THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Abridged Prospectus sets out the details of the offer of up to RM41,604,273 nominal value of 5-year 3.5% redeemable convertible unsecured loan stocks of RM0.20 each ("**RCULS**") by Barakah Offshore Petroleum Berhad ("**Barakah**") on the basis of one (1) RCULS for every three (3) ordinary shares of RM0.20 each in Barakah ("**Barakah Shares**") held / to be held pursuant to the Restructuring Scheme (as defined herein) of Vastalux Energy Berhad ("**VEB**") at an issue price of RM0.20 per RCULS ("**Offer of RCULS**"). All enquiries concerning the Offer of RCULS should be addressed to Barakah's Share Registrar, Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

This Abridged Prospectus, together with the Notice of Provisional Offer ("**NPO**") and the Offer Acceptance Form ("**OAF**") (collectively the "**Documents**"), are only despatched to the shareholders of VEB whose names appear in the Record of Depositors of VEB as at 5.00 p.m. on 4 October 2013 (collectively the "**Entitled Shareholders**") at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 4 October 2013. These Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Offer of RCULS complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal or other professional adviser as to whether the acceptance of their entitlements to the RCULS would result in the contravention of any law of such countries or jurisdictions. Neither Barakah nor its Principal Adviser, Kenanga Investment Bank Berhad ("**KIBB**") shall accept any responsibility or liability in the event that any acceptance made by the Entitled Shareholders is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders are residents.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Offer of RCULS or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for their contents.

Approval for the Restructuring Scheme (including the Offer of RCULS) has been obtained from the shareholders of Barakah on 23 May 2012 and the shareholders of VEB at the Extraordinary General Meeting held on 15 August 2013. Approval for the Offer of RCULS has been obtained from the SC via its letter dated 3 May 2013. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 21 August 2013 for the admission of the RCULS to the Official List of Bursa Securities and the listing of and quotation for the RCULS and new Barakah Shares arising from the conversion of the RCULS on the Main Market of Bursa Securities. The admission of the RCULS to the Official List of Bursa Securities and the listing of and quotation for the RCULS and new Barakah Shares arising from the conversion of the RCULS on Bursa Securities are in no way reflective of the merits of the Offer of RCULS. The official listing of and quotation for such new securities will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all the Central Depository System accounts of the successful Entitled Shareholders have been duly credited and notices of allotment have been despatched to them.

The Board of Directors of Barakah ("**Board**") has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

KIBB acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Offer of RCULS.

FOR INFORMATION CONCERNING RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 7 HEREIN.

BARAKAH
OFFSHORE PETROLEUM

BARAKAH OFFSHORE PETROLEUM BERHAD

(980542-H)
(Incorporated in Malaysia under the Companies Act, 1965)

OFFER OF UP TO RM41,604,273 NOMINAL VALUE OF RCULS BY BARAKAH AT AN ISSUE PRICE OF RM0.20 PER RCULS ON THE BASIS OF ONE (1) RCULS FOR EVERY THREE (3) ORDINARY SHARES OF RM0.20 EACH IN BARAKAH HELD / TO BE HELD PURSUANT TO THE RESTRUCTURING SCHEME AS AT 5.00 P.M. ON 4 OCTOBER 2013

Principal Adviser, Joint Underwriter and Joint Placement Agent

KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H
A Participating Organisation of Bursa Malaysia Securities Berhad

Joint Underwriter and Joint Placement Agent

Maybank Investment Bank
Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Trustee

MALAYSIAN TRUSTEES BERHAD
(A Member of RHB Banking Group)

IMPORTANT RELEVANT DATES AND TIME

Entitlement Date	:	Friday, 4 October 2013 at 5.00 p.m.
Last date and time for acceptance and payment	:	Tuesday, 22 October 2013 at 5.00 p.m.

**or such later date and time as the Board and KIBB in their absolute discretion may decide and announce not less than two (2) market days before the stipulated date and time*

This Abridged Prospectus is dated 4 October 2013

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF BARAKAH AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD CAREFULLY READ THIS ABRIDGED PROSPECTUS IN ITS ENTIRETY ON THE MERITS AND RISKS PERTAINING TO AN INVESTMENT IN THE RCULS AND IN BARAKAH BEFORE DECIDING WHETHER TO ACCEPT THE OFFER OF RCULS. YOU SHOULD ALSO CAREFULLY CONSIDER THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND THE OFFER OF RCULS IN LIGHT OF YOUR PERSONAL CIRCUMSTANCES (INCLUDING FINANCIAL AND TAXATION AFFAIRS).

