ▲ Water Management | |

Legend: ● Economic ▲ Environment ■ Social

# ECONOMIC

## ECONOMIC PERFORMANCE

Amidst the distinctive challenges posed by our financial distress status and the inherent uncertainties of the global oil and gas industry, economic performance of the Company remains a key concern amongst our stakeholders – employees, suppliers, investors, and government.

For FYE 2023, we generated a revenue of RM136.3 million which represents the economic value generated. Whilst a total of RM136.2 million represents the direct economic value distributed. Thus, contributing positively to the economic wealth of our stakeholders, as per the following table.

| RM (Million) | FYE2023 | FYE2022 | FYE 2021 |
|---|---|---|---|
| Economic Value Generated | **136.3** | 83.9 | 105.1 |
| Less: Economic Value Distributed, which consist of: | **136.2** | 76.6 | 93.4 |
| • Payment to Suppliers/Contractors | **111.7** | 50.2 | 76.6 |
| • Payment to Employees (e.g., wages, benefits) | **16.8** | 15.4 | 13.9 |
| • Payment to capital providers (e.g., loan interest and dividends) | **2.6** | 2.9 | 2.0 |
| • Payment to government (e.g., taxes, permits) | **5.1** | 8.1 | 0.9 |
| Economic Value Retained | **0.1** | 7.3 | 11.7 |

The Company believes that key success factor in delivering requisite economic performance lies in delivering quality services to our customers and ensuring customer satisfaction. Barakah consistently focuses on maintaining product quality and adhering to regulatory standards to meet our customers' expectations. We regularly monitor our business performance, which helps us identify opportunities for continuous improvement in product quality.

We hold certifications in ISO 9001:2015 Quality Management System, ISO 14001:2015 Environment Management System, and ISO 45001:2018 Occupational Safety and Health Management System, reflecting our commitment to quality, health, safety, and environment.

## ANTI-CORRUPTION

The Board is acutely aware of the heightened importance that our stakeholders place on ethical business conduct and recognises the need to maintain trust through our operations.

In line with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act, we have established an Anti-Corruption Policy and Procedure. Our anti-corruption policy is guided by our corruption risk assessment and is subject to continuous improvement through our compliance monitoring procedures and internal audit function. Subsequently, for this reporting period, we are pleased to report zero confirmed corruption incidents.

**Number of Confirmed Incidents**

FYE 2023, FYE 2022 and FYE 2021

# SUSTAINABILITY STATEMENT

## SUPPLY CHAIN MANAGEMENT

To ensure our continuous supply and to support the Malaysian economy, we continuously prioritise local suppliers, provided local suppliers meet our price, quality, performance, and ethical standards. As such, 100% of our spending is allocated to local suppliers and sourced from Malaysian companies registered under the PETRONAS Standardised Work & Equipment Categories (SWEC) Code.

We maintain a continuous evaluation of our key vendors' performance such as adherence to safety standard and policy, project performance and quality, offering feedback for improvement to support their ongoing enhancement and ensuring trust is maintained with our customers.

**Proportion of Spending on Local Suppliers**
FYE 2023, FYE 2022 and FYE 2021


## DATA PRIVACY AND SECURITY

Our data privacy policy is governed by local laws such as the Personal Data Protection Act 2010. We maintain a Cybersecurity/IT policy that covers key principles such as security, retention, access, and data integrity – to ensure continuous compliance with the relevant laws.

We are pleased to announce that no substantiated complaints were received from any regulatory or official bodies in relation to breaches of customer privacy and losses of customer data during the reporting period.

Substantiated complaints refer to written statements by regulatory or similar official bodies addressed to the company that identify breaches of customer privacy, or legitimate complaints received by our customers due to our negligence.

**Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data**
FYE 2023, FYE 2022 and FYE 2021


# ENVIRONMENT

## ENERGY AND EMISSIONS MANAGEMENT

The Company is aware that energy costs are likely to continue their upward trajectory, especially in the immediate future, as the government reduce subsidies on fossil fuel-based energy cost as part of its net zero aspiration and its fiscal targets.

In line with the Company's commitment to reduce energy consumption, we prioritise the use of highly efficient vessels for our operations, all the while maintaining a focus on cost-effectiveness. The criteria for selection of vessels are as presented below:

**Age** → **Horsepower** → **Propulsion Type** → **Technical Requirement**

Concurrent with our efforts in sustainability, we have implemented measures to ensure that our Kota Laksamana 101 ("KL101") vessel remain pertinent to us. KL101 vessel undergone scheduled maintenance, certification validity and physical or sea trials, in compliance with the flag authorities' requirement and Marine Warranty Survey.

During the reporting period, the Company's total energy consumption amounted to 6,021 Gigajoules, and the breakdown is as listed below:

| Total of Energy Consumption | FYE2023 (GJ) | FYE2022 (GJ) | FYE 2021 (GJ) |
|---|---|---|---|
| Purchased Electricity[1] | **1,250** | 1,461 | 1,167 |
| Fuel Consumption – Gen Set[2] | **4,771** | 3,749 | 3,934 |
| Fuel Consumption – Transportation[2,3] | | | |
| Purchased Electricity[1] | **6,021** | 5,210 | 5,101 |

1. *The purchased electricity data covers our headquarters (HQ), Kuala Lumpur (KL), and yards (Paka Yard, Teluk Kalong Yard, and Miri Yard).*
2. *The energy conversion factor used for fuel litre consumption is derived from the UK Government GHG Conversion Factors for Company Reporting 2023, 2022, and 2021, based on petrol/diesel which is 100% mineral oil.*
3. *This covers diesel used in our yards (Paka Yard, Teluk Kalong Yard, Miri Yard and KL101) and petrol used in company-owned vehicles.*

# SUSTAINABILITY STATEMENT

Currently, the Company has yet to establish an energy and emissions management framework, roadmaps, and target. However, we have begun tracking the Scope 1 and Scope 2 emissions of the Company, which is as following:

| Emission Type | FYE2023 (tCO2e) | FYE2022 (tCO2e) | FYE 2021 (tCO2e) |
|---|---|---|---|
| Direct GHG Emission (Scope 1) | **334** | 264 | 277 |
| Indirect GHG Emission (Scope 2) | **203** | 237 | 190 |
| **Total GHG Emissions** | **537** | 501 | 467 |

1. *Scope 1 Emissions are direct greenhouse gas ("G") emissions that occur from sources that are owned or controlled by Barakah. The emission Conversion factor for Scope 1 is derived from the UK Government GHG Conversion Factors for Company Reporting 2023, 2022, and 2021, based on petrol/diesel which are 100% mineral oil.*
2. *Scope 2 emissions are indirect GHG emissions arising from the generation of purchased electricity consumed by Barakah. The Emission Conversion factor for Scope 2 is derived from the CDM Electricity Baseline for 2017 by Malaysian Green Technology Corporation, using Combined Margin (C.M) emission factor.*
3. *We have not begun tracking Scope 3 for the reporting year.*

For FYE 2023, the total Scope 1 emissions produced by the consumption of fuel by the Company amounts to 334 tCO2e. Meanwhile, the total Scope 2 emissions produced by the electricity that we consumed for our properties and project sites amounts to 203 tCO2e. Overall, Barakah's total emissions for FYE 2023 rounds up to 537 tCO2e.

## WATER MANAGEMENT

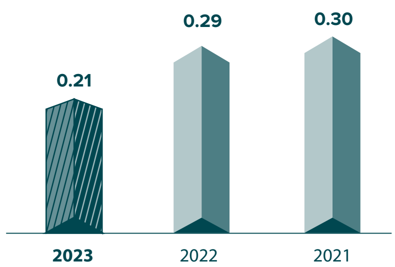
We are acutely aware of the critical role water management plays not only in safeguarding our global water resources but also in addressing the specific water security issues facing Malaysia and the broader international community.

In our ongoing commitment to responsible water management, the company has successfully implemented a rainwater harvesting system at our vessels maintenance facility. This system efficiently captures and stores rainwater for various non-potable purposes within our operations, resulting in tangible benefits and enhancing our resilience to potential water supply disruptions.

In adherence to the regulations outlined in Annex IV of the International Convention for the Prevention of Pollution from Ships (MARPOL), vessel owned by Barakah is equipped with sewage water treatment facilities. Due to the Company's operational involvement in utilising treated seawater and fresh water, we have developed, communicated, and implemented sewage water treatment procedure. These approaches include the provision of necessary resources and response materials, which can be implemented as needed.

In FYE 2023, the Company's total water consumption amounts to 0.21 Megalitres.

**Total Water Consumption (Megalitres/Ml)**




The data of Total Water Consumption covers KL office and yards.

## WASTE MANAGEMENT

In our commitment to responsible waste management, we focus on identifying and categorising hazardous waste. This is fundamental to our approach, ensuring compliance with regulations and safe handling.

For FYE 2023, our operations generated a total of 3.35 tonnes of hazardous waste as illustrates in the table below.

| Category | FYE2023 (tonnes) | FYE2022 (tonnes) | FYE 2021 (tonnes) |
|---|---|---|---|
| **Waste directed to disposal:**<br>Scheduled Waste | **3.35** | 0.76 | 0.45 |
| **Total Waste Generated** | **3.35** | 0.76 | 0.45 |

### Waste Directed to Disposal

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 Scheduled Waste ("SW") | 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, paper, or filters contaminated with scheduled wastes. |
| SW 305 | Spent lubricating oil. |
| SW 416 | Sludges of inks, paints, pigment, lacquer, dye, or varnish. |

For the reporting period, our operations generated a total of 3.35 tonnes of scheduled wastes. The table below showcases the distribution of total hazardous waste based on the types of scheduled waste.

| Waste Directed to Disposal (Tonnes) | | | | | | |
|---|---|---|---|---|---|---|
| FYE | SW Code | | | | | Total Hazardous Waste Disposed |
| | SW408 | SW417 | SW410 | SW305 | SW416 | |
| **2023** | **Nil** | **1.167** | **0.272** | **1.911** | **Nil** | **3.35** |
| 2022 | Nil | Nil | 0.760 | Nil | Nil | 0.76 |
| 2021 | 0.018 | 0.425 | 0.003 | Nil | Nil | 0.45 |

### Waste Diverted from Disposal

As part of our efforts in waste management, the Company has established an ongoing Go Green Campaign – "Save Green, Save Planet" at our HQ and regions to promote recycling and initiatives to go paperless by encouraging business communication via emails and phones. Moving forward, we aim to properly track the data on the total waste diverted from disposal to monitor our progress in reducing waste and promoting sustainable practices throughout our operations.

# SUSTAINABILITY STATEMENT

## SOCIAL

### HEALTH, SAFETY, AND SECURITY

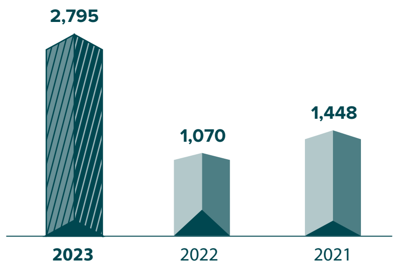
At Barakah, our unwavering commitment to health, safety, and security is integral to our business ethos. We prioritise the well-being of our workforce, clients, and the wider community at the forefront of our priorities. This commitment transcends mere policy; it is both a moral imperative and a strategic investment. It forges trust of our stakeholders, encompassing clients and investors alike, serving as the cornerstone of our economic performance.

We prioritise Occupational Safety and Health ("OSH") while strictly complying with Department of Occupational Safety and Health ("DOSH") Act & Regulations. We hold ISO 45001:2018 Occupational Safety and Health ("OH&S") Management System certification and are committed to Health, Safety, and Environmental ("HSE") objectives, ensuring a safe work environment, proper safety equipment, and environmental protection in line with statutory requirements. Our dedication is evident through ongoing surveillance audits by regulatory agencies and certification bodies.

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 Implementation 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. In FYE 2023, we recorded a total of 2,795 attendees for all training sessions, including both our crew and employees.

**Number of Employees and Crew Trained on Health and Safety Standards**




1. *The areas of training include Safety and Health Training, Legal & Compliance Training, Competency Training, Environmental Training, and Management System Training (ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018).*

Senior management carries out review of the HSE activities and its performance. 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.

Barakah is proud to announce that there were zero cases of work-related fatalities and Loss Time Incident Rate ("LTIR") reported for the past three (3) years.

**No. of Work-Related Fatalities**
FYE 2023, FYE 2022 and FYE 2021

| Category | FYE2023 | FYE2022 | FYE 2021 |
|---|---|---|---|
| Number of bodily injuries (Lost time injuries) | **Nil** | Nil | Nil |
| Total number of hours worked | **665,016** | 887,040 | 727,011 |
| LTIR | **Nil** | Nil | Nil |

1. *Loss time incident rate refers to the loss of productivity associated with accidents or injury arising out of or in the course of work.*
2. *The total number of hours worked for FYE 2023 is as of August 2023.*

**Hazard Identification, Risk Assessment, and Control ("HIRAC") and Toolbox Meetings**

In our commitment to maintaining a safe work environment, we employ a comprehensive HIRAC process. This involves promptly investigating all incidents, including cases of injuries, accidents, fatalities, and other incidents. Through this process, we determine the potential severity and the likelihood of recurrence.

In addition to HIRAC, we conduct regular Toolbox Meetings to discuss incident findings, actions taken, and new HSE regulations. These meetings provide a platform for open communication and collaboration to address safety concerns effectively.

