Our Vision
To be the premier integrated solutions provider to the oil & gas industry

Our Mission
Committed to ensure high quality and innovative solutions without compromising safety

Our Business Activities

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

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

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

Pipeline Services
Pre-commissioning, Commissioning & De-commissioning:
- Cleaning Maintenance
- Gauging
- Hydrotesting
- Drying (Air/Vacuum)
- Flushing
- Deoiling
- Pigging
- Flooding
- Dewatering
- Leaks/Nitrogen Testing
- Degassing

De-commissioning
- Pipeline, Structure and Topside
- Preservation and Abandonment

Ship Management and Chartering
- Pipe Lay Barge
- Derrick Lay Barge
- Accommodation Work Barge
- Work Boat

Underwater Services
- Inspection, maintenance, repair, drilling support and related-services for underwater facilities, using Main/Support vessels, Air & Saturation Diving System and Remotely Operated Vehicle
- DPDSV Services
- Subsea Underwater Services and Maintenance
- Underwater Repair
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Barakah Offshore Petroleum Berhad (“Barakah" or “Company") was incorporated in Malaysia on 1 March 2012 as an investment holding company for PBJV Group Sdn Bhd (PBJV) and its subsidiary companies (collectively referred to as “Barakah Group” or “Group”).

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

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

In 2009, as part of its expansion strategy to strengthen its offshore installation services, PBJV commissioned the construction of its 137 meter length pipe-lay accommodation barge, known as “KOTA LAKSAMANA 101”. With this barge ownership, PBJV is able to undertake bigger and more challenging offshore pipeline activities. In 2016, PBJV added another business pillar, Underwater Services involving inspection, maintenance, repair, drilling support and related services for underwater facilities. Barakah Group is poised to be a "one-stop centre" as an integrated oil and gas service provider.

With its depth of experience and strength, Barakah Group is positively gaining momentum towards its vision ‘TO BE THE PREMIER INTEGRATED SOLUTIONS PROVIDER TO THE OIL AND GAS INDUSTRY’. The Group is capable to undertake more technically challenging works and has set its sight to expand its business activities in Malaysia and beyond.
BOARD OF DIRECTORS
Dato’ Mohamed Sabri Bin Mohamed Zain
Independent Non-Executive Chairman

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

Sulaiman Bin Ibrahim
Senior Independent
Non-Executive Director

Datuk Azizan Bin Haji Abd Rahman
Independent Non-Executive Director

Azman Shah Bin Mohd Zakaria
Non-Independent Executive Director

Rasdee Bin Abdullah
Non-Independent Executive Director

Nurhilwani Binti Mohamad Asnawi
Independent Non-Executive Director

Dato’ Seri Oh Teik Chay
Independent Non-Executive Director

EXECUTIVE COMMITTEE
Nik Hamdan Bin Daud
Chairman

Azman Shah Bin Mohd Zakaria

Rasdee Bin Abdullah

Firdauz Edmin Bin Mokhtar

ESOS COMMITTEE
Sulaiman Bin Ibrahim
Chairman

Rasdee Bin Abdullah

Nurhilwani Binti Mohamad Asnawi

COMPANY SECRETARIES
Ng Heng Hooi (MAICSA 7048492)

Wong Mee Kiat (MAICSA 7058813)

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

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

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

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

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

CORPORATE WEBSITE
www.barakahpetroleum.com

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

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

PRINCIPAL BANKERS
Malayan Banking Berhad
Export-Import Bank of Malaysia Berhad
Affin Bank Berhad
AmBank (M) Berhad
### Financial Performance

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<th>Financial Year (FY)</th>
<th>2015 (RM '000)</th>
<th>2016 (RM '000)</th>
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<tr>
<td>Revenue</td>
<td>592,570</td>
<td>622,586</td>
</tr>
<tr>
<td>EBITDA*</td>
<td>40,070</td>
<td>59,648</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>5,593</td>
<td>16,367</td>
</tr>
<tr>
<td>Profit after taxation attributable to shareholders (Profit after taxation)</td>
<td>18,849</td>
<td>14,534</td>
</tr>
<tr>
<td>Total assets</td>
<td>753,796*</td>
<td>819,188</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>261,646</td>
<td>256,567</td>
</tr>
<tr>
<td>Total cash^</td>
<td>185,838</td>
<td>220,464</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>398,931*</td>
<td>423,667</td>
</tr>
<tr>
<td>Return on assets (%)</td>
<td>2.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Return on shareholders equity (%)</td>
<td>4.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Net gearing (%)</td>
<td>19.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Basic EPS (sen)</td>
<td>2.34</td>
<td>1.76</td>
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<tr>
<td>Diluted EPS (sen)</td>
<td>2.29</td>
<td>1.71</td>
</tr>
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</table>