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE OFFER OF RCULS AND ANY INVESTMENT IN BARAKAH. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE OFFER OF RCULS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS ABRIDGED PROSPECTUS HAS BEEN PREPARED AND PUBLISHED SOLELY FOR THE PURPOSE OF THE OFFER OF RCULS TO THE ENTITLED SHAREHOLDERS IN MALAYSIA UNDER THE LAWS OF MALAYSIA. BARAKAH AND ITS ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS ABRIDGED PROSPECTUS.

A WAIVER HAS BEEN GRANTED BY THE SC FROM THE REQUIREMENT TO COMPLY WITH THE FORMAT PRESCRIBED UNDER PART I DIVISION 1 (EQUITY) OF THE PROSPECTUS GUIDELINES, WHEREBY THIS ABRIDGED PROSPECTUS ADOPTS THE FORM AND CONTENTS BASED ON THE FORMAT PRESCRIBED UNDER PART I DIVISION 5 (ABRIDGED PROSPECTUS) OF THE PROSPECTUS GUIDELINES AND IS REGISTERED ACCORDING TO THE PROCEDURES FOR REGISTRATION UNDER PART II OF THE PROSPECTUS GUIDELINES.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

Act	:	Companies Act, 1965, as amended from time to time
Barakah or **the Company**	:	Barakah Offshore Petroleum Berhad (980542-H)
Barakah Group	:	Barakah and its subsidiaries, collectively
Barakah Shares	:	Ordinary shares of RM0.20 each in Barakah
Board	:	Board of directors of Barakah
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	:	Rules, terms and conditions of the ESOS (as may be amended, varied or supplemented from time to time in accordance with By-Law 13)
CCM	:	Court convened meeting
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time
Conversion Period	:	The period which the RCULS may be converted into new Barakah Shares at the option of the holders being on any business day after the first anniversary of the issue date of the RCULS until maturity date
Disposal of VEB	:	Disposal by Barakah of its entire equity interests in VEB comprising 206,240,000 VEB Shares held after the Share Exchange to Squid Ink for a nominal cash consideration of RM1.00
EGM	:	Extraordinary general meeting
Eligible Person	:	An employee or director of any company comprised in the Barakah Group (which is not a dormant company) who meets the criteria of eligibility for participation in the ESOS in accordance with By-Law 4
Entitlement Date or **Book Closure Date**	:	5.00 p.m. on 4 October 2013, being the date on which the shareholders of VEB must be registered in the Record of Depositors in order to participate in the Share Exchange and Offer of RCULS
Entitled Shareholders	:	Shareholders of VEB whose names appear in the Record of Depositors on the Entitlement Date
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme
ESOS Option	:	The right of a Grantee to subscribe for new Barakah Shares pursuant to the contract constituted by the acceptance of an offer in the manner as set out in By-Law 8

DEFINITIONS (*Cont'd*)

FYE	:	Financial year ended
GOM	:	GOM Resources Sdn Bhd (*formerly known as Global Offshore Malaysia Sdn Bhd*) (205375-V)
GP	:	Gross profit
Grantee(s)	:	An Eligible Person who has accepted the offer of ESOS Option
Issuance of Shares	:	Issuance of Issue Shares to investors to be identified at an issue price of RM0.65 per Issue Share, together with an offer from Barakah to the same investors to be identified to subscribe for up to 43,333,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held
Issue Share	:	Up to 130,000,000 Barakah Shares to be issued pursuant to the Issuance of Shares
Joint Underwriters and Joint Placement Agents	:	KIBB and Maybank IB, collectively
KIBB or **Principal Adviser**	:	Kenanga Investment Bank Berhad (15678-H)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	13 September 2013, being the latest practicable date prior to the printing of this Abridged Prospectus
Market Day	:	Any day between Monday to Friday (both days inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities
Maybank IB	:	Maybank Investment Bank Berhad (15938-H)
NA	:	Net assets
NPO	:	Notice of Provisional Offer
OAF	:	Offer Acceptance Form
Offer of RCULS	:	Offer of up to RM41,604,273 nominal value of RCULS by Barakah to the Entitled Shareholders as well as existing shareholders of Barakah and subscribers of the Issue Shares / Offer Shares at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares held / to be held pursuant to the Restructuring Scheme
Offer for Sale	:	Offer for sale of Offer Shares by the Offerors to investors to be identified at an offer price of RM0.65 per Offer Share, together with an offer from the Offerors to the same investors to be identified to subscribe for up to 32,833,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Offer Shares to be held
Offer Shares	:	Up to 98,500,000 Barakah Shares offered for sale by the Offerors pursuant to the Offer for Sale