**Emergency Response Plan ("ERP") and Emergency Response Team ("ERT")**

We have implemented an ERP across our operations. This plan outlines the roles and responsibilities of the ERT during emergencies and potential emergencies. It aims to promptly summon and coordinate emergency services and personnel to minimize risks to individuals on-site, the local community, the environment, and assets.

**Diversity**

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.

**Employee Diversity**

The table below summarises the gender distribution across all employment levels within Barakah.

| | % for FYE 2023 | | % for FYE 2022 | | % for FYE 2021 | |
|---|---|---|---|---|---|---|
| Employee Category | Male | Female | Male | Female | Male | Female |
| Senior Management | **88** | **12** | 89 | 11 | 89 | 11 |
| Management | **71** | **29** | 74 | 26 | 71 | 29 |
| Executive | **74** | **26** | 74 | 26 | 72 | 28 |
| Non-Executive | **57** | **43** | 55 | 45 | 61 | 39 |
| **Overall Composition** | **71** | **29** | **72** | **28** | **71** | **29** |

With respect to age diversity, the breakdown of employee categories by age group is as listed below.

| | Age in Years (%) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | % for FYE 2023 | | | % for FYE 2022 | | | % for FYE 2021 | | |
| Employee Category | <30 | 30-50 | >50 | <30 | 30-50 | >50 | <30 | 30-50 | >50 |
| Senior Management | **Nil** | **38** | **62** | Nil | 33 | 67 | Nil | 22 | 78 |
| Management | **Nil** | **76** | **24** | Nil | 79 | 21 | 6 | 76 | 18 |
| Executive | **22** | **74** | **4** | 27 | 70 | 3 | 31 | 65 | 4 |
| Non-Executive | **24** | **66** | **10** | 27 | 68 | 5 | 33 | 61 | 6 |
| **Overall Composition** | **18** | **70** | **12** | **21** | **68** | **11** | **25** | **63** | **12** |

# SUSTAINABILITY STATEMENT

### Board Diversity

With respect to board diversity, currently, 1 out of 7 current board members is female which represents 14% of total board composition. Currently, the Board has not adopted any female representation target as part of its diversity policy.

| Employee Category | % for FYE 2023 | | % for FYE 2022 | | % for FYE 2021 | |
|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female |
| Directors | **86** | **14** | 86 | 14 | 86 | 14 |

In terms of age diversity of the board members, currently, 6 board members are of age 50 and above whilst 1 board member are below the age of 50.

| Employee Category | Age in Years (%) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | % for FYE 2023 | | | % for FYE 2022 | | | % for FYE 2021 | | |
| | <30 | 30-50 | >50 | <30 | 30-50 | >50 | <30 | 30-50 | >50 |
| Directors | **Nil** | **14** | **86** | Nil | 14 | 86 | Nil | 14 | 86 |

## HUMAN CAPITAL MANAGEMENT

The Company believes that its employees are a vital asset, and we depend on them to deliver projects to our customers. Therefore, we recognise the importance in the development of human capital in ensuring the sustainability of our business.

### Training and Education

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 report that our total training hours for the reporting period have reached 5,683 hours, with an average of 47.5 hours per employee. Of these hours, 63% were completed by our male workforce, and 37% by our female workforce. The figure below illustrates our training statistics based on employment categories:

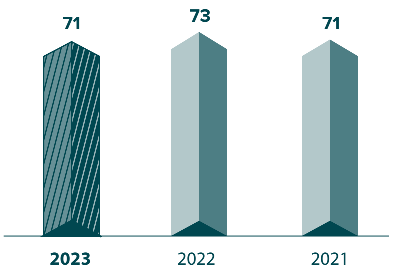
| Employee Category | FYE2023 (Hours) | FYE2022 (Hours) | FYE 2021 (Hours) |
|---|---|---|---|
| Senior Management | **244** | 107 | 34 |
| Management | **739** | 235 | 64 |
| Executive | **4,150** | 1,669 | 259 |
| Non-Executive | **550** | 128 | 68 |
| **Total** | **5,683** | **2,139** | **425** |

Moving forward, the Company realizes 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.

### Utilisation of Contractors/Temporary Staff

In FYE 2023, 71% of our employees during the year are temporary staff/contractors.

**Percentage of Temporary Staff/Contractors (%)**




The presence of contractors and temporary staff in our workforce is a strategic and practical response to the dynamic and challenging landscape of the offshore and onshore oil and gas support services and chartering services industry. It enables us to optimize resources, access specialized skills and mitigate risks effectively. Our commitment to maintain a policy of hiring employees permanently when needed ensures consistency and continuity while allowing us to harness the benefits of a flexible staffing approach.

### Employee Retention

In FYE 2023, a total of nine (9) employees resigned. The Company is aware that we must learn the best possible ways to retain our employees. Therefore, Barakah is continuously reviewing our total rewards package for key employees and positions which includes competitive compensation, health care, support for work-life balance and career development resources.

The following is a breakdown of the numbers of employee turnover at the end of the reporting period:

| Employee Category | Number of Employee Turnover | | |
|---|---|---|---|
| | FYE2023 | FYE2022 | FYE 2021 |
| Senior Management | **Nil** | 1 | Nil |
| Middle Management | **2** | 1 | Nil |
| Executive | **4** | 7 | Nil |
| Non-Executive | **3** | 2 | 1 |
| **Total** | **9** | **11** | **1** |

1. *Employee turnover refers to employees who leave the company voluntarily or due to dismissal, retirement, or death in service.*

### Employee labour rights

Our business, as a provider of offshore and onshore oil and gas support services, understands the pivotal role labour rights play in maintaining a just and sustainable workplace. Our commitment to labour rights begins with the well-being of our workforce. We take pride in providing our employees with safe and comfortable working conditions, access to medical facilities, and essential amenities.

During the reporting year, we are pleased to announce that no substantiated complaints were received from any regulatory or official bodies in relation to violation to human rights of our workers.

**Number of Substantiated Complaints Concerning Violations to Human Rights Received**
FYE 2023, FYE 2022 and FYE 2021

NONE REPORTED

# SUSTAINABILITY STATEMENT

## COMMUNITY ENGAGEMENT

Barakah recognises the significance of community involvement in our operational areas. Therefore, we actively participate in programmes that contribute positively to our society.

During the reporting period, our initiatives included monthly contributions totalling RM240,000 per annum to underprivileged children at Rumah Kasih Harmoni, located in Paya Jaras, Selangor.

The list of other events and programmes conducted in FYE 2023 is as listed in the table below:

| Month | Event Name | Amount Donated (RM) |
|---|---|---|
| **2022** | | |
| December | Community Programme "Barakah Bantu", helped 15 families who were affected by the flood at Hulu Langat, Selangor. | 6,704 |
| **2023** | | |
| June | Zakat Wakalah distribution to poor families at Terengganu, Kelantan, Perak, and underprivileged students from SMK Simpang Beluru, Perak. | 127,160 |

In the context of zakat wakalah, Barakah distributes our own zakat, ensuring it reaches those in need.

In FYE 2023, we contributed a total of RM373,864 to the local communities in which we operate, and an estimated 355 beneficiaries benefitted from our donations.

| | FYE2023 | FYE2022 | FYE 2021 |
|---|---|---|---|
| Total amount invested in an external community (RM) | **373,864** | 240,000 | 240,000 |
| The total number of individuals who benefited | **355** | 120 | 114 |

*1. The data for the number of beneficial is based on our best estimate given the difficulty in tracking exact number of beneficiaries for some of our initiatives.*

## CONCLUSION

**By integrating EES standards into our sustainable business operations, Barakah is actively contributing to the development of a more sustainable future. We will continue to assess our sustainability practices and actively engage with our stakeholders to ensure that key sustainability matters are appropriately managed.**

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board of Directors ("Board") of Barakah Offshore Petroleum Berhad ("Barakah" or the "Company") and its subsidiary companies ("Group") pledge 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 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 the strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practice and human capital management.
- Identify principal risk and ensuring the implementation of appropriate systems to manage these risks.
- Approve and monitor the progress of major capital expenditure, fund-raising, acquisition and divestures. Review the efficiency and quality of the Group's finance reporting process 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 for 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 committee 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 Instituted of Chartered Secretaries and Administration ("MAICSA").

The Company Secretaries also act as secretaries of all Board Committee (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 compositions, appointment, removal and the division of powers, roles and responsibilities of the Board and its key values.
- Provide guidance and reference to the Board on the overall business affairs and operations that include processes and procedure in line with the principle of good corporate governance.

In addition, the Board has established and review the Group's Delegation & Limit of Authority ("DLA") on 1 February 2021 to define policy and operational decision making processes that include matters reserved for the Board's approval and those delegated to the Board Committee 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 report, Group's risk management and internal controls statement in order to achieve the Group's objective. |
| Nomination & Remuneration Committee ("NRC") | Manage 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 Programme is in place for the orderly succession of senior management that involve the development of skill and abilities for the betterment of their current and future competencies. Succession planning help to ensure continuity of business and prevent potential business and operation 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 principle risks are adequately identified and appropriate internal control and mitigation measure 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 44 to 46.

**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 behavior, honesty and personnel 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
- 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 confidently, compliance with the relevant laws and regulations, safety and provisions and avoiding any conflict of interest or duties.

**e. Sustainability Policy**

This policy establish clear objective 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 34.

**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 Director to instill strong check and balances on the management of the Group.

During the financial year under review, the Board assessed the Independent of its Independent Non-Executive Director based on criteria set out in MMLR of Bursa Securities 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. Member of the Board
c. Member 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 Director managers the Board's renewal and succession effectively. It also makes recommendations and 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 support the principle that separates role of the Chairman and GPCEO with a clear division of responsibilities to ensure a balance of powers 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 Boards 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

## ESTABLISHED STRUCTURE FOR LEADERSHIP EFFECTIVENESS

The Board has established the Nomination and Remuneration Committee ("NRC") to assist the Board in managing the composition of the Board through nomination process and to evaluate the performance of the Board, Board Committees and key management 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 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.
- Asses the annual effectiveness of the Board 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 Company. This policy will ensure that all Directors fulfill the Fit and Proper criteria and 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 for 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 websites at www.barakahpetroleum.com

The NRC has established guidelines on the recruitment and appointment of a Board member that forms as 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 encourage a dynamic and diverse composition by nurturing suitable and potential candidates and equipped with skills, experience, time commitment and other qualities in meeting the future need 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, skill 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 or skill to steer the Group within the industry that it is operating. The NRC also carried out assessment on the Director 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.

Trainings attended by the Board is:

- Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments.
- Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework.
- Looking Beyond Uncertainties in 2023.

**Meeting**

During the financial year ended 30 June 2023, below are the total number of meeting attended by all the Board:

| Name | Board of Meeting |
|---|---|
| Datuk Mohd Zaid bin Ibrahim | 5/7 |
| Dato' Sri Nik Hamdan bin Daud | 6/7 |
| Sulaiman bin Ibrahim | 7/7 |
| Nurhilwani binti Mohamad Asnawi | 7/7 |
| Dr Rosli bin Azad Khan | 7/7 |
| Dato' Sri Azman Shah bin Mohd Zakaria | 7/7 |
| Dato' Rasdee bin Abdullah | 7/7 |

### 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 has 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 allowance 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 Eleventh (11th) 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 issue 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' investment.

Detailed of the Group's internal control system and framework are stated in the Statement on Risk Management and Internal Control set out on pages 44 to 46.

## 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 statement 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 47.

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 statement gave a true and fair view of the state of affairs of the Group in compliance with the Malaysian Financing 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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 businessess 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 question 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 Eleventh AGM will be held on 6 December 2023 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 corporate governance regulation, the Board has reviewed and upload 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
(Resigned w.e.f 4 October 2023)

**Tengku Ngah Putra bin Tengku Ahmad Tajuddin**
ARMC Member
Independent Non-Executive Director
(Appointed w.e.f 8 August 2023)

The ARMC Chairperson, 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 discharged their function, duties and responsibilities according to the Term of Reference ("TOR") of ARMC.

The TOR of ARMC was also reviewed by its members during the financial year ended 30 June 2023 (FY2023) and is published in Barakah's website in line with MMLR.

## B. MEETINGS

The ARMC held five (5) meetings during the FY2023. Attendance record of the ARMC meetings can be found on pages 9 to 10 of the Annual Report.

The meeting 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) (one meeting of each quarter) 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.

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

## C. SUMMARY OF ACTIVITIES

The summary of activities of ARMC during FY2023:

### 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 result and presented the report 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 judgement 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.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

**2. External Audit**

The engagement partner of HLB Ler Lum Chew 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 FY2023 audit. ARMC deliberated the audit plan including on the scope, resources and timeline.

On 24 May 2023, the EA presented its audit planning memorandum 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 and Reporting accountants services pertaining to submission of Regularisation Plan to Bursa Malaysia Securities Berhad. 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 registration or dismissal of the External Auditors.

**3. Internal Audit**

ARMC reviewed and deliberated

- The adequacy of scope and coverage of IA Plan for FY2023. The review of audit plan took into account the risk profile, corporate governance, control 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, resource levels as well as the process and result 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 43 of the Annual Report.

**4. Risk Management**

ARMC reviewed the risk reports prepared by the secretary of Risk Management Steering Committee ("RMSC") for FY2023. RMSC is Chaired by Dato' Rasdee bin Abdullah, President and Chief Executive of PBJV who is also 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 provide 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 Transaction and Employees' Share Option Scheme ("ESOS")**

ARMC discussed and reviewed the related party transaction 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.