### Key Financial Ratios

- **EBITDA Margin (%)**
  - FY2016: 9.6%
  - FY2015: 6.8%

- **Revenue (RM '000)**
  - FY2016: 622,586
  - FY2015: 592,570

- **Return on Shareholders Equity (%)**
  - FY2016: 3.4%
  - FY2015: 4.7%

- **EBITDA (RM '000)**
  - FY2016: 59,648
  - FY2015: 40,070

- **Profit after Taxation (RM '000)**
  - FY2016: 14,534
  - FY2015: 18,849

- **Net Gearing (%)**
  - FY2016: 8.5
  - FY2015: 19.0

### Note:

- * Earnings Before Interest, Tax, Depreciation & Amortisation
- # Re-stated
- ^ Total cash includes short-term investments, fixed deposits with licensed banks, cash and bank balances, excluding bank overdrafts and fixed deposits pledged to licensed banks
PROFILE OF BOARD OF DIRECTORS

Dato’ Mohamed Sabri Bin Mohamed Zain
Independent Non-Executive Chairman

Dato’ Mohamed Sabri Bin Mohamed Zain, aged 61, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 7 July 2014 as an Independent Non-Executive Chairman. He has over 38 years working experience in the oil and gas business in both domestic and overseas ventures, primarily in PETRONAS Carigali Sdn Bhd (PCSB). Dato’ Mohamed Sabri started his career at Petrolam Nasional Berhad (PETRONAS) in 1978 as Petroleum Engineer. From 1980 until 2008, he built his career in PCSB, starting from an engineer to General Manager in various capacities. His management roles while in PCSB were General Manager for Vietnam operations from 1996 until 2000, development division from 2000 until 2004, for Middle East and Asia operations from 2004 until April 2006 and operations in Vietnam, Indonesia, Myanmar, Pakistan, Turkmenistan, Uzbekistan, Malaysia-Thailand JDA and Sudan from 2006 until 2008. From March 2008 until October 2010, he moved on to be the President of White Nile Petroleum Operating Company (WNPOC) in Sudan and later, the Vice President of Offshore Business Unit of MISC Berhad from 2010 until 2012.

Dato’ Mohamed Sabri is a director of Sona Petroleum Berhad. Dato’ Mohamed Sabri is currently the CEO of Yinson Energy Sdn Bhd, an associate company of Yinson Holdings Berhad, primarily involved in providing floating production solutions for the oil and gas industry worldwide. Prior to joining Yinson in May 2014, he served as the President of Puncak Oil & Gas Sdn Bhd and also the President of GOM Resources Sdn Bhd from January 2013 until April 2014.

He graduated with Bachelor of Science in Petroleum Engineering, University of Wyoming, United States of America.

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

Nik Hamdan Bin Daud, aged 50, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as an Executive Director. He is also the founder of PBJV Group Sdn Bhd and has been the Managing Director since its incorporation on 24 August 2000. From 2011 to 2013, he was the President & Chief Executive of PBJV. On 1 July 2013, he was re-designated as the Deputy Executive Chairman of Barakah and Executive Chairman of PBJV. With effect from 1 April 2016, he has been re-designated the Group President & Chief Executive Officer.

He has over 21 years of experience in the oil and gas industry, mainly in offshore pipeline installation and related services. During these years, he served various reputable oil and gas clients such as PETRONAS Carigali, Sarawak Shell Berhad, ExxonMobil, Petrofac, Newfield, Murphy Oil, Talisman Malaysia Limited and VietsoPetro, among others. Prior to founding PBJV, Nik Hamdan was the Managing Director of Pipetronix Sdn Bhd, a German-owned offshore pipeline service company, from 1996 to 2000. He was actively involved in the technical and commercial aspects of the business. From 1991 to 1996, he served Esso Production Malaysia Inc. as a Quality Control and Corrosion Engineer. He started his career as a Test Engineer in Motorola Sdn Bhd and worked with the company from 1989 to 1991.

He has been extensively involved in upstream activities, mainly in pipeline services, facilities integrity management, platform operations and maintenance, developing standard operating procedures, the training and development of engineers and Health Safety Environment Management Systems (HSEMS). He also holds directorships in several private limited companies. Nik Hamdan graduated with a Bachelor of Science in Electrical/Electronic Engineering from Worcester Polytechnic Institute MA, USA in 1989. He is also a qualified gas pipeline licensed contractor with Energy Commission of Malaysia.
Sulaiman Bin Ibrahim, aged 57, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 March 2012 as a Non-Executive Director. On 12 December 2013, he was designated as the Senior Independent Non-Executive Director.