DEFINITIONS (*Cont'd*)

Offerors	:	Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria, collectively
PAT	:	Profit after taxation
PBJV	:	PBJV Group Sdn Bhd (524536-A)
PBJV Group	:	PBJV and its subsidiaries, collectively
PBJV Shares	:	Ordinary shares of RM1.00 each in PBJV
PBT	:	Profit before taxation
PETRONAS	:	Petroliam Nasional Berhad (20076-K)
Petronas Carigali	:	Petronas Carigali Sdn Bhd (39275-U)
Restructuring Agreements	:	Conditional restructuring agreement dated 6 March 2012 as amended by the first supplemental restructuring agreement dated 24 May 2012, second supplemental restructuring agreement dated 12 December 2012 and third supplemental restructuring agreement dated 10 June 2013 entered into between VEB, the Vendors and Barakah to undertake the Restructuring Scheme
Restructuring Scheme	:	Share Exchange, Issuance of Shares, Offer for Sale, Transfer of Listing Status and Disposal of VEB, collectively
RCULS	:	5-year 3.5% redeemable convertible unsecured loan stocks of RM0.20 each
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository
Requisite Approvals	:	Approvals required for the Restructuring Scheme as set out in the Restructuring Agreements
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	The rules of a central depository as defined in Section 2 of SICDA
SC	:	Securities Commission Malaysia
Share Exchange	:	Share exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 VEB Shares for 9,518,769 new Barakah Shares on the basis of three (3) new Barakah Shares for every sixty-five (65) VEB Shares held at the Entitlement Date, together with an offer from Barakah to the Entitled Shareholders to subscribe for 3,172,923 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held pursuant to the share exchange
Share Registrar	:	Boardroom Corporate Services (KL) Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998

DEFINITIONS (*Cont'd*)

Squid Ink	:	Squid Ink Sdn Bhd (770056-X)
TLO	:	TL Offshore Sdn Bhd (198612-P)
Transfer of Listing Status	:	Transfer of VEB's listing status on the Main Market of Bursa Securities to Barakah
Trust Deed	:	The trust deed constituting the RCULS dated 28 August 2013 entered into by Barakah and the Trustee
Trustee	:	Malaysian Trustees Bhd (21666-V)
USD	:	United States Dollar
VEB	:	Vastalux Energy Berhad (789373-V)
VEB Shares	:	Ordinary shares of RM0.25 each in VEB
Vendors	:	Nik Hamdan Bin Daud, Azman Shah Bin Mohd Zakaria and Nik Suriani Binti Daud, collectively

All references to "you" in this Abridged Prospectus are to the shareholders of VEB, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference to any enactment in this Abridged Prospectus is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Abridged Prospectus is a reference to Malaysian time, unless otherwise stated.

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APPENDICES

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name / Designation	Address	Nationality	Profession
Abd. Hamid Bin Ibrahim *(Independent Non-Executive Chairman)*	No. 2, Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Nik Hamdan Bin Daud *(Deputy Executive Chairman)*	No. 32, Jalan Chanselor U1/13A Glenmarie Residence Seksyen U1 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Datuk Azizan Bin Hj Abd Rahman *(Independent Non-Executive Director)*	No. 40, Jalan USJ 5/1L UEP Subang Jaya 47610 Subang Jaya Selangor Darul Ehsan	Malaysian	Company Director
Sulaiman Bin Ibrahim *(Independent Non-Executive Director)*	No. 4, Jalan 18/19 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Nurhilwani Binti Mohamad Asnawi *(Independent Non-Executive Director)*	B103, Condo de' Rozelle Jalan Merbah 10/1 Seksyen 10 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Azman Shah Bin Mohd Zakaria *(Executive Director)*	No. 11, Jalan Platinum 7/42 Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Rasdee Bin Abdullah *(Executive Director)*	No. 55E, Jalan Teluk Lipat 23000 Dungun Terengganu Darul Iman	Malaysian	Company Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Datuk Azizan Bin Hj Abd Rahman	Chairman	Independent Non-Executive Director
Abd. Hamid Bin Ibrahim	Member	Independent Non-Executive Chairman
Sulaiman Bin Ibrahim	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (*Cont'd*)