## 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 FY2023, a total of RM245,920.00 (inclusive SST) was incurred as part of resource allocation for IA, covering mainly on manpower and incidental costs such as travelling and training costs and engagement for special internal audit assignment to review and assess corporate governance, internal control and risk management for bursa requirement of Financial Year 2021 – 2022.

The IA function adopts a risk-based audit methodology to ensure that the effectiveness of relevant controls addressing the Group's key risks, reviewed on a periodic basis. The purpose, authority, responsibility and independent 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 Auditor's International Professional Practices Framework.

The IA Plan for FY2023 was reviewed and approve by ARMC and Board was subsequently notified. Amongst others, plan include risk based audit engagement and consulting activities, manpower requirements, budget and key performance indicators of the function.

The IA activities carried out based on the approved risk based audit plan and ad-hoc assignment. The key IA engagements for FY2023 were:

- Review and verify monthly and consolidated quarterly financial statements report of the company to be submitted to Audit and Risk Management Committee (ARMC) at end of every quarter;
- Review and assess the effectiveness of capital resources available in Barakah Group to implement Regularisation Plan in the areas as follows:
  - Sustainable revenue and investment in Quarter 1, FY 2022-23;
  - Human resources capacity and capability in Quarter 2, FY 2022-23;
  - Business development and marketing capacity and capability in Quarter 3, FY 2022-23; and
  - Technical capacity and capability in Quarter 4, FY 2022-23.

The result 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 approval 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 resolution of the Board dated 26 October 2023.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

**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 2023 which was prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors and Listed Issuers".**

## BOARD RESPONSIBILTY

In relation to risk management and internal control, pursuant to the requirement under the Malaysia 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 aspect 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 risk and took reference from the best practices and standards (including ISO31000:2009 Risk Management – Principles and Guidelines) for effective control and mitigation of risks.

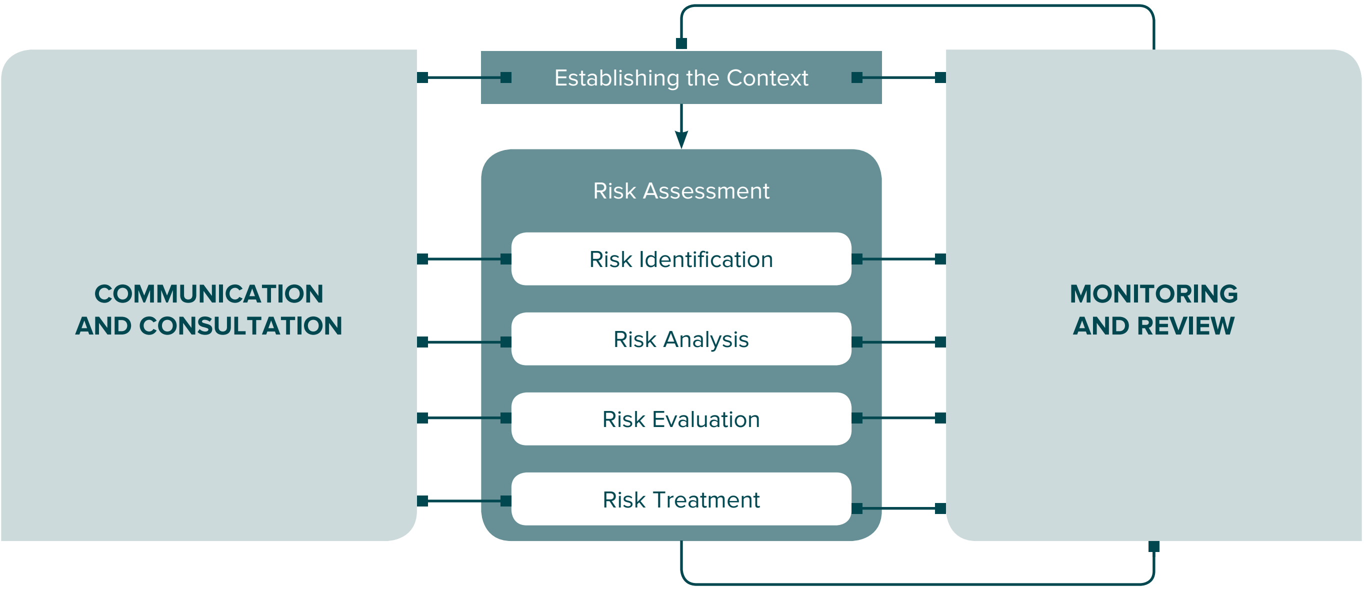
The Board has delegated the oversight role of risk management to the Risk Management Steering Committee ("RMSC"). The primary role of RMSC is facilitate the implementation of the risk management framework within the Group. The RMSC members comprises of Executive Director (cum President & Chief Executive ("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 consist 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 risk, potential impact, and evaluation of effectiveness of the mitigation and control procedures. The reports also include recommendations for further controls or indicators where necessary.

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




1. Establish, communicate and consult within the Group on its risk management and framework. This helps to establish the context, articulates the objectives, define the internal and external parameters in managing risk and define the risk criteria in line with our policy and establish the 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 involve 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 measure to check for compliance.

There were four (4) meetings held during the financial year under review.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## 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 document 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 450001:2018 Occupational Safety and Health ("OH&S") Management Systems 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 an 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 42 to 43 of the Annual Report.

## CONCLUSION

The Board is of the view that the Group's internal control system is adequate and effective to safeguard the shareholders' interest and the Groups assets. However, the Board also is aware of the fact that the Groups internal control systems 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 AUDITOR

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 in accordance with Malaysian approved Standard on Assurance Engagements, International Standard on Audit Engagement 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report 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 Director of Listed Issuer, nor is the statement factually inaccurate.

This Statement of Risk Management and Internal Control is made in accordance with the resolution of the Board dated 26 October 2023.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

**The Directors are responsible for the preparation of the Group's and the Company financial statement 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 2023, the Directors have:

a. Adopted and applied consistently accounting policies.

b. Made judgement, estimates and assumption 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 statement on a going concern basis.

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

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 30 June 2023.

## 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 2023 amounted to RM90,000 and RM197,000 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 2023 are as follows:

| | The Company RM | The Group RM |
|---|---|---|
| Review of Statements on Risk Management and Internal Control | 5,000 | 5,000 |
| Reporting Accountants Services Pertaining to Submission of Regulation Plan to Bursa Malaysia Securities Berhad | 80,000 | 80,000 |

## 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 2023 are disclosed in Note 27 to the financial statements.

# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

**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 |
|---|---|---|
| Loss for the financial year attributable to: | | |
| - Owners of the Company | (3,998) | (975) |
| - Non-controlling interests | (5) | - |
| | (4,003) | (975) |

**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**

There were no issuance of shares or 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
Dato' Sri Azman Shah Bin Mohd Zakaria
Dato' Rasdee Bin Abdullah
Tengku Ngah Putra Bin Tengku Ahmad Tajuddin (Appointed on 8 August 2023)
Dr Rosli Bin Azad Khan (Resigned on 4 October 2023)

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 1.7.2022** | **Acquired** | **Disposed** | **At 30.6.2023** |
| **Interest in the Company:** | | | | |
| **Direct interest** | | | | |
| Datuk Mohd Zaid Bin Ibrahim | 2,200,000 | - | (1,000,000) | 1,200,000 |
| Dato' Sri Nik Hamdan Bin Daud | 92,137,837 | - | - | 92,137,837 |
| Sulaiman Bin Ibrahim | 5 | - | - | 5 |
| Nurhilwani Binti Mohamad Asnawi | 5 | - | - | 5 |
| Dr Rosli Bin Azad Khan | 1,200 | - | - | 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 | 746 | 506 |
| - salary and other emoluments | 4,720 | 2,532 |
| - allowances | 83 | 83 |
| - defined contribution plan | 559 | 297 |
| - other benefit | 6 | 2 |
| | 6,114 | 3,420 |

# 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 Ler Lum Chew PLT | 192 | 90 |
| - Other auditors | 5 | - |
| | 197 | 90 |
| Non-statutory audit: | | |
| - HLB Ler Lum Chew PLT | 85 | 85 |

### 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**

The auditors, HLB Ler Lum Chew PLT (201906002362 & AF0276) have expressed their willingness to accept re-appointment.

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 2023

# 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 accompanying financial statements 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 2023 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 2023

# 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 accompanying financial statements 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 2023 )

**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 2023 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 60 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 2023, 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 describes 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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2.1 to the financial statements which discloses the premise upon which the Group have prepared its financial statements by applying the going concern assumption, notwithstanding that the Group incurred a net loss of RM4,003,000 during the financial year ended 30 June 2023, and as at that date, the Group's current liabilities exceeded its current assets by RM18,214,000 and it had a deficit of shareholders' funds of RM15,054,000, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD

REGISTRATION NO.: 201201007022 (980542-H)

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

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Revenue recognition from pipeline commissioning and construction contracts**<br>*Refer to Note 2.2(i), Note 2.4(m)(i) and Note 18 of the financial statements*<br><br>The Group generates revenue from pipeline commissioning and construction contracts amounting to RM130,155,000 for the financial year ended 30 June 2023.<br><br>Significant accounting judgements are involved in revenue recognition, which includes:<br>• estimation of total budgeted project costs and the assessment of costs to complete;<br>• determination of the progress towards satisfaction of the performance obligations and overall progress of the Group's projects; and<br>• consideration of variation orders and claims with the Group's customers.<br><br>We focused on this area due to the complexity and inherent subjectivity in revenue recognition. | Our audit procedures focused on the following:<br>• obtained an understanding on the Group's revenue recognition policies and internal controls over the approval of project budgets;<br>• verified budgeted revenue to the approved work order, and in certain circumstances, approved variation orders;<br>• inspected cost incurred to-date against suppliers' invoices to ascertain the reasonableness of budgeted costs;<br>• 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<br>• assessed the completeness, accuracy and adequacy of disclosures in the financial statements. |
| **Contingent liabilities arising from material litigations**<br>*Refer to Note 2.2(iii), Note 2.4(l) and Note 28 of the financial statements*<br><br>The Group is involved in several material litigations with its customers and subcontractors.<br><br>We focused on this area due to the potential significance of the contingent liabilities. The assessment as to whether a liability should be recognised or whether the amounts can be estimated reliably includes to a certain extent, judgement from management. | Our audit procedures focused on the following:<br>• periodic discussions with management on the latest developments arising from the ongoing legal proceedings; and<br>• 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. |

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD

REGISTRATION NO.: 201201007022 (980542-H)

**Key Audit Matters (Continued)**

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Expected credit loss of trade receivables and accrued billing**<br>*Refer to Note 2.2(ii), Note 2.4(g)(iv), Note 7 and Note 8 of the financial statements*<br><br>As at 30 June 2023, the Group carried gross trade receivables and accrued billing amounting to RM33,526,000 and RM22,452,000 respectively. An expected credit loss allowance of RM11,127,000 was made in relation to the trade receivable and accrued billing.<br><br>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.<br><br>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:<br>• obtained an understanding of the Group's credit control;<br>• recomputed the probability of default using historical data and forward-looking information applied by the Group;<br>• scrutinised trade receivable ageing and investigated trends and conditions that may indicate objective evidence of impairment;<br>• reviewed long outstanding trade receivables and discussed with management on the recoverability;<br>• reviewed contract schedules and investigated any long outstanding accrued billing;<br>• 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<br>• 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.

**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.

# 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**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARAKAH OFFSHORE PETROLEUM BERHAD

REGISTRATION NO.: 201201007022 (980542-H)

(INCORPORATED IN MALAYSIA)

**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**

1. 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.

2. The financial statements of the Group and of the Company for the financial year ended 30 June 2022 were audited by another firm of chartered accountants whose report dated 26 October 2022 expressed an unmodified opinion with emphasis of matter on these financial statements.