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

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

Datuk Azizan Bin Haji Abd Rahman, aged 61, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 15 April 2013 as an Independent Non-Executive Director. He has more than 31 years of experience in the financial industry. He began his career in Bank Negara Malaysia (BNM) in 1979 where he had exposure to finance, examination and supervision, and was also the Director of the Banking Supervision Department. While in BNM, Datuk Azizan was a board member of Kumpulan Wang Amanah Pencen and ERF Sdn Bhd, and also an Advisor to the Malaysian Accounting Standard Board. He was the former Director-General of Labuan Financial Services Authority (Labuan FSA) where he served for more than six years until his retirement in 2011. While serving in Labuan FSA, Datuk Azizan was a member of several boards, including Labuan Corporation and Financial Park (Labuan) Sdn Bhd, as well as an executive committee member of the Malaysian Islamic Finance Committee.

He is currently a board member of MIDF Berhad, MIDF Amanah Investment Bank Berhad, Kensington Trust Malaysia Berhad, Kensington Trust Labuan Ltd, Malaysian Rating Corporation Berhad, OCBC Al-Amin Bank Berhad, OCBC Bank (M) Berhad, City Credit Investment Bank Ltd, Cagamas Holdings Berhad and Cagamas SRP Berhad. He also holds directorships in several private limited companies.

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

AZMAN SHAH BIN MOHD ZAKARIA
Non-Independent Executive Director

Azman Shah Bin Mohd Zakaria, aged 52, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 May 2012 as an Executive Director. He is one of the founding members of PBJV and is presently the President & Chief Executive of PBJV International Ltd. From July 2013 until November 2014, he was the President & Chief Executive of PBJV Group Sdn Bhd.

Azman has more than 17 years experience in the oil and gas industry, mainly in the areas of offshore pipeline installation, pre-commissioning and other related services. He started his career as an Aircraft Technician in 1988 with AIROD Sdn Bhd. In 1994, he joined Sukitronics Sdn Bhd as a Project Engineer and subsequently, Profassi Engineering Sdn Bhd in 1995 until 1998 as a Lead Engineer where he headed the mechanical and piping construction team for power plant fabrication and construction work. He joined PTIS (M) Sdn Bhd as an Operation Manager in 1998 and headed the company’s pre-commissioning and commissioning projects and operations. In 2000, he joined PBV as General Manager and led the company in pre-commissioning and commissioning, T&I, offshore pipeline, HUC projects and operations.

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

RASDEE BIN ABDULLAH
Non-Independent Executive Director

Rasdee Bin Abdullah, aged 46, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 14 May 2012 as an Executive Director. He has been the President & Chief Executive of PBJV Group Sdn Bhd since 2014. From 2011 until 2014, he was the Vice President of Operations in PBJV Group Sdn Bhd.

He has over 19 years of experience in areas such as project management, engineering, procurement, construction, and commissioning of onshore and offshore oil and gas facilities. He started his career in 1994 as a Mechanical Engineer in Drexel Bakti Oilfield Sdn Bhd. He joined MMC Engineering & Services Sdn Bhd as Project Engineer from 1995 to 1996. From 1997 to 2000, he was the Project Engineer at Shapadu Energy and Engineering Sdn Bhd. In 2000, he was appointed as a Construction Superintendent by Ranhill Engineers and Constructors Sdn Bhd. Then in 2003, he joined Baxtech Resources Sdn Bhd as Operations Director prior to joining PBJV in 2011.

Rasdee also holds directorships in other private limited companies. He graduated with a Bachelor of Science in Mechanical Engineering from University of Tulsa, Oklahoma, USA in 1993.
NURHILWANI BINTI MOHAMAD ASNAWI
Independent
Non-Executive Director

Nurhilwani Binti Mohamad Asnawi, aged 42, 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 17 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.

DATO’ SERI OH TEIK CHAY
Independent
Non-Executive Director

Dato’ Seri Oh Teik Chay, aged 43, a Malaysian, was appointed to the Board of Barakah Offshore Petroleum Berhad on 1 September 2015 as an Independent Non-Executive Director. He has 16 years of experience in cross border mergers and acquisitions, corporate restructurings and recovery, and turnaround activities, mainly within the energy and oil and gas related industry.

Dato’ Seri Oh is a Registered Representative by The Monetary Authority of Singapore, under the Securities and Futures Act and/or Financial Advisers Act. He holds directorships in several private limited companies in Malaysia, Singapore, and Hong Kong.

Dato’ Seri Oh graduated with a Bachelor of Arts degree, majoring in Accounting and Finance, from Strathclyde University, Glasgow, United Kingdom.

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

The above Directors have no family relationship with any Director and/or major shareholder of Barakah, have no conflict of interest with Barakah and have not been convicted of any offence within the past 5 years other than traffic offences. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

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

NIK SURIANI BINTI DAUD
Senior Vice President of Operation Support & Asset Management
PBJV Group Sdn Bhd

Nik Suriani Binti Daud, aged 46, a Malaysian, is the Senior Vice President of Operation Support & Asset Management at PBJV Group Sdn Bhd. She was appointed to this position on 1 September 2014. She is a Board member at PBJV Group Sdn Bhd. She has 21 years of experience in logistics planning, freight forwarding and business development.