COMPANY SECRETARIES	Tai Yit Chan (MAICSA 7009143) 56, Jalan SS22/29 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan Tan Ai Ning (MAICSA 7015852) 7-8-1, Menara Hartamas Jalan Sri Hartamas 3 50480 Kuala Lumpur
REGISTERED OFFICE	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
HEAD OFFICE	No. 28, Jalan PJU 5/4 Dataran Sunway, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel: (603) 6141 8820 Fax: (603) 6141 8826 Email: info@barakah.my Website: www.barakahpetroleum.com
SHARE REGISTRAR AND PAYING AGENT	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
PRINCIPAL ADVISER, JOINT UNDERWRITER AND JOINT PLACEMENT AGENT, AND FACILITY AGENT	Kenanga Investment Bank Berhad 8th Floor, Kenanga International, Jalan Sultan Ismail 50250 Kuala Lumpur Tel: (603) 2164 9080, 2162 1490 Fax: (603) 2161 4990, 2163 5927
JOINT UNDERWRITER AND JOINT PLACEMENT AGENT	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel: (603) 2059 1888 Fax: (603) 2078 4194
AUDITORS AND REPORTING ACCOUNTANTS	Crowe Horwath (AF1018) 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

CORPORATE DIRECTORY (*Cont'd*)

SOLICITORS	:	Christopher & Lee Ong 25-2 Block B Jaya One, Section 13 No. 72A Jalan Universiti 46200 Petaling Jaya Selangor Darul Ehsan Tel: (603) 7958 8310 Fax: (603) 7958 8311
PRINCIPAL BANKER	:	Malayan Banking Berhad Shah Alam Business Centre Level 3, Bangunan Maybank Lot 10, Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel: (603) 5511 6949/50/52/53 Fax: (603) 5511 6946
TRUSTEE	:	Malaysian Trustees Berhad Level 8, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel: (603) 2161 8822 Fax: (603) 2032 1222
LISTING SOUGHT	:	Main Market of Bursa Securities

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BARAKAH OFFSHORE PETROLEUM

BARAKAH OFFSHORE PETROLEUM BERHAD
(Company No. 980542-H)
(Incorporated in Malaysia under the Act)

Registered Office:
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

4 October 2013

Board of Directors:

Abd. Hamid Bin Ibrahim *(Independent Non-Executive Chairman)*
Nik Hamdan Bin Daud (*Deputy Executive Chairman*)
Datuk Azizan Bin Hj Abd Rahman *(Independent Non-Executive Director)*
Sulaiman Bin Ibrahim (*Independent Non-Executive Director*)
Nurhilwani Binti Mohamad Asnawi (*Independent Non-Executive Director*)
Azman Shah Bin Mohd Zakaria (*Executive Director*)
Rasdee Bin Abdullah (*Executive Director*)

To: The Entitled Shareholders

Dear Sir/ Madam,

OFFER OF UP TO RM41,604,273 NOMINAL VALUE OF 5-YEAR 3.5% RCULS BY BARAKAH AT AN ISSUE PRICE OF RM0.20 PER RCULS ON THE BASIS OF ONE (1) RCULS FOR EVERY THREE (3) BARAKAH SHARES HELD / TO BE HELD PURSUANT TO THE RESTRUCTURING SCHEME AS AT 5.00 P.M. ON 4 OCTOBER 2013

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1. INTRODUCTION

On 7 May 2013, KIBB, on behalf of the board of VEB, announced that the SC had, via its letter dated 3 May 2013 (which was received on 6 May 2013) approved the Restructuring Scheme including the issuance of the RCULS subject to the following conditions:

No.	SC's Conditions	Status of Compliance
(i)	Prior to the issuance of the RCULS, Barakah to submit a checklist of compliance with the standard approval conditions and continuing obligations as stipulated in