**HLB LER LUM CHEW PLT**
(201906002362 & AF0276)
Chartered Accountants

**TANG YAN YU**
Approved Number: 03452/10/2025 J
Chartered Accountant

KUALA LUMPUR
26 OCTOBER 2023

# STATEMENTS OF FINANCIAL POSITION
## AS AT 30 JUNE 2023

| | | Group | |
|---|---|---|---|
| | Note | 2023 RM'000 | 2022 RM'000 |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 3 | 2,707 | 4,965 |
| Right-of-use assets | 5 | 1,071 | 3,758 |
| | | 3,778 | 8,723 |
| **Current Assets** | | | |
| Trade receivables | 7 | 22,832 | 34,030 |
| Contract assets | 8 | 24,401 | 24,066 |
| Other receivables | 9 | 4,922 | 4,884 |
| Tax recoverable | | 4,151 | 7,813 |
| Cash and cash equivalents | 10 | 63,687 | 45,400 |
| | | 119,993 | 116,193 |
| Non-current asset held for sale | 6 | 52,589 | 57,551 |
| | | 172,582 | 173,744 |
| **TOTAL ASSETS** | | 176,360 | 182,467 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Share capital | 11 | 241,561 | 241,561 |
| Reserves | 12 | (256,615) | (246,245) |
| Equity attributable to owners of the Company | | (15,054) | (4,684) |
| Non-controlling interests | | (157) | (145) |
| **TOTAL EQUITY** | | (15,211) | (4,829) |
| **Non-Current Liabilities** | | | |
| Borrowings | 13 | - | 48,488 |
| Lease liabilities | 14 | 562 | 2,099 |
| Deferred tax liabilities | 15 | 213 | 1,446 |
| | | 775 | 52,033 |
| **Current Liabilities** | | | |
| Trade payables | 16 | 121,278 | 114,089 |
| Other payables | 17 | 2,546 | 6,215 |
| Contract liabilities | 8 | 10,528 | 7,163 |
| Borrowings | 13 | 51,748 | 404 |
| Lease liabilities | 14 | 533 | 1,811 |
| Tax payable | | 4,163 | 5,581 |
| | | 190,796 | 135,263 |
| **TOTAL LIABILITIES** | | 191,571 | 187,296 |
| **TOTAL EQUITY AND LIABILITIES** | | 176,360 | 182,467 |

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2023

| | | Company | |
|---|---|---|---|
| | Note | 2023 RM'000 | 2022 RM'000 |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 3 | 133 | 1 |
| Investment in subsidiary companies | 4 | 2,112 | 28,305 |
| Right-of-use assets | 5 | 853 | - |
| | | 3,098 | 28,306 |
| **Current Assets** | | | |
| Other receivables | 9 | 226 | 71 |
| Cash and cash equivalents | 10 | 48,002 | 24,144 |
| | | 48,228 | 24,215 |
| **TOTAL ASSETS** | | 51,326 | 52,521 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Share capital | 11 | 241,561 | 241,561 |
| Reserves | 12 | (192,259) | (191,284) |
| **TOTAL EQUITY** | | 49,302 | 50,277 |
| **Non-Current Liabilities** | | | |
| Lease liabilities | 14 | 499 | - |
| | | 499 | - |
| **Current Liabilities** | | | |
| Other payables | 17 | 685 | 910 |
| Lease liabilities | 14 | 369 | - |
| Tax payable | | 471 | 1,334 |
| | | 1,525 | 2,244 |
| **TOTAL LIABILITIES** | | 2,024 | 2,244 |
| **TOTAL EQUITY AND LIABILITIES** | | 51,326 | 52,521 |

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 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2023 RM'000** | **2022 RM'000** | **2023 RM'000** | **2022 RM'000** |
| Revenue | 18 | 136,317 | 83,931 | 8,455 | 7,545 |
| Cost of sales | | (110,590) | (50,173) | - | - |
| Gross profit | | 25,727 | 33,758 | 8,455 | 7,545 |
| Other income | | 11,049 | 110,195 | 1,260 | 94 |
| Administrative expenses | | (17,379) | (15,354) | (8,018) | (7,266) |
| Other operating expenses | | (18,022) | (20,782) | (2,685) | (1,696) |
| Net reversal/(provision) of expected credit loss allowances on financial assets and contract assets | | 2,322 | (13,153) | - | - |
| Profit/(Loss) from operations | | 3,697 | 94,664 | (988) | (1,323) |
| Finance costs | | (2,614) | (2,881) | (35) | - |
| Profit/(Loss) before taxation | 19 | 1,083 | 91,783 | (1,023) | (1,323) |
| Taxation | 21 | (5,086) | (8,050) | 48 | (1,507) |
| (Loss)/Profit for the financial year | | (4,003) | 83,733 | (975) | (2,830) |
| **Other comprehensive loss:** | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Foreign currency translation differences | | (6,379) | (8,328) | - | - |
| **Total comprehensive (loss)/income for the financial year** | | (10,382) | 75,405 | (975) | (2,830) |
| **(Loss)/Profit for the financial year attributable to:** | | | | | |
| Owners of the Company | | (3,998) | 83,741 | (975) | (2,830) |
| Non-controlling interests | | (5) | (8) | - | – |
| | | (4,003) | 83,733 | (975) | (2,830) |
| **Total comprehensive (loss)/income for the financial year attributable to:** | | | | | |
| Owners of the Company | | (10,370) | 75,421 | (975) | (2,830) |
| Non-controlling interests | | (12) | (16) | - | - |
| | | (10,382) | 75,405 | (975) | (2,830) |
| **(Loss)/Earnings per share** | | | | | |
| Basic and diluted (sen) | 22 | (0.40) | 8.74 | | |

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

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | | ← Attributable to owners of the Company → | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | Distributable | | | |
| 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 |
| At 1 July 2022 | | 241,561 | (71,909) | (1,976) | (172,360) | (4,684) | (145) | (4,829) |
| Loss for the financial year | | - | - | - | (3,998) | (3,998) | (5) | (4,003) |
| Other comprehensive loss: | | | | | | | | |
| Foreign currency translation differences | | - | - | (6,372) | - | (6,372) | (7) | (6,379) |
| Total comprehensive loss for the financial year | | - | - | (6,372) | (3,998) | (10,370) | (12) | (10,382) |
| Realisation of foreign exchange translation reserve upon disposal of foreign operation | | - | - | (230) | 230 | - | - | - |
| At 30 June 2023 | | 241,561 | (71,909) | (8,578) | (176,128) | (15,054) | (157) | (15,211) |
| 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 (loss)/income 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) |

| Company | Note | Share Capital RM'000 | Accumulated Losses RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 July 2021 | | 241,561 | (191,284) | 50,277 |
| Loss/Total comprehensive loss for the financial year | | - | (975) | (975) |
| At 30 June 2022 | | 241,561 | (192,259) | 49,302 |
| 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 |

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

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Cash Flows from Operating Activities** | | | | | |
| Profit/(Loss) before taxation | | 1,083 | 91,783 | (1,023) | (1,323) |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | | 1,004 | 6,629 | 9 | 1 |
| Depreciation of right-of-use assets | | 3,839 | 1,830 | 271 | - |
| Gain on disposal of property, plant and equipment | | (134) | - | (134) | - |
| Amount owing by subsidiary companies written-off | | - | - | 9 | 81 |
| Impairment loss on non-current asset held for sale | 6 | 8,015 | 9,529 | - | - |
| Property, plant and equipment written-off | | 1,646 | 437 | - | - |
| (Reversal)/Provision of impairment loss on investment in subsidiary companies | | - | - | (23) | 264 |
| Finance costs | | 2,628 | 2,906 | 35 | - |
| Other receivables written-off | | - | 7 | - | - |
| Net (reversal)/provision of expected credit loss allowance on: | | | | | |
| - trade receivables | 7 | (2,127) | 12,525 | - | - |
| - accrued billings | 7 | (9) | 9 | - | - |
| - contract assets | 8 | (186) | 619 | - | - |
| Interest income | | (1,442) | (736) | (1,125) | (94) |
| Derecognition of lease liabilities | | (2,636) | - | - | - |
| Reversal of accrued purchases | | - | (16,617) | - | - |
| Unrealised foreign exchange gain | | (6,804) | (6,688) | (12) | (15) |
| Waiver of debt settlement | | - | (102,440) | - | - |
| Operating profit/(loss) before changes in working capital | | 4,877 | (207) | (1,993) | (1,086) |
| Changes in working capital: | | | | | |
| Trade and other receivables | | 13,313 | (9,390) | (155) | (6) |
| Contract assets/(liabilities) | | 3,216 | (12,902) | - | - |
| Amount owing by subsidiary companies | | - | - | 26,219 | 12,995 |
| Trade and other payables | | 3,482 | (5,395) | (225) | 562 |
| Cash generated from/(used in) operations | | 24,888 | (27,894) | 23,846 | 12,465 |
| Interest paid | | (2,628) | (2,518) | (35) | - |
| Interest received | | 1,442 | 732 | 1,125 | 94 |
| Tax refund | | 49 | 269 | - | 269 |
| Tax paid | | (4,291) | (389) | (815) | (17) |
| Net cash generated from/(used in) operating activities | | 19,460 | (29,800) | 24,121 | 12,811 |

# STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Cash Flows from Investing Activities** | | | | | |
| Proceeds from disposal of property, plant and equipment | | 134 | - | 134 | - |
| Purchase of property, plant and equipment | | (392) | (255) | (141) | - |
| Decrease in cash and bank pledged to a licensed bank | | 747 | 3,250 | - | - |
| Investment in subsidiaries companies | | - | - | - | (1,200) |
| Decrease/(Increase) in fixed deposits pledged to licensed banks | | 9,643 | (208) | - | - |
| Net cash generated from/(used in) investing activities | | 10,132 | 2,787 | (7) | (1,200) |
| **Cash Flows from Financing Activities** | | | | | |
| Repayment of term loan | 23 | - | (19,226) | - | - |
| Repayment of lease liabilities | 23 | (1,331) | (1,832) | (256) | - |
| Proceeds from issuance of share capital, net of issuance costs | 11 | - | 9,672 | - | 9,672 |
| Net cash (used in)/generated from financing activities | | (1,331) | (11,386) | (256) | 9,672 |
| **Net increase/(decrease) in cash and cash equivalents** | | 28,261 | (38,399) | 23,858 | 21,283 |
| **Effect of changes in exchange rate** | | 411 | 238 | - | - |
| **Cash and cash equivalents at the beginning of the financial year** | | 32,032 | 70,193 | 24,144 | 2,861 |
| **Cash and cash equivalents at the end of the financial year** | | 60,704 | 32,032 | 48,002 | 24,144 |
| **Cash and cash equivalents at the end of the financial year comprises:** | | | | | |
| Fixed deposit with licensed banks | 10 | 3,941 | 12,954 | - | - |
| Short-term investment | 10 | 49,500 | 23,640 | 46,181 | 23,056 |
| Cash and bank balances | 10 | 10,246 | 8,806 | 1,821 | 1,088 |
| Bank overdraft | 13 | (5) | - | - | - |
| | | 63,682 | 45,400 | 48,002 | 24,144 |
| Less: Fixed deposit pledged to licensed banks | | (2,978) | (12,621) | - | - |
| Cash and bank balances pledged to a licensed bank | | - | (747) | - | - |
| | | 60,704 | 32,032 | 48,002 | 24,144 |

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 Level 6, Menara Mitraland, No. 13A, Jalan PJU 5/1, 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 incurred a net loss of RM4.000 million during the financial year ended 30 June 2023, and as at that date, the Group's current liabilities exceeded its current assets by RM18.214 million and it had a deficit in shareholders' fund amounting to RM15.054 million; and

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

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 appointed a technical advisor to assist the Group in appointing an auctioneer for 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 2023 as disclosed in Note 6 to the financial statements. As at the date of this report, the auctioneer had been appointed and both parties are in the midst of establishing the details of auction.

(b) The Company had submitted its regularisation plan on 14 November 2022 and subsequently announced its revised regularisation plan on 20 February 2023 which comprises proposed capital reduction, share consolidation, shares issuance, rights issue with warrants, employees' shares option scheme 2013/2023 termination and establishment of employees' shares scheme.Following the auditors' opinion on the audit of the financial statements for the financial year ended 30 June 2023, the Company will reformulate a revised regularisation plan to be submitted to Bursa Securities.

(c) The license suspension imposed against the wholly-owned subsidiary of the Company, PBJV Group Sdn Bhd ("PBJV") since July 2019 has been uplifted by PETRONAS on 6 April 2023. The license renewal application by PBJV from PETRONAS has been successful and PBJV been granted the PETRONAS License for a period of three (3) years from 18 April 2023, and subsequently obtained full reinstatement of SWEC (Standardised Work and Equipment Categories) code in respect of all its Twenty-Seven (27) Approved License Categories. The Company has since been invited to submit bids and tenders, and able to secure contracts directly from clients.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.1 Basis of preparation (Continued)**

(d) The Group has been proactively exploring business opportunity with non-oil and gas customers and oil and gas customers. In July 2023, the Group had obtained letter of awards for contract amendment and contract extension from its existing customers for Provision of Pan Malaysia Maintenance, Construction and Modification (PM-MCM) Contracts for Year 2018 to 2023 Package A (West Malaysia)("the Contracts"). The Contracts, which were expired in July 2023, had been extended to 31 December 2024.

(e) On 3 August 2023, the Group has received a letter of award from Brunei Shell Petroleum Co Sdn. Bhd. for supply of engineering work, materials, fabrication, load out, decommission, installation and commissioning of one unit of Single Point Mooring Buoy (SPM 2) at the shoreline of Brunei Darussalam.

(f) 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.

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.

Amendments to accounting standards that are effective for the Group's and the Company's financial period beginning on or after 1 July 2022 are as follows:

- 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:
  - Amendment to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards"
  - Amendment to MFRS 9, "Financial Instruments"
  - Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
  - Amendment to MFRS 141, "Agriculture"

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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.1 Basis of preparation (Continued)**

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 2023**

- MFRS 17, “Insurance Contracts”
- Amendments to MFRS 17, “Insurance Contracts” (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- 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)

**Annual periods beginning on/after 1 January 2024**

- Amendments to MFRS 16, “Leases” (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Non-current Liabilities with Covenants)

**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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.2 Significant accounting estimates and judgements (Continued)**

(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 uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**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 year 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.

(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 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.4 Summary of significant accounting policies (Continued)**

**(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.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.4 Summary of significant accounting policies (Continued)**

**(e) Foreign currencies (Continued)**

(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.

**(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.

# 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)**

(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.

(iii) Subsequent measurement

Debt instruments

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:

- Amortised cost

  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.

- FVOCI

  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.

- FVTPL

  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.

Equity instruments

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.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.4 Summary of significant accounting policies (Continued)**

**(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.

(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.

Operating leases

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.

# NOTES TO THE FINANCIAL STATEMENTS

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

**2.4 Summary of significant accounting policies (Continued)**

**(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 have 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.

Pipeline commissioning and construction activities

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.