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

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

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

FIRDAUZ EDMIN BIN MOKHTAR
Vice President & Chief Financial Officer
Barakah Offshore Petroleum Berhad

Firdauz Edmin Bin Mokhtar, aged 44, a Malaysian, is the Vice President and Chief Financial Officer of Barakah Offshore Petroleum Berhad, appointed on 1 July 2013. He joined the Group on 4 June 2012 to oversee the management of financial risks, financial planning and other financial activities. He has 20 years of experience in audit, corporate finance and investment advisory.

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

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

**ABDUL RAHIM BIN AWANG**  
**Vice President & Chief Corporate Officer**  
Barakah Offshore Petroleum Berhad

Abdul Rahim Bin Awang, aged 52, a Malaysian, joined Barakah Offshore Petroleum Berhad on 2 September 2013 as the Vice President and Chief Corporate Officer. He oversees corporate services division of the Group, which covers investor and media relations, corporate communication, and corporate, secretarial and legal advisory. He has over 25 years of experience in corporate finance, corporate advisory, financing and financial restructuring, including mergers and acquisition and initial public offerings.

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

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

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**ALIAS BIN ANUAR**  
**Vice President of Group Supply Chain, Tender and Commercial**  
PBJV Group Sdn Bhd

Alias Bin Anuar, aged 52, a Malaysian, joined PBJV Group Sdn Bhd in 2005 as the Vice President of Group Supply Chain, Tender & Commercial. He was appointed as the Vice President on 1 September 2014. He leads the tender and proposal department and oversees procurement, contracts and cost control.

Prior to joining PBJV Group Sdn Bhd, he worked with Melbourne Metropolitan Board of Work as Graduate Mechanical Engineer in 1990. A year later, he joined Sime Sembawang Engineering Sdn Bhd as Mechanical Engineer. In 1993, he joined Shapadu Energy and Engineering Sdn Bhd, initially as Project Engineer and was subsequently promoted to Project Manager. He joined Ranhill Engineers and Constructor Sdn Bhd (RECSB) in 2000 as Senior Construction Manager. In 2003, he moved to Ramunia Fabricators Sdn Bhd as Engineering Coordinator and rejoined RECSB as Project Manager for Sudan assignment. He then joined Baxtech Resources Sdn Bhd as Project Manager and a year later moved to PBJV Group Sdn Bhd as Senior Operation Manager. He was then promoted to Technical Support Service Manager in 2008.

He graduated with a Bachelor’s degree in Mechanical Engineering from Swinburne Institute of Technology (Swinburne University of Technology), Melbourne, Australia in 1990.
Haniza Binti Jaffar, aged 42, a Malaysian, is the Vice President of Finance and Administration at PBJV Group Sdn Bhd. She was appointed to this position on 1 September 2014. She heads the Finance and Accounts, and Information Technology and Administration departments of PBJV Group Sdn Bhd. She is in charge of the treasury, working capital, financial management and reporting in compliance with Malaysia Financial Reporting Standards, policy and procedures, cashflow management and financial resources planning in support of the operations of the Group together with information technology and administration. She has over 15 years of experience in finance, accounting and treasury functions.

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

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

Kamaruddin Bin Ismail, aged 47, a Malaysian, is the Vice President of Business Development at PBJV Group Sdn Bhd. He was appointed to this position on 1 September 2014. His functions include business development and strategic planning for overseas markets. He has 25 years of experience in operations management, project management and business development.

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

Kamaruddin graduated with a Diploma in Agriculture Engineering from University Putra Malaysia in 1991.
Ahmad Azrai Bin Abu Bakar, aged 54, a Malaysian, was appointed the Vice President of Operations at PBJV Group Sdn Bhd on 25 November 2014. He is in charge of project management and deliveries of the Group. He has 30 years of experience in project management, execution and deliveries.


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

Dear Valued Shareholders,

On behalf of the Board of Directors, I am honoured to present the Annual Report 2016 of Barakah Offshore Petroleum Berhad (the Group) and audited financial statements for the financial year ended 31 December 2016 (FY2016). While operating performance, Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) improved 48.9% to RM59.6 million in FY2016 (the preceding FY2015: RM40.1 million), the re-statement of net book value of Kota Laksamana 101 barge (KL101) resulted in higher depreciation charge. As a result, the Group produced lower Profit after Taxation of RM14.5 million against RM18.8 million in FY2015.

Highlights

After a tough 2015, the Group experienced some stability in 2016. Brent crude oil price bottomed at US$28 per barrel (/bbl) in January 2016 before recovering in 2Q2016 and hovering in the range of US$40/bbl to US$50/bbl in 2H2016. The climate of the Oil and Gas (O&G) industry remained weak throughout 2016. Nonetheless, we are heartened that our jobs started to come through in December 2015 for P1 and P2 pipeline installation works under the Pan Malaysia Transportation & Installation Package A (Pan Malaysia T&I). Before completing the two jobs in 3Q2016, the Group received a further order for SKO Riser Guards Installation. These work orders were critical in keeping our strategic asset KL101 utilised in 2016. Furthermore, through the hard work, dedication and proactive approach of our management and staff, we secured an estimated RM1.0 billion of new projects and work orders. These included a long-term project for the Provision of Underwater Services Package 2, setting a new milestone for us as a main contractor in the underwater services segment.

These new contract wins in 2016 represented a marked improvement from the RM168.5 million contracts secured in FY2015.

In 2016, we implemented cost rationalisation measures that included a 10% company-wide salary cut and optimisation of our supply chain to reduce operation costs. We also worked pro-actively with clients by proposing fit-for-purpose solutions to align with their cost and performance objectives.

The key projects that contributed to our financial performance in FY2016 were Pan Malaysia T&I, Underwater Services and Engineering Procurement Construction and Commissioning (EPCC) of Pengerang Pipeline Project. These projects collectively contributed an estimated 75.2% of the Group revenue.
Corporate Social Responsibility

Our business practices are guided by Sustainability Policy that enforces Social, Environment and Economic sustainability initiatives. Corporate Social Responsibility (CSR) has remained embedded as an integral component of our Group business. We continued with our annual community development programmes through the provision of education grants and engagement activities. As for our contribution to economic sustainability, we stress on the development of our human capital, instil a strong Health and Safety culture, and are committed to transparency and timely disclosure of material development in our engagements with all our stakeholders. Our investor relations won us first place in the Best Website in the Small Market Capitalisation category in the Malaysian Investor Relations Association’s 2015/2016 Survey and we ranked second in three other categories: Best Company for Investor Relations (IR), Best Chief Financial Officer for IR and Best IR Professional. Please refer to page 26 for CSR Report.

Outlook

Global efforts targeted at stabilising crude oil price have been ongoing. In late-2016, OPEC and non-OPEC members agreed to production cuts of up to 1.8 million barrels per day (bpd) for the first six months of 2017. 2017 shows signs of compliance with the production cuts between OPEC and some non-OPEC members following their meetings in end-2016. Brent crude oil price has strengthened to above US$50/bbl since November 2016, surged to a high of US$57/bbl in early-2017 before high inventory from the U.S. in early-March 2017 sparked a sell-down to around US$50-51/bbl. Prices recovered to above US$55/bbl lately amid geopolitical risks from U.S. air strikes against Syria in early April 2017.

A positive development in Malaysia regarding the PETRONAS US$27 billion Pengerang RAPID Project in southern Johor on 28 February 2017: The Saudi Arabian Oil Co (Saudi Aramco) entered into share purchase agreement with PETRONAS to equally own some selected ventures and assets of the project. In addition, Saudi Aramco will supply up to 70% of the crude feedstock requirements of the refinery, with natural gas, power and other utilities supplied by PETRONAS.

The partnership marks the beginning of a strategic and mutually beneficial relationship providing RAPID with high-impact strengths and synergies from both Saudi Aramco and PETRONAS. RAPID is part of the Pengerang Integrated Complex development undertaken by PETRONAS and is positioned to be a regional downstream oil and petrochemical industrial hub, paving a new frontier of technology and economic development in the Southeast Asia region.

The vibrant downstream sector will present opportunities for local service companies, including the Group. Currently, we are already involved in the RAPID/Pengerang development area with the ongoing EPCC of the Pengerang Pipeline project targeted for completion at the end of 2Q2017. In addition, we commenced work on the Firewater Network for Utilities, Interconnecting, and Offsite (UIO) Facilities for RAPID in 3Q2016.

Besides securing new projects, another priority is to execute our existing orderbook. A key project that will sustain the Group until 2018 is the Underwater Services Package 2. This involves the inspection, repair and maintenance of PETRONAS Carigali Sdn Bhd’s underwater facilities in East Malaysia. In addition, we will be supported by two on-going projects: Effluent Discharge Pipeline Replacement for Labuan Crude Oil Terminal and Production Riser Tensioner Overhaul, Maintenance and Upgrade for MURPHY Production Operations.

In our aim to ensure the Group’s long-term resilience and competitiveness, we will continue to streamline costs and optimise manpower in the next two years. With regard to our capital structure, the Group’s gearing level is expected to remain low for our existing business as an O&G service provider. We are further improving our technical capability and working towards stimulating growth with new businesses that provide recurring income. Our long-term strategy will be to remain focused on our vision, our profitability and on generating value to our shareholders.