Trading

Revenue from trading is recognised when the Group satisfies a performance obligation by transferring promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

Chartering income

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

Interest income

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

Rental income

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 1.7.2022 RM'000 | Addition RM'000 | Written-off RM'000 | Disposal RM'000 | Balance as at 30.6.2023 RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Cost** | | | | | |
| Leasehold land | 1,858 | - | - | - | 1,858 |
| Computers | 435 | 244 | - | - | 679 |
| Furniture and fittings | 84 | - | (81) | - | 3 |
| Communication equipment | 1 | - | - | - | 1 |
| Motor vehicles | 3,367 | - | - | (1,372) | 1,995 |
| Machinery and equipment | 28,317 | - | - | - | 28,317 |
| Office equipment | 684 | 18 | (622) | - | 80 |
| Renovation | 3,857 | 130 | (3,264) | - | 723 |
| | 38,603 | 392 | (3,967) | (1,372) | 33,656 |

| | Balance as at 1.7.2022 RM'000 | Charge for the year RM'000 | Written-off RM'000 | Disposal RM'000 | Balance as at 30.6.2023 RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Accumulated depreciation** | | | | | |
| Leasehold land | 377 | 19 | - | - | 396 |
| Computers | 298 | 199 | - | - | 497 |
| Furniture and fittings | 72 | 2 | (72) | - | 2 |
| Communication equipment | - | - | - | - | - |
| Motor vehicles | 3,346 | 21 | - | (1,372) | 1,995 |
| Machinery and equipment | 20,803 | 513 | - | - | 21,316 |
| Office equipment | 621 | 19 | (593) | - | 47 |
| Renovation | 1,612 | 231 | (1,656) | - | 187 |
| | 27,129 | 1,004 | (2,321) | (1,372) | 24,440 |

# NOTES TO THE FINANCIAL STATEMENTS

**3. Property, Plant and Equipment (Continued)**

| | Balance as at 1.7.2022 RM'000 | Reversal during the year RM'000 | Written-off RM'000 | Transfer RM'000 | Balance as at 30.6.2023 RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Allowance for impairment losses** | | | | | |
| Leasehold land | - | - | - | - | - |
| Computers | - | - | - | - | - |
| Furniture and fittings | - | - | - | - | - |
| Communication equipment | - | - | - | - | - |
| Motor vehicles | - | - | - | - | - |
| Machinery and equipment | 6,509 | - | - | - | 6,509 |
| Office equipment | - | - | - | - | - |
| Renovation | - | - | - | - | - |
| | 6,509 | - | - | - | 6,509 |

| | Balance as at 1.7.2021 RM'000 | Addition 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 |

# NOTES TO THE FINANCIAL STATEMENTS

**3. Property, Plant and Equipment (Continued)**

| | 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 |

| | 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 |

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| **Group** | | |
| **Carrying amount** | | |
| Leasehold land | 1,462 | 1,481 |
| Computers | 182 | 137 |
| Furniture and fittings | 1 | 12 |
| Communication equipment | 1 | 1 |
| Motor vehicles | - | 21 |
| Machinery and equipment | 492 | 1,005 |
| Office equipment | 33 | 63 |
| Renovation | 536 | 2,245 |
| | 2,707 | 4,965 |

# 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 | Renovation RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **Cost** | | | | | | |
| At 1.7.2022 | 3 | 2 | 1,372 | 2 | - | 1,379 |
| Addition | 3 | - | - | 8 | 130 | 141 |
| Disposal | - | - | (1,372) | - | - | (1,372) |
| At 30.6.2023 | 6 | 2 | - | 10 | 130 | 148 |
| **Accumulated depreciation** | | | | | | |
| At 1.7.2022 | 2 | 2 | 1,372 | 2 | - | 1,378 |
| Charge for the financial year | * | * | - | * | 9 | 9 |
| Disposal | - | - | (1,372) | - | - | (1,372) |
| At 30.6.2023 | 2 | 2 | - | 2 | 9 | 15 |
| **Carrying amount** | | | | | | |
| At 30.6.2023 | 4 | * | - | 8 | 121 | 133 |

| | Computers RM'000 | Furniture and fittings RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **Cost** | | | | | |
| At 1.7.2021/30.06.2022 | 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 |

*Notes:*

* *Denotes less than RM500.*

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

| | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|
| Unquoted shares, at cost | 99,077 | 99,077 |
| Share options granted to employees of a subsidiary | 5,745 | 5,745 |
| Amount owing by subsidiary companies treated as quasi-investment | 912 | 27,369 |
| | 105,734 | 132,191 |
| Less: Impairment loss | (103,622) | (103,886) |
| | 2,112 | 28,305 |

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 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|
| At beginning of the financial year | 103,886 | 103,622 |
| Charge during the financial year | - | 264 |
| Reversal during the financial year | (23) | - |
| Written-off during the financial year | (241) | - |
| At end of the financial year | 103,622 | 103,886 |

The subsidiary companies and shareholding therein are as follows:

| Name of company | Country of incorporation/ principal place of business | Effective ownership and voting interest 2023 % | Effective ownership and voting interest 2022 % | Principal activities |
|---|---|---|---|---|
| **Direct holding:** | | | | |
| PBJV Group Sdn. Bhd.[3, 5, 6] | Malaysia | 100 | 100 | Providing and carrying out onshore and offshore contracting works such as pipeline pre-commissioning, commissioning and de-commissioning, pipeline installation, fabrication, hook-up, topside maintenance and other related activities. |
| PBJV Energy (Labuan) Limited | Federal Territory of Labuan, Malaysia | - | 100 | Dormant |
| PBJV Asset Management Sdn. Bhd. | Malaysia | - | 100 | Dormant |
| Barakah Offshore Energy Sdn. Bhd.[1, 5] | Malaysia | 100 | 100 | Dormant |

# NOTES TO THE FINANCIAL STATEMENTS

**4. Investment in Subsidiary Companies (Continued)**

(a) Investment in subsidiary companies (Continued)

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 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|
| **Direct holding: (continued)** | | | | |
| Barakah Onshore Ventures Sdn. Bhd. | Malaysia | - | 100 | Dormant |
| Allseas Oil & Gas Sdn. Bhd. | 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. |
| Cendana Pasifika Sdn. Bhd.[1] | Malaysia | 100 | 100 | Engineering, procurement, construction and maintenance services |
| Cenang Bayuemas Sdn. Bhd.[1] | Malaysia | 100 | 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 | Federal Territory of Labuan, Malaysia | - | 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 2023 of the subsidiary company are not available at the date of financial statements of the Group. However, the Directors are of the opinion that the financial results of the subsidiary company are not material to the Group as the subsidiary company is dormant.
5 The auditors' report on the financial statements of these subsidiaries contained material uncertainty related to going concern.
6 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)**

(b) Strike off of subsidiary companies

(i) During the financial year, PBJV Asset Management Sdn. Bhd. and Barakah Onshore Ventures Sdn. Bhd. have been struck off from the Register of the Companies Commission of Malaysia under Section 550 of the Companies Act, 2016 ("Act") and these subsidiary companies were deemed duly dissolved under the Act. The dissolution did not have a material financial impact to the Group for the financial year ended 30 June 2023.

(ii) During the financial year, PBJV Energy (Labuan) Limited and PBJV International Limited have been struck off from the Labuan Financial Services Authority ("Labuan FSA") under Section 151 of the Labuan Companies Act, 1990 ("Act") and these subsidiary companies were deemed duly dissolved under the Act. The dissolution did not have a material financial impact to the Group for the financial year ended 30 June 2023.

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

| | **PBJV Macfeam Sdn. Bhd.** | | **PBJV Gulf Co. Ltd** | |
|---|---|---|---|---|
| | **2023 RM'000** | **2022 RM'000** | **2023 RM'000** | **2022 RM'000** |
| Current assets | 77 | 78 | 1,244 | 1,175 |
| Current liabilities | (103) | (95) | (2,215) | (2,092) |
| Net liabilities | (26) | (17) | (971) | (917) |
| Carrying amount of NCI as at 30 June | (13) | (8) | (146) | (138) |
| Loss/Total comprehensive loss for the financial year | (9) | (17) | (54) | (53) |
| Loss/Total comprehensive loss allocated to NCI during the financial year | (5) | (8) | (8) | (8) |
| Cash used in operating activities/Net decrease in cash and cash equivalents | (1) | (3) | - | - |
| Ownership interest and voting rights percentage held by NCI | 49% | 49% | 15% | 15% |

# 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 1.7.2022 | 8,885 | 122 | 9,007 |
| Addition | 1,124 | 28 | 1,152 |
| Completion of right-of-use assets | (7,776) | (14) | (7,790) |
| At 30.6.2023 | 2,233 | 136 | 2,369 |
| **Accumulated depreciation** | | | |
| At 1.7.2022 | 5,197 | 52 | 5,249 |
| Charge for the financial year | 3,807 | 32 | 3,839 |
| Completion of right-of-use assets | (7,776) | (14) | (7,790) |
| At 30.6.2023 | 1,228 | 70 | 1,298 |
| **Carrying amount** | | | |
| At 30.6.2023 | 1,005 | 66 | 1,071 |
| **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 |

| | Office RM'000 |
|---|---|
| **Company** | |
| **Cost** | |
| At 1.7.2022 | - |
| Addition | 1,124 |
| At 30.6.2023 | 1,124 |
| **Accumulated depreciation** | |
| At 1.7.2022 | - |
| Charge for the financial year | 271 |
| At 30.6.2023 | 271 |
| **Carrying amount** | |
| At 30.6.2023 | 853 |
| At 30.6.2022 | - |

During the financial year, the Group had reassessed the useful life of certain right-of-use assets due to an early termination of an office premise. Accordingly, the depreciation for right-of-use assets of the said office premise was accelerated during the financial year.

# 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 1.7.2022 | 503 | 66,956 | 67,459 |
| Exchange differences | (161) | 4,094 | 3,933 |
| At 30.6.2023 | 342 | 71,050 | 71,392 |
| **Accumulated impairment loss** | | | |
| At 1.7.2022 | 47 | 9,861 | 9,908 |
| Charge for the year | 38 | 7,977 | 8,015 |
| Exchange differences | 5 | 875 | 880 |
| At 30.6.2023 | 90 | 18,713 | 18,803 |
| **Carrying amount** | | | |
| At 30.6.2023 | 252 | 52,337 | 52,589 |
| **Cost** | | | |
| At 1.7.2021 | - | - | - |
| Transferred from property, plant and equipment | 482 | 64,394 | 64,876 |
| Exchange differences | 21 | 2,562 | 2,583 |
| At 30.6.2022 | 503 | 66,956 | 67,459 |
| **Accumulated impairment loss** | | | |
| At 1.7.2021 | - | - | - |
| Charge for the year | 46 | 9,483 | 9,529 |
| Exchange differences | 1 | 378 | 379 |
| At 30.6.2022 | 47 | 9,861 | 9,908 |
| **Carrying amount** | | | |
| At 30.6.2022 | 456 | 57,095 | 57,551 |

In previous financial year, the Group has classified the barge and pipe laying equipment and machinery and equipment on board as non-current asset held for sale following the implementation of active plan to locate potential buyer by the management.

During the financial year, the Group had continually received expression of interest from various potential buyers. The Group has on 12 June 2023 appointed a technical advisor to assist the Group in appointing an auctioneer for the barge. The auctioneer had been appointed on 14 July 2023 and a sale is expected to be completed in the next 12 months. As such, the barge and pipe laying equipment and machinery and equipment on board continued to be classified as non-current asset held for sale as of the financial year end.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 7. Trade Receivables

| | Note | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|---|
| Trade receivables | (a) | 33,526 | 46,213 |
| Less: Expected credit loss allowances | (c) | (10,694) | (12,936) |
| | | 22,832 | 33,277 |
| Accrued billing | (b) | - | 762 |
| Less: Expected credit loss allowances | (c) | - | (9) |
| | | - | 753 |
| | | 22,832 | 34,030 |

(a) Trade receivables

(i) The Group's normal trade credit terms is 30 days (2022: 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 RM0.490 million (2022: RM6.970 million) owing by a substantial shareholder of the Company.

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

| | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|
| Neither past due nor individually impaired | 13,067 | 8,193 |
| Past due but not individually impaired | | |
| - past due 1 - 60 days | 11 | 5,703 |
| - past due 61 - 365 days | 12,670 | 2,946 |
| - past due more than 365 days | 465 | 16,995 |
| | 13,146 | 25,644 |
| Individually impaired | 7,313 | 12,376 |
| | 33,526 | 46,213 |

The Group's trade receivables of RM13.146 million (2022: RM25.644 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 RM7.313 million (2022: RM12.376 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 (2022: 3) trade customers represent 83% (2022: 81%) 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:

| | Trade receivables RM'000 | Group Accrued billing RM'000 | Total RM'000 |
|---|---|---|---|
| **2023** | | | |
| At beginning of the financial year | 12,936 | 9 | 12,945 |
| Charge during the financial year | 2,908 | - | 2,908 |
| Written-off during the financial year | (115) | - | (115) |
| Reversal during the financial year | (5,035) | (9) | (5,044) |
| At end of the financial year | 10,694 | - | 10,694 |
| **Represented by:** | | | |
| Individual impairment | 7,313 | - | 7,313 |
| Lifetime expected credit loss | 3,381 | - | 3,381 |
| | 10,694 | - | 10,694 |
| **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 |

## 8. Contract Assets/(Liabilities)

| | Note | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|---|
| Cost incurred to date | | 219,919 | 134,661 |
| Add: Attributable profits | | 112,114 | 72,059 |
| Less: Progress billings | | (317,727) | (189,198) |
| | | 14,306 | 17,522 |
| Less: Expected credit loss allowances | (a) | (433) | (619) |
| | | 13,873 | 16,903 |
| **Represented by:** | | | |
| Construction activities | | | |
| - contract assets | | 24,401 | 24,066 |
| - contract liabilities | | (10,528) | (7,163) |
| | | 13,873 | 16,903 |

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Contract Assets/(Liabilities) (Continued)

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

| | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|
| At beginning of the financial year | 619 | - |
| Charge during the financial year | 433 | 619 |
| Reversal during the financial year | (619) | - |
| At end of the financial year | 433 | 619 |
| **Represented by:** | | |
| Lifetime expected credit loss | 433 | 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 RM31.710 million (2022: RM34.784 million) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 12 months (2022: 12 months).