As for our goals to extend our core competencies to overseas markets (Vietnam, Brunei, Indonesia and the Arabian Gulf Region) as highlighted in the last three FYs, progress has been slower than what we set to achieve. Many O&G projects were shelved, scaled down or reviewed during the downturn in the industry from mid-2014 to 2015. Highly competitive and shrinking markets compelled us to review or re-strategise our developmental plans. Nonetheless, “when the going gets tough, the tough get going”. We continue to engage and seek out projects, a strategy that we hope will produce results as the O&G industry regains stronger momentum over the next three years.

In Appreciation

We thank our clients, business partners, and the authorities for their continued trust and support. Their belief in us while we manoeuvre in an extremely challenging environment in the last two years has reinforced our determination to continue to exceed in meeting their needs and expectations. To our shareholders, we appreciate your trust in our delivery and performance. We would also like to express our appreciation to all our Board members for their advice and guidance. Finally, our heartfelt gratitude to all our staff for their dedication, hard work and commitment.

Thank you.

Dato’ Mohamed Sabri Bin Mohamed Zain
Chairman
10 April 2017
2016 Overview

In general, 2016 came out to be a better year as compared to 2015 for the oil and gas (O&G) industry. As the oil companies had adjusted themselves to the new low oil price environment, some projects which were held back in 2015 were reactivated in 2016. As such, the Group began seeing work orders for its long-term contracts. The Group secured approximately RM1.0 billion new projects and work orders in 2016. In addition, the Group’s operating cost was reduced as a result of cost rationalisation exercises implemented from January 2016.

The Group operates an asset-light business model with our key strategic asset, Kota Laksamana 101 barge (KL101) for working on offshore O&G jobs or as an accommodation barge. Support vessels such as AHTS and supply vessels are chartered. This lean asset model has kept the Group afloat in challenging periods including FY2016.
MANAGEMENT DISCUSSION & ANALYSIS

FY2016 Financial Performance

- FY2016 revenue rose 5.1% year-on-year (yoy) to RM622.6 million from RM592.6 million in FY2015 as we completed more work orders.
- Cost rationalisation effective 1 January 2016 comprising reduction in staff costs and operating costs across all departments, and the streamlining of supply chain.
- Saved approximately RM14.6 million staff costs. This was the main contributing factor to FY2016 EBITDA* increasing 48.9% yoy to RM59.6 million.
- FY2016 income tax expense at RM1.9 million vs RM13.2 million tax credit in FY2015. The credit was mainly for over-provision in the previous FY.
- FY2016 depreciation charges rose 32.4% yoy to RM30.8 million (explanation in the Balance Sheet section (page 18)).
- Owing to tax and depreciation effect, profit after taxation@ declined 22.9% yoy to RM14.5 million in FY2016.

Definition:
* Earnings before interest, tax, depreciation & amortisation
@ Profit after taxation attributable to shareholders

Key contributing projects to FY2016 financial performance that generated 75.2% of total revenue were:
- Pan Malaysia TöI,
- Underwater Services,
- EPCC of Pengerang Pipeline project.

Cashflow

- Approximately 85.2% of FY2016 capital expenditure (capex) was used for the upgrade of KL101.
- The upgrade comprised improvements of key equipment to increase the barge pipe-lay speed and efficiency.
- The upgrading of KL101 was necessary to improve its competitiveness in the market.

Use of Funds in FY2016

- Net cash/(debt)\(^{\text{~}}\) @ 1 Jan 2016: RM(75.8)
- Net operating cashflow: RM68.6
- Net capex: RM(27.1)
- Others: RM(1.8)
- Net cash/(debt)\(^{\text{~}}\) @ 31 Dec 2016: RM(36.1)

Notes:
\(^{~}\) Net cash/(debt) includes short term investments, fixed deposits with licensed banks, cash and bank balances less RCULS non-current liability portion, long-term and short-term borrowings, and bank overdraft.
Balance Sheet

- Property, plant and equipment and shareholders equity values as at 31 December 2015 have been re-stated per MFRS 121 “The Effects of Changes in Foreign Exchange Rates”. (Note 41 to the Financial Statements)
- At 31 December 2016, shareholders equity increased by RM24.7 million to RM423.7 million mainly from higher retained profits at RM244.6 million combined with foreign exchange translation reserve at RM14.6 million.
- At 31 December 2016, total cash increased by RM34.6 million to RM220.5 million. The higher cash balance was mainly due to improved operating cashflow.
- At 31 December 2016, total borrowings were RM256.6 million (31 December 2015: RM261.6 million). The marginal decrease in total borrowings was mainly due to repayment of borrowings.