## 9. Other Receivables

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| Other receivables | | 164 | 118 | 12 | - |
| Prepayments | (a) | 574 | 3,266 | 73 | 71 |
| Deposits | (b) | 4,184 | 1,500 | 141 | - |
| | | 4,922 | 4,884 | 226 | 71 |

(a) Included in prepayments of the Group is an amount of Nil (2022: RM2.513 million) which relates to advance payment made for charter-hire of third party vessels.

(b) Deposits of the Group includes a financial guarantee issued in favour of third party customers amounting to RM2.497 million (2022: Nil).

## 10. Cash and Cash Equivalents

| | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|
| Short-term investment | 49,500 | 23,640 | 46,181 | 23,056 |
| Fixed deposits with licensed banks | 3,941 | 12,954 | - | - |
| Cash and bank balances | 10,246 | 8,806 | 1,821 | 1,088 |
| | 63,687 | 45,400 | 48,002 | 24,144 |

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 RM2.978 million (2022: RM12.621 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 1.50% to 2.90% (2022: 1.40% to 1.60%) per annum and 30 to 365 days (2022: 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 Nil (2022: RM0.747 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 | |
| | 2023 Units'000 | 2022 Units'000 | 2023 RM'000 | 2022 RM'000 |
| **Issued and fully paid** | | | | |
| At beginning of the financial year | 1,002,943 | 835,786 | 241,561 | 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 | 1,002,943 | 241,561 | 241,561 |

## 12. Reserves

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Non-Distributable:** | | | | | |
| Merger deficit | (a) | (71,909) | (71,909) | - | - |
| Foreign exchange translation reserve | (b) | (8,578) | (1,976) | - | - |
| **Distributable:** | | | | | |
| Accumulated losses | | (176,128) | (172,360) | (192,259) | (191,284) |
| | | (256,615) | (246,245) | (192,259) | (191,284) |

(a) Merger deficit

The merger deficit of RM71.909 million (2022: 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.

## 13. Borrowings

| | | Group | |
|---|---|---|---|
| | | 2023 RM'000 | 2022 RM'000 |
| **Non-Current** | | | |
| Secured: | | | |
| Term loan | (a) | - | 48,488 |
| **Current** | | | |
| Secured: | | | |
| Term loan | (a) | 51,743 | 404 |
| Bank overdrafts | (b) | 5 | - |
| | | 51,748 | 404 |
| | | 51,748 | 48,892 |

# NOTES TO THE FINANCIAL STATEMENTS

## 13. Borrowings (Continued)

The above credit facilities obtained from licensed banks are secured by the following:

(a) Term loan

(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.

(b) Bank overdraft

(i) fixed deposits pledged as disclosed in Note 10 to the financial statements; and

(ii) joint and several guarantees from certain Directors of the Group

The interest rates of the borrowings of the Group during the financial year are as follows:

| | Group | |
|---|---|---|
| | 2023 % | 2022 % |
| Term loan | 5.00 | 5.00 |
| Bank overdrafts | 8.35 | - |

## 14. Lease Liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Repayable within twelve months | 533 | 1,811 | 369 | - |
| Repayable after twelve months | 562 | 2,099 | 499 | - |
| | 1,095 | 3,910 | 868 | - |

During the financial year, the Group reassessed its lease liabilities due to an early termination of an office premise. Accordingly, lease liabilities of RM2.636 million (2022: Nil) had been derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. Deferred Tax Liabilities

| | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|
| At beginning of the financial year | 1,446 | - |
| Recognised in profit or loss: (Note 21) | | |
| - property, plant and equipment | (646) | 2,301 |
| - provisions | (682) | (758) |
| - right-of-use assets | 49 | (51) |
| - unabsorbed capital allowances | 46 | (46) |
| | (1,233) | 1,446 |
| At end of the financial year | 213 | 1,446 |

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

| | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|
| Deferred tax assets | | |
| - provisions | (1,440) | (758) |
| - right-of-use assets | (2) | (51) |
| - unabsorbed capital allowances | - | (46) |
| | (1,442) | (855) |
| Offsetting | 1,442 | 855 |
| Net deferred tax assets | - | - |
| Deferred tax liabilities | | |
| - property, plant and equipment | 1,655 | 2,301 |
| Offsetting | (1,442) | (855) |
| Net deferred tax liabilities | 213 | 1,446 |

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 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| - provisions | - | (360) | - | (264) |
| - right-of-use asset | (15) | (1) | (15) | - |
| - unutilised tax losses | (7,252) | (4,401) | (4,428) | (4,336) |
| - unabsorbed capital allowances | (4) | - | (4) | - |
| | (7,271) | (4,762) | (4,447) | (4,600) |
| Offsetting | 2 | - | 4 | - |
| Net deferred tax assets not recognised | (7,269) | (4,762) | (4,443) | (4,600) |
| Deferred tax liabilities | | | | |
| - property, plant and equipment | 2 | - | 4 | - |
| | 2 | - | 4 | - |
| Offsetting | (2) | - | (4) | - |
| 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 16. Trade Payables

| | Group | |
|---|---|---|
| | 2023 RM'000 | 2022 RM'000 |
| Trade payables | 51,055 | 43,554 |
| Accrued purchases | 70,223 | 70,535 |
| | 121,278 | 114,089 |

The trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).

Included in trade payables of the Group is an amount of RM2.832 million (2022: RM6.054 million) payable to a substantial shareholder of the company.

Included in accrued purchases are provisions amounting to RM70.223 million (2022: RM70.223 million) arising from litigations as disclosed in Note 28 to the financial statements.

## 17. Other Payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other payables | 964 | 2,541 | 417 | 651 |
| Accruals | 1,582 | 973 | 268 | 259 |
| Deferred income | - | 2,701 | - | - |
| | 2,546 | 6,215 | 685 | 910 |

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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Pipeline and commissioning | 130,155 | 78,041 | - | - |
| Trading | 3,272 | - | - | - |
| Chartering income | 2,890 | 5,890 | - | - |
| | 136,317 | 83,931 | - | - |

Revenue from other sources is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Management fees | - | - | 8,455 | 7,545 |
| **Geographical market** | | | | |
| Malaysia | 136,317 | 83,931 | 8,455 | 7,545 |
| **Timing of revenue recognition** | | | | |
| Over time | 133,045 | 83,931 | 8,455 | 7,545 |
| At a point in time | 3,272 | - | - | - |
| | 136,317 | 83,931 | 8,455 | 7,545 |

# NOTES TO THE FINANCIAL STATEMENTS

## 19. Profit/(Loss) before Taxation

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 Restated | 2023 RM'000 | 2022 RM'000 |
| Auditors' remuneration: | | | | |
| - statutory audit | | | | |
| - HLB Ler Lum Chew PLT | 192 | 151 | 90 | 75 |
| - other auditors | | | | |
| - current year | 5 | 19 | - | - |
| - under provision in prior year | - | 1 | - | - |
| - non-statutory audit | | | | |
| - HLB Ler Lum Chew PLT | 85 | 5 | 85 | 5 |
| Impairment loss on non-current asset held for sale | 8,015 | 9,529 | - | - |
| Depreciation of property, plant and equipment | 1,004 | 6,629 | 9 | 1 |
| Depreciation of right-of-use assets: | | | | |
| - cost of sales | 339 | 371 | - | - |
| - administrative expenses | 3,500 | 1,459 | 271 | - |
| Interest expense: | | | | |
| - bank overdraft | 3 | 10 | - | - |
| - term loan | 2,473 | 2,720 | - | - |
| - bank guarantee | 42 | 2 | - | - |
| - lease liabilities | | | | |
| - administrative expense | 96 | 149 | 35 | - |
| - cost of sales | 14 | 25 | - | - |
| Staff cost (excluding Directors): | | | | |
| - salaries, allowances and bonuses | 14,285 | 13,662 | 3,150 | 3,198 |
| - defined contribution plan | 1,315 | 1,283 | 361 | 383 |
| - other benefits | 148 | 125 | 24 | 23 |
| Net (reversal)/provision of expected credit loss allowances on: | | | | |
| - trade receivables | (2,127) | 12,525 | - | - |
| - accrued billing | (9) | 9 | - | - |
| - contract assets | (186) | 619 | - | - |
| Amount owing by subsidiary companies written-off | - | - | 9 | 81 |
| Property, plant and equipment written-off | 1,646 | 437 | - | - |
| Realised foreign exchange gain | 89 | 99 | - | - |
| (Reversal)/Provision of impairment loss on investment in subsidiary companies | - | - | (23) | 264 |
| Other receivables written-off | - | 7 | - | - |
| Unrealised foreign exchange gain | (6,804) | (6,688) | (12) | (15) |
| Derecognition of lease liabilities | (2,636) | - | - | - |
| Waiver of debt settlement | - | (102,440) | - | - |
| Reversal of accrued purchases | - | (16,617) | - | - |
| Interest income: | | | | |
| - fixed deposit placed with licensed banks | (247) | (440) | - | - |
| - short term investment income | (1,195) | (261) | (1,125) | (94) |
| - cash and bank balances | - | (31) | - | - |
| - trade receivables | - | (4) | - | - |
| Rental income | (31) | (31) | - | - |
| Gain on disposal of property, plant and equipment | (134) | - | (134) | - |
| Short term leases of: | | | | |
| - equipment and machinery | 3 | 3 | - | - |
| - premises | 160 | 61 | - | - |

# 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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Directors** | | | | |
| Executive Directors: | | | | |
| - salary and other emoluments | 4,720 | 4,142 | 2,532 | 2,152 |
| - defined contribution plan | 559 | 506 | 297 | 256 |
| - other benefit | 6 | 3 | 2 | 2 |
| | 5,285 | 4,651 | 2,831 | 2,410 |
| Non-Executive Directors: | | | | |
| - fees | 746 | 686 | 506 | 506 |
| - allowances | 83 | 84 | 83 | 84 |
| | 829 | 770 | 589 | 590 |
| | 6,114 | 5,421 | 3,420 | 3,000 |
| **Other key management personnel** | | | | |
| - salary and other emoluments | 2,018 | 1,876 | 1,236 | 1,152 |
| - defined contribution plan | 239 | 228 | 146 | 137 |
| | 2,257 | 2,104 | 1,382 | 1,289 |

## 21. Taxation

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current taxation: | | | | |
| - current year | 2,968 | 3,799 | - | 48 |
| - under/(over) provision in prior year | 3,351 | 2,805 | (48) | 1,459 |
| | 6,319 | 6,604 | (48) | 1,507 |
| Deferred taxation: (Note 15) | | | | |
| - origination and reversal of temporary differences | (784) | (719) | - | - |
| - (over)/under provision in prior year | (449) | 2,165 | - | - |
| | (1,233) | 1,446 | - | - |
| Taxation for the financial year | 5,086 | 8,050 | (48) | 1,507 |

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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 | |
|---|---|---|---|---|
| | **2023 RM'000** | **2022 RM'000** | **2023 RM'000** | **2022 RM'000** |
| Profit/(Loss) before taxation | 1,083 | 91,783 | (1,023) | (1,323) |
| Taxation at statutory tax rate of 24% (2022: 24%) | 260 | 22,028 | (246) | (318) |
| Non-deductible expenses | 1,366 | 4,577 | 571 | 425 |
| Non-taxable income | (1,982) | (62) | (302) | (23) |
| Effect of different tax rates in subsidiaries | 2,572 | (23,488) | - | - |
| Change in unrecognised temporary differences | (32) | 25 | (23) | (36) |
| Under/(Over) provision of current taxation in prior year | 3,351 | 2,805 | (48) | 1,459 |
| (Over)/Under provision of deferred taxation in prior year | (449) | 2,165 | - | - |
| Taxation for the financial year | 5,086 | 8,050 | (48) | 1,507 |

**22. (Loss)/Earnings Per Share**

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the consolidated (loss)/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 | |
|---|---|---|
| | **2023 RM'000** | **2022 RM'000** |
| (Loss)/Profit for the financial year attributable to the owners of the Company | (3,998) | 83,741 |
| Weighted average number of ordinary shares issued (unit'000) | 1,002,943 | 958,521 |
| Basic (loss)/earnings per share (sen) | (0.40) | 8.74 |

(b) Diluted (loss)/earnings per share

There is no diluted (loss)/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 1.7.2022 | 48,892 | 3,910 | 52,802 |
| Cash flows | | | |
| Repayment of principal | - | (1,331) | (1,331) |
| Repayment of interest | (2,473) | (110) | (2,583) |
| | (2,473) | (1,441) | (3,914) |
| Non-cash changes | | | |
| Finance charges recognised in profit or loss | 2,473 | 110 | 2,583 |
| Addition of right-of-use-asset | - | 1,152 | 1,152 |
| Derecognition of lease liabilities | - | (2,636) | (2,636) |
| Foreign exchange movements | 2,851 | - | 2,851 |
| | 5,324 | (1,374) | 3,950 |
| At 30.6.2023 | 51,743 | 1,095 | 52,838 |
| 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 |

| | Lease liabilities RM'000 |
|---|---|
| **Company** | |
| At 1.7.2022 | - |
| Cash flows | |
| Repayment of principal | (256) |
| Repayment of interest | (35) |
| | (291) |
| Non-cash changes | |
| Finance charges recognised in profit or loss | 35 |
| Addition of right-of-use-asset | 1,124 |
| | 1,159 |
| At 30.6.2023 | 868 |