**Notes:**
^ Total cash includes short-term investments, fixed deposits with licensed banks, cash and bank balances; excluding bank overdrafts and fixed deposits pledged to licensed banks

Cash Conversion

- Slower cash conversion: Conversion days increased to 18 days at 31 December 2016 (31 December 2015: 10), with inventory days of 27 days, longer receivables days at 75 (31 December 2015: 69), partially offset by longer payables days of 85 days (31 December 2015: 59).
RM256.6 million Borrowings Breakdown as at 31 December 2016

- The breakdown of borrowings:
  1) 79.1% was term loans related to the financing of KL101.
  2) The remaining 19.7% was mainly for working capital requirement—trust receipts and other working capital facilities; 0.5% was hire purchase and 0.7% was RCULS.

Gearing Ratios as at 31 December 2016

- Gross gearing ratio was lower at 60.6% as at 31 December 2016, compared to 65.6% due to lower borrowings and higher shareholders equity explained in the Balance Sheet section.
- With higher cash balance, net gearing ratio reduced to 8.5% as at 31 December 2016 against 19.0% as at 31 December 2015.
BUSINESS DIVISION

The company’s business is categorised into two divisions: Pipeline and Commissioning Services (P&C) and Installation and Construction (I&C). P&C comprises pipeline pre-commissioning, commissioning and decommissioning, and Hook-up and Commissioning (HUC) and Topside Major Maintenance (TMM). I&C encompasses offshore T&I, Underwater Services, Engineering Procurement Construction and Commissioning (EPCC) Onshore Pipeline and Construction activities.

Pipeline and Commissioning Services (P&C)

- FY2016 revenue reduced by 47.5% yoy to RM135.3 million as much lower capex and opex for the O&G industry resulted in slow activities in the operation and maintenance of oilfield assets.
- Main contributors:
  1) Engineering, Procurement, Fabrication, Installation, Commissioning and Maintenance works for Pipe Inspection Gauges (PIG) Trap System for PETRONAS Carigali Sdn Bhd (PCSB).
  2) Pan Malaysia HUC & TMM anchor project for Petrofac, Repsol and Sapura Energy Berhad.
- PIG Trap System and Pan Malaysia HUC & TMM projects will continue until 2018.

- The Group was busier with I&C jobs compared to P&C in FY2016, both from offshore: Pan Malaysia T&I Package A and Underwater Services; and onshore: EPCC Pengerang Pipeline.
- I&C contributed 78.3% of total FY2016 revenue, while P&C’s revenue contribution declined to 21.7% of total in FY2016 with reduced orderflow in HUC, TMM and pipeline services.
Installation and Construction Services (I&C)

- FY2016 revenue increased by 45.6% to RM487.3 million.
- Delivered three main projects: Pan Malaysia T6I, EPCC of Pengerang and Underwater Services.
- Pan Malaysia T6I Package A: Work carried out in Sarawak waters in Bardegg and Baronia, and SKO Fields respectively. P1 involved the installation of 24’ x 43 km pipeline from TTJT-A platform to BNCPP-B platform and appurtenances, namely pipeline/cable crossing, risers, sub-sea spool and pre-commissioning works whilst P2 the installation of 24’ x 125 km pipeline from BNCPP to E11RC platforms.
- P1 and P2 completed in September 2016; SKO Riser Guards Installation in November 2016.

- For underwater services, we completed the following inspection and maintenance packages from September to November 2016:
  a. Subsea Development Project
  b. Pipeline Sectional Removal
  c. Caisson Clamp Installation & ROV Platform Inspection
  d. Major Platform Inspection

- The Pengerang Project we had been working on since 2014 is due to complete in 2Q2017.
- In 2016, the bulk of work concentrated on pipeline installation across four major river crossings: Sungai Johor, Sungai Layau, Selat Mendana and Sungai Lebam in the district of Kota Tinggi covering 13% of the total 73km of the project.
SAILING INTO 2017

The Industry

In late-2016, two agreements concluded among OPEC and 11 non-OPEC members for crude oil production cuts for at least six months starting from January 2017.

Total production cut of 1.8 million bpd, targeted to end a three-year surplus, comprises:

1) OPEC members reduction of 1.2 million bpd and;
2) 11 non-OPEC members, that represent 34% share of non-OPEC production cut of 0.6 million bpd.

Cumulative production cuts is approximately 2% of global production.

Positive development in rebalancing demand and supply of crude oil.

Following the pact, PETRONAS announced on 21 December 2016 to voluntarily reduce its production by up to 20,000 bpd from 2016 estimated average production of 648,000 million bpd.

On 26 March 2017, a joint-committee of oil ministers from OPEC and non-OPEC members met to review compliance of December 2016 pact. The committee recommended extending the supply-cut pact for another six months.

Source: International Energy Agency (IEA), Maybank IB Research, Bloomberg
On the demand side, IEA estimates 2017 demand growth at 1.4 million bpd from recent improvements in industrial activity.