# 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. 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 | |
|---|---|---|
| | **2023** **RM'000** | **2022** **RM'000** |
| Customer A | 32,073 | 35,013 |
| Customer B | 35,006 | 18,666 |
| Customer C | 8,937 | 8,864 |
| Customer D | 48,469 | 12,944 |
| | 124,485 | 75,487 |

## 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 | |
|---|---|---|
| | **2023** **RM'000** | **2022** **RM'000** |
| Borrowings | 51,748 | 48,892 |
| Less: Cash and cash equivalents | (63,687) | (45,400) |
| Net liquidity | (11,939) | 3,492 |
| Equity attributable to owners of the Company | (15,054) | (4,684) |
| 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 | |
|---|---|---|---|---|
| | 2023 Financial assets and liabilities at amortised cost RM'000 | 2022 Financial assets and liabilities at amortised cost RM'000 | 2023 Financial assets and liabilities at amortised cost RM'000 | 2022 Financial assets and liabilities at amortised cost RM'000 |
| **Financial assets** | | | | |
| Trade receivables | 22,832 | 34,030 | - | - |
| Other receivables | 4,348 | 1,618 | 153 | - |
| Cash and cash equivalents | 63,687 | 45,400 | 48,002 | 24,144 |
| | 90,867 | 81,048 | 48,155 | 24,144 |
| **Financial liabilities** | | | | |
| Trade payables | 121,278 | 114,089 | - | - |
| Other payables | 2,546 | 6,215 | 685 | 910 |
| Borrowings | 51,748 | 48,892 | - | - |
| Lease liabilities | 1,095 | 3,910 | 868 | - |
| | 176,667 | 173,106 | 1,553 | 910 |

**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 of 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 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Group** | | | | | |
| Trade payables | 121,278 | - | 121,278 | 121,278 | - |
| Other payables | 2,546 | - | 2,546 | 2,546 | - |
| Borrowings | 51,748 | 5.00 - 8.35 | 53,886 | 53,886 | - |
| Lease liabilities | 1,095 | - | 1,489 | 572 | 917 |
| | 176,667 | | 179,199 | 178,282 | 917 |
| **Company** | | | | | |
| Other payables | 685 | - | 685 | 685 | - |
| Lease liabilities | 868 | - | 1,254 | 403 | 851 |
| | 1,553 | | 1,939 | 1,088 | 851 |
| **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 | - |

# 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") and Saudi Riyal ("SAR"). 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 | Total RM'000 |
|---|---|---|---|
| **2023** | | | |
| Cash and bank balances | 811 | 1,244 | 2,055 |
| Trade and other payables | (663) | (27) | (690) |
| Borrowings | (51,743) | - | (51,743) |
| | (51,595) | 1,217 | (50,378) |
| **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) |

The following shows the sensitivity of the Group's equity and profit/(loss) net of tax to a reasonably possible change in the USD and SAR 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 | |
|---|---|---|
| | **2023 RM'000** | **2022 RM'000** |
| **(Decrease)/Increase in other comprehensive income** | | |
| USD/RM - weakening 1% | 392 | 371 |
| SAR/RM - weakening 1% | (9) | (9) |

# 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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Fixed rate instrument** | | | | |
| Fixed deposits placed with licensed banks | 3,941 | 12,954 | - | - |
| Borrowings | (51,743) | (48,892) | - | - |
| | (47,802) | (35,938) | - | - |
| **Floating rate instrument** | | | | |
| Borrowings | (5) | - | - | - |

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 | |
|---|---|---|
| | 2023 RM'000 | 2022 RM'000 |
| **Floating rate instrument** | | |
| Increase 100 basis points | * | - |
| Decrease 100 basis points | * | - |

*Notes:-*
** Denotes less than RM500*

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 aggregate fair value of other financial assets and liabilities carried on the statements of financial position approximates its carrying value and the Company does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled. Therefore, the fair value hierarchy is not presented

# 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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Company in which certain Directors have substantial financial interests** | | | | |
| Rental of premises paid/payable | (780) | (1,560) | - | - |
| Rental of yard paid/payable | (98) | (90) | - | - |
| Donations | (240) | (240) | - | - |
| Legal fees | (444) | (30) | (444) | (30) |
| **Subsidiary** | | | | |
| Management fee received/receivable | - | - | 8,455 | 7,545 |
| **Substantial shareholders of the Company** | | | | |
| Chartering income received/receivable | 2,890 | 5,890 | - | - |
| Rental of premises paid/payable | (36) | (30) | - | - |
| Purchase of project materials and subcontractor cost | (26,958) | (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) PRPC Utilities And Facilities Sdn Bhd ("PRPC") has filed a Writ of Summons dated 7 February 2020 against the Company and Pegasus Diversified Berhad as respective guarantor for PBJV Group Sdn Bhd ("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.

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.

The trial dates had commenced on 1 June 2023 and is still ongoing. PRPC had sought to adduce further documents via an application, which was heard and allowed on 4 September 2023, resulting in the trial dates on 5 to 8 September 2023 to be vacated. Further allocated dates for the evidential hearing are 12 to 15 December 2023 and 19 to 23 February 2024.

(b) 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).

# NOTES TO THE FINANCIAL STATEMENTS

**28. Material Litigations (Continued)**

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 has been 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).

The hearing on 7 November 2022, held that all the issues raised in PBJV claim i.e the Extensions of time claim (EOT Claim), Change Notices Claim and the Suspension Claim are to proceed as a whole and not to be taken in isolation from the issue of global settlement agreement. Trial Dates has been fixed on 5 December 2022 and 6 to 8 December 2022.

The arbitration proceeding is ongoing and further trial dates have been allocated on 30 to 31 October 2023 and 1, 2, 27 to 30 November 2023.

(c) On 3 November 2020, the Company's wholly-owned subsidiary, 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 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 evidential hearing started since 7 August 2023 and had been concluded on 23 August 2023. Present directions are for parties to file their respective post-hearing submission on 3 November 2023 and reply submission on 1 December 2023. No date for Decision has been fixed.

# NOTES TO THE FINANCIAL STATEMENTS

**28. Material Litigations (Continued)**

(d) In relation to Petrofac's claims as disclosed in Note 28(c) 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.

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 had taken place on 28 October 2022.

The trial started on 19 June 2023 and had been concluded on 15 August 2023. Post-trial submission had been filed by all parties on 29 September 2023 and the parties are to be present before the Judge on 24 October 2023 for oral submission.

On 24 October 2023, the High Court had dismissed the claim with costs of RM50,000 each to both Defendants. The Group had been granted the right to appeal for the present decision of the High Court which expiring on 23 November 2023. As of date of this report, the appeal is pending decision from the management.

(e) 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.

# NOTES TO THE FINANCIAL STATEMENTS

**28. Material Litigations (Continued)**

(e) 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 against the High Court's decision in allowing the Summary Judgment by Samling Resources against PBJV. The Hearing for Appeal was fixed on 17 February 2023. PBJV's appeal has been dismissed by the Court of Appeal ("COA"). The same is appealable to the Federal Court subject to leave to appeal having been obtained from the Federal Court. Notice of Motion may be filed by PBJV within one (1) month from the date of the decision of the COA. Notice of Motion for Leave to Appeal filed within time. Next Case Management is on 3 July 2023.

On 24 March 2023, Saraworks Sdn Bhd (formerly known as Samling Resources Sdn Bhd) has issued statutory winding up notice amounting to RM22,036,264.62. On 5 April 2023, PBJV's has applied for fortuna injunction on the claim. An interim injunction upon parties' agreement is in place. Next Case Management and Hearing is scheduled on 31 May 2023.

On 31 May 2023, the Court decision is fortuna application was dismissed with costs of RM15,000.00 mainly due to existence of a judgment againt PBJV. Moving forward, PBJV request for oral hearing of interim ERINFORD injunction application was allowed.

Hearing of Erinford Injunction was held on 16 June 2023 and the Court has allowed PBJV's Application for Erinford Injunction pending disposal of PBJV's Notice of Motion for Leave to Appeal at Federal Court on 17 July 2023. The Hearing for Notice of Motion for Leave to Appeal was conducted on 17 July 2023. PBJV's application via Notice of Motion has been dismissed by the Federal Court ("FC") with Costs of RM30,000.00. Subsequently both parties had entered into a global settlement as disclosed in Note 30(c) to the financial statements.

As at 30 June 2023, the Group had provided the liabilities arising from the litigation as disclosed in Note 16 to the financial statements.

(f) 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 RM 71,567,429.55; and

(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 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. Hearing and/or case management were further held on different dates namely on 29 November 2022 and 8 February 2023 until another continued Hearing was fixed on 11 May 2023. The court has rescheduled another date for Hearing on 11 July 2023 and further continued on 11 September 2023. However, the Hearing has again been scheduled 16 November 2023.

# NOTES TO THE FINANCIAL STATEMENTS

**28. Material Litigations (Continued)**

(f) 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 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).

Further case management were fixed on 7 December 2022, 14 February 2023, 12 May 2023, 31 July 2023 and 12 September 2023. The Court has further fixed next case management on 20 November 2023 pending disposal of Suit 34 (Stay Application by ENQUEST pending Arbitration).

(g) 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 ("Suspension Notice") issued by the 1st Defendant Petroliam Nasional Berhad (PETRONAS) on 8 July 2019 against the Company's wholly-owned subsidiary, 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.

On 8 May 2023, the High Court Civil Suit against all the Defendants has been discontinued/withdrawn with immediate effect. The financial impact on the withdrawal/discontinuance of the said Civil Suit is confined only to the legal costs. There is no potential liability and operational impact on the Company.

(h) On 30 March 2023, PBJV has filed a Writ of Summons to Chew Theam Hock and Saraworks Sdn Bhd (formerly known as Samling Resources Sdn Bhd) for misrepresentation against Defendants for a project obtained from PETRONAS to be executed jointly for RM40 million in damages and RM100,000 in special damages and interests and costs.

Hearing for Striking Out Application by Defendants was scheduled on 20 July 2023 and subsequently has been deferred to 22 August 2023. The Court has on 22 August 2023 allowed the Striking Out Application by both Defendants with costs of RM20,000 each. The same is appealable to the Court of Appeal. On 26 September 2023, PBJV has received notification from its appointed solicitors that in view of the parties' settlement, the said case of against the Defendants has been discontinued/withdrawn with immediate effect. There is no financial impact on the Company and it is confined only to the legal costs. There is also no potential liability and operational impact on the Company.

# 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, Kota Laksamana 101 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 14 November 2022, the Company had submitted the regularisation plan to Bursa Securities. A revised regularisation plan was announced on 20 February 2023 which entails the following:

(i) a proposed capital reduction of RM238.00 million pursuant to Section 116 of the Companies Act 2016 ("the Act");

(ii) a proposed shares consolidation of existing 10 Barakah Shares into 1 consolidated Barakah Share;

(iii) a proposed shares issuance of 5.00 million Barakah Shares ("Subscription Shares") to the Subscriber at a Subscription Price of RM0.20 per Subscription Share to raise gross proceeds of up to approximately RM1.00 million;

(iv) a proposed renounceable rights issue on the basis of 4 Rights Shares for every 1 existing Barakah Share held by the Entitled Shareholders at the Rights Issue Price of RM0.10 for each Rights Share, together with free detachable Warrants ("Warrants") on the basis of 1 Warrant for every 2 Rights Shares subscribed for at the Warrant Exercise Price of RM0.20 each, on an Entitlement Date to be determined at a later date

(v) a proposed ESOS 2013/2023 termination; and

(vi) a proposed employees' shares scheme ("ESS") 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 the Group.

Following the auditors' opinion on the audit of the financial statements for the financial year ended 30 June 2023, the Company will reformulate a revised regularisation plan to be submitted to Bursa Securities.

(b) On 6 April 2023, PBJV Group Sdn. Bhd. ("PBJV"), a wholly owned subsidiary of Barakah Offshore Petroleum Berhad ("Barakah" or "the Company") received a notification from PETRONAS that PETRONAS has decided to uplift the suspension imposed against PBJV for PBJV's PETRONAS License, effective from 6 April 2023.

Subsequently on 18 April 2023, PBJV has been granted the PETRONAS License for a period of three (3) years, and thereafter obtained full reinstatement of SWEC (Standardised Work and Equipment Categories) code in respect of all its 27 Approved License Categories.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. Subsequent Events

(a) On 17 July 2023, PBJV Group Sdn. Bhd. ("PBJV"), a wholly-owned subsidiary of Barakah Offshore Petroleum Berhad has received Letter of Awards for contract amendment and contract extension from the clients pursuant to the Provision of Pan Malaysia Maintenance, Construction and Modification (PM-MCM) Contracts for Year 2018 to 2023 Package A (West Malaysia)("the Contracts"). The Contracts, which were expired in July 2023, has been extended to 31 December 2024.

(b) On 8 August 2023, PBJV Group Sdn. Bhd. ("PBJV"), a wholly-owned subsidiary of Barakah Offshore Petroleum Berhad has received letter of award from Brunei Shell Petroleum Co Sdn. Bhd. for supply of engineering work, materials, fabrication, load out, decommission, installation and commissioning of one unit of Single Point Mooring Buoy (SPM 2) at the shoreline of Brunei Darussalam.

(c) On 14 September 2023, PBJV Group Sdn. Bhd. ("PBJV"), a wholly-owned subsidiary of Barakah Offshore Petroleum Berhad had finalised its global settlement agreement with Saraworks Sdn Bhd (formerly known as Samling Resources Sdn Bhd) for the judgement sum and accrued interest as disclosed in Note 28(e) to the financial statements at a settlement sum of RM18.00 million payable in the following manner:

- Initial payment of RM5.00 million before 15 September 2023;
- Balance settlement sum of RM13.00 million to be paid in 13 equal monthly instalments of RM1.00 million, with such instalment payable on the first week of every month commencing from October 2023; and
- In default of any instalments above, the entire Principal Sum and Accrued Interest together with the continuing Judgement Interest on the Principal Sum, less such payments as shall have been made, shall become immediately due and payable and/or enforceable.

(d) On 6 October 2023, Allseas Oil & Gas Sdn. Bhd. ("Allseas"), a wholly-owned subsidiary of Barakah Offshore Petroleum Berhad, has been granted the PETRONAS License for a period of three (3) years and thereafter obtained SWEC (Standardised Work and Equipment Categories) code in respect of 7 Approved License Categories.

(e) On 16 October 2023, the Company has incorporated a 80% owned subsidiary, PBJV (B) Sdn Bhd under the Chapter 39, Companies Act in Brunei Darussalam with principal business in providing mining support services activities with an initial paid up capital of BND100,000.

## 31. Capital Commitments

| | Group | |
|---|---|---|
| | **2023 RM'000** | **2022 RM'000** |
| Purchase of property, plant and equipment | - | 444 |

## 32. Contingent Liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 RM'000** | **2022 RM'000** | **2023 RM'000** | **2022 RM'000** |
| Unsecured: | | | | |
| Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries | - | - | 51,743 | 48,892 |
| Bank guarantees extended to clients | - | 1,597 | - | - |

## 33. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors dated 26 October 2023.

# 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 30.06.2023 |
|---|---|---|---|---|---|---|---|
| 1 | PBJV Group Sdn Bhd | Leasehold, 99 years, expiring on 12.07.2098* | PN91735, Lot No. 17895 Mukim Dengkil, District of Sepang, Selangor<br><br>Lot 9504, Jalan Meranti Permai, Meranti Permai Industrial Park, Batu 15, 47100 Puchong, Selangor | Open yard fabrication facilities<br><br>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 | RM687,387 |
| 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-LCLS005-005-01244)<br><br>Lot 1244, Jalan Marigold Desa Senadin 98100, Miri Sarawak | Open yard fabrication facilities<br><br>Category of land use: Town land to be used as a 2-storey detached building for industrial, office store cum watchmen's quarters where the ground floor to be used for industrial and the first 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 | RM776,612 |

# GROUP CORPORATE DIRECTORY

## Head Office

**BARAKAH OFFSHORE PETROLEUM BERHAD**
(980542-H)

Level 6, Menara Mitraland
No. 13A, Jalan PJU 5/1
Kota Damansara, PJU 5,
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7663 8900
Fax: +603 7664 6326

## PBJV Support Offices

### KUALA LUMPUR

**PBJV GROUP SDN BHD**
Unit B-1-1, Unit B-2-2 & 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 2023

## 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 | 1,069 | 13.233 | 15,025 | 0.001 |
| 100 – 1,000 | 1,090 | 13.493 | 589,898 | 0.059 |
| 1,001 – 10,000 | 2,727 | 33.758 | 15,400,362 | 1.536 |
| 10,001 – 100,000 | 2,396 | 29.661 | 98,977,912 | 9.869 |
| 100,001 – 50,147,169 (*) | 794 | 9.829 | 757,418,537 | 75.520 |
| 50,147,170 and above (**) | 2 | 0.025 | 130,541,657 | 13.016 |
| **Total** | **8,078** | **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 | Dato' Sri Azman Shah bin Mohd Zakaria | 20,611,624 | 2.055 | 0 | 0 |
| 3 | Dr Rosli bin Azad Khan | 1,200 | 0 | 0 | 0 |
| 4 | Sulaiman bin Ibrahim | 5 | 0 | 0 | 0 |
| 5 | Nurhilwani binti Mohamad Asnawi | 5 | 0 | 0 | 0 |

# LIST OF TOP 30 SHAREHOLDINGS
AS AT 13 OCTOBER 2023

| 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<br>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<br>CIMB FOR NIK HAMDAN BIN DAUD (PB) | 31,400,000 | 3.131 |
| 7 | NIK HAMDAN BIN DAUD | 27,265,000 | 2.718 |
| 8 | AZMAN SHAH BIN MOHD ZAKARIA | 20,611,624 | 2.055 |
| 9 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PHUA SIN MO | 18,000,000 | 1.795 |
| 10 | MUHAMMAD YUSRI BIN ABDUL RASHID | 17,435,000 | 1.738 |
| 11 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>RAKUTEN TRADE SDN BHD FOR SIEW JUN KIT | 11,827,100 | 1.179 |
| 12 | NIK AZRI SYAZWI BIN NIK HAMDAN | 10,891,800 | 1.086 |
| 13 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR PHUA SIN MO | 10,306,200 | 1.028 |
| 14 | IFAST NOMINEES (ASING) SDN BHD<br>ROBERT LICHOTA | 10,227,300 | 1.020 |
| 15 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENTS' ACCOUNT) | 10,129,000 | 1.010 |
| 16 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>LING SOON HING | 10,000,000 | 0.997 |
| 17 | CHAI LOONG SEONG | 9,800,000 | 0.977 |
| 18 | FARIZ BIN JAAFAR | 9,634,300 | 0.961 |
| 19 | UOBM NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1) | 8,694,400 | 0.867 |
| 20 | WOON YEN SIANG | 8,420,000 | 0.840 |
| 21 | NG MOOI YONG | 7,950,000 | 0.793 |
| 22 | KOPERASI BELIA ISLAM MALAYSIA BERHAD | 7,796,002 | 0.777 |
| 23 | FIRDAUZ EDMIN BIN MOKHTAR | 7,500,000 | 0.748 |
| 24 | TEY JIIN CHYUAN | 7,400,000 | 0.738 |
| 25 | SIM SOO KIANG | 6,976,000 | 0.696 |
| 26 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TIN TIONG YUAN (7003364) | 6,500,000 | 0.648 |
| 27 | ANAS BIN ALAM FAIZLI | 6,385,400 | 0.637 |
| 28 | KHAIRUL NAZRIN BIN MOHD NASIR | 5,947,100 | 0.593 |
| 29 | TAN TONG CHEW | 5,340,000 | 0.532 |
| 30 | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR) | 5,120,000 | 0.510 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eleventh (11th) 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 Wednesday, 6 December 2023 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 2023 together with the Directors' and Auditors' Reports thereon. | **(Please refer to Explanatory Note 1)** |
| 2. | To re-elect YM Tengku Ngah Putra Bin Tengku Ahmad Tajuddin who retires pursuant to Rule 116 of the Company's Constitution. | **Ordinary Resolution 1** |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Rule 131 of the Company's Constitution: | |
| | (i) Datuk Mohd Zaid Bin Ibrahim | **Ordinary Resolution 2** |
| | (ii) Encik Sulaiman Bin Ibrahim | **Ordinary Resolution 3** |
| 4. | To approve the payment of Directors' fees of RM58,600.00 per month for the Non-Executive Directors, from 7 December 2023 until the next Annual General Meeting of the Company. | **Ordinary Resolution 4 (Please refer to Explanatory Note 2)** |
| 5. | To approve the payment of Directors' benefits of up to RM240,000.00 for the Directors, from 7 December 2023 until the next Annual General Meeting of the Company. | **Ordinary Resolution 5 (Please refer to Explanatory Note 2)** |
| 6. | To re-appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | **Ordinary Resolution 6** |

**As Special Business**

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

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

| | | |
|---|---|---|
| (a) | "THAT approval be and is hereby given to En. 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 7 (Please refer to Explanatory Note 3)** |
| (b) | "THAT approval be and is hereby given to Pn. 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 8 (Please refer to Explanatory Note 3)** |

# NOTICE OF ANNUAL GENERAL MEETING

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

**Ordinary Resolution 9 (Please refer to Explanatory Note 4)**

"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 Act read together with Rule 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 Act; 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."

9. 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: 30 October 2023

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act 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 Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

   Members are to attend, speak (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 be made by electronic or 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
   In the case of an appointment made in hard copy form, 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; or

   (b) By electronic form
   The Form of Proxy can be electronically lodged with the Poll Administrator via Vote2U Online at https://web.vote2u.my. Kindly refer to the Administrative Details for the AGM on the procedures for electronic lodgement of Form of Proxy.

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 29 November 2023 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 Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

**2. Ordinary Resolutions 4 and 5**
**Payment of Directors' fees and benefits**

Pursuant to Section 230(1) of the Act, the 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 7 December 2023 up till the next Annual General Meeting of the Company in year 2024. The Remuneration comprises fees, meeting allowances and benefits-in-kind payable to the Directors of the Company.

**3. Ordinary Resolutions 7 and 8**
**Continuing In Office as Independent Non-Executive Directors**

The Nomination and Remuneration Committee has assessed the independence of the Directors namely En. Sulaiman Bin Ibrahim and Pn. 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 7 and 8, if passed, will enable En. Sulaiman Bin Ibrahim and Pn. Nurhilwani Binti Mohamad Asnawi to continue in office as Independent Non-Executive Directors of the Company until 28 February 2024 [the expiry of twelve (12) years] pursuant to Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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. Upon the resignation/re-designation of En. Sulaiman Bin Ibrahim and Pn. Nurhilwani Binti Mohamad Asnawi, the Company will source the replacement for compliance with Paragraph 15.09(1) of MMLR of Bursa Securities within three (3) months from the date of change.

**4. Ordinary Resolution 9**
**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 Act at the Eleventh Annual General Meeting ("AGM") of the Company.

The Company had been granted a general mandate by its shareholders at the 10th AGM of the Company on 20 December 2022 ("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 Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Rule 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 Act and Rule 76.1 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act, which will result in a dilution to their shareholding percentage in the Company.

The proposed Ordinary Resolution 9, 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.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

**1. Details of person who is standing for re-election as Director**

The Director standing for re-election pursuant to Rule 116 of the Company's Constitution at the Eleventh Annual General Meeting YM Tengku Ngah Putra Bin Tengku Ahmad Tajuddin. His profile is stated on page 10 of the 2023 Annual Report.

**2. Details of persons who are standing for re-election as Directors**

The Directors standing for re-election pursuant to Rule 131 of the Company's Constitution at the Eleventh Annual General Meeting are Datuk Mohd Zaid Bin Ibrahim and Encik Sulaiman Bin Ibrahim. Their profiles are stated on pages 8 to 9 of the 2023 Annual Report.

**3. Statement relating to general mandate for issue of securities in accordance with paragraph 6.03(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Explanatory Note 4 of the Notice of Eleventh Annual General Meeting.

# 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 Eleventh (11th) 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 Wednesday, 6 December 2023 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 YM Tengku Ngah Putra Bin Tengku Ahmad Tajuddin as Director who retires pursuant to Rule 116 of the Company's Constitution | | |
| **Ordinary Resolution 2** | Re-election of Datuk Mohd Zaid Bin Ibrahim as Director who retire by rotation pursuant to Rule 131 of the Company's Constitution | | |
| **Ordinary Resolution 3** | Re-election of Encik Sulaiman Bin Ibrahim as Director who retire by rotation pursuant to Rule 131 of the Company's Constitution | | |
| **Ordinary Resolution 4** | Approval of the payment of Directors' fees of RM58,600.00 per month for the Non- Executive Directors, from 7 December 2023 until the next Annual General Meeting of the Company | | |
| **Ordinary Resolution 5** | Approval of the payment of Directors' benefits of up to RM240,000.00 for the Directors, from 7 December 2023 until the next Annual General Meeting of the Company | | |
| **Ordinary Resolution 6** | Re-appointment of Messrs. HLB Ler Lum Chew PLT as Auditors of the and to authorise the Directors to fix their remuneration | | |
| | **Special Business** | | |
| **Ordinary Resolution 7** | Continuing in Office as Independent Non-Executive Director - En. Sulaiman Bin Ibrahim | | |
| **Ordinary Resolution 8** | Continuing in Office as Independent Non-Executive Director - Pn. Nurhilwani Binti Mohamad Asnawi | | |
| **Ordinary Resolution 9** | 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%** |

**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, speak (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 may be made by electronic or 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
      In the case of an appointment made in hard copy form, 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; or

   b. By electronic form
      The Form of Proxy can be electronically lodged with the Share Registrar of the Company via Poll Administrator via Vote2U Online at https://web.vote2u.my. Kindly refer to the Administrative Details for the AGM on the procedures for electronic lodgement of Form of Proxy.

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 29 November 2023 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.

*1st fold here*

AFFIX
STAMP

The Share Registrar of

**BARAKAH OFFSHORE PETROLEUM BERHAD**
**Registration No.: 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

*2nd fold here*

**BARAKAH OFFSHORE PETROLEUM BERHAD** 201201007022 (980542-H)

Level 6 , Menara Mitraland
No. 13A, Jalan PJU5/1, Kota Damansara, PJU 5
47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03-6143 0000
Fax : 03-6143 0003

**www.barakahpetroleum.com**