- Compliance with the supply-cut deal was 94% in February 2017, among OPEC and non-OPEC producers combined. However, this was offset by U.S. high inventory of 526.3 million barrels - the highest level in 87 years - based on data from U.S. Energy Information Administration (EIA).
- Generally, IEA and EIA expect a more balanced supply and demand in 2017 with excess (if any) ranging from 0.1 million bpd to 0.3 million bpd.

**B The Group’s Prospect**

The following four key projects will keep the group busy until 2018:

- Underwater Services Package 2.
- Construction and installation of piping and pipe-support works and facilities for fire-fighting system in the east area of RAPID UIO Facilities (Fire System).
- Effluent Discharge Pipeline Replacement for Labuan Crude Oil Terminal (LCOT) using shore approach (LCOT Pipeline).
- Provision of Production Riser Tensioner (PRT) Overhaul, Maintenance and Upgrade for MURPHY Production Operations.

### 1) Project Progress

**Fire System Project:**
- Project team was mobilised in September 2016. Non-metallic pipes delivered from November 2016.
- Excavation of trenches together with the installation of pipeline ongoing since December 2016.

**LCOT Pipeline:**
- Secured in November 2016, the pipeline installation uses shore approach.
- The work to complete with onshore stringing at the beach area to Labuan Gas Terminal.

**PRT Overhaul, Maintenance and Upgrade:**
- Secured in December 2016. Project to last until 2018, with one year extension option.
- Yards for storage of equipment identified in 1Q2017.
A SUMMARY OF OUR STRATEGY

SHORT-TERM
1. Focus on winning tenders
2. Supply chain optimisation continues
3. Cost-cutting measures continues

MEDIUM-TERM
1. O&M of facilities
   - Strengthen our technical capability
   - Innovate and execute in the new ways
2. Expansion into downstream business

LONG-TERM
1. Integrated solutions to O&G industry
   - Move up value chain
   - Focus on technology-driven business to create niche through project ownership
2. Increase recurring income

1) EXISTING BUSINESS AS AN O&G SERVICE PROVIDER

- Bidding for local and overseas projects.
- Opportunities in offshore and downstream sectors of the local market.

December 2016-2018 Pan Malaysia T&T Project
- The anchor project, Pan Malaysia T&T, from December 2016 to 2018, with an extension option of two years with one year each.
- Project orders to be executed by the successful contractors with the 12 Petroleum Arrangement Contractors (PACs) in Malaysia. They are PCSB, Sarawak Shell/Sabah Shell Petroleum Company Ltd, Sapura Energy Peninsular Malaysia Inc/Sapura Energy Sarawak Inc, Murphy Sarawak Oil Co. Ltd, JX Nippon Oil and Gas Exploration (M) Ltd, ExxionMobil Explorations and Production Malaysia Inc, Repsol Oil & Gas Malaysia Ltd (the former Talisman Malaysia Ltd), Petrofac (Malaysia-PM304) Ltd, PCPP Joint Operating Company, Kebabangan Petroleum Operating Company Sdn Bhd, Hess Exploration and Production Malaysia B.V and Lundin Malaysia B.V.
- Work comprises the transportation and installation of platform structures and pipelines, such as the jacket, module support frame, piles, conductors, modules, deck, pump casing and the associated tie-in spools, risers, subsea cable, other platform components and appurtenances become a properly assembled facility, all field installations, include preparing, fitting, adjusting, welding and painting necessary to complete the entire facility installation.
- PB JV Group Sdn Bhd is one of the panel contractors. Having completed almost RM900 million works in the previous 2014-2016 Pan Malaysia T&T Package A, we are reasonably optimistic of securing project orders in this new cycle that will last until 2018.

2) OUR LONG-TERM PLAN

- The key ingredient to be competitive in the market: Continue with rationalisation of project and operating costs, manpower and supply chain.
- The second equation: Add value to clients and align with clients’ objectives.

Adding value by:
- Working closely with clients to provide specific and fit-for-purpose solutions, a plan being executed since 2015.
- Forming strategic alliances/partnership and proposing solutions to help clients execute projects while optimising their capex. The partnership is expected to improve our technical competency and acumen, and to lift our business to higher playing level.

With our focus, dedication and persistence, we are hopeful that our current initiatives will produce results in the next three years.

Capital structure
- For existing business, gearing level expected to remain low.
- Short term borrowings mainly for working capital purposes related to projects.
- New capital requirement will be targeted for new businesses.
SUMMARY

FY2016 saw us strengthening ourselves while moving through the rough seas in the O&G industry. We take pride that there has been improvement in financial and operational performance. However, striving for greater achievement has also been work-in-progress within the Group. We look forward to harness our internal capability whilst collaborating with partners to provide value-added services to our clients.

Discussion on CSR, Corporate Governance, Audit and Risk Management, Risk Management and Internal Control, and Financial Statements are available in the ensuing sections.

Thank you.

Nik Hamdan Bin Daud
Group President & Chief Executive Officer
10 April 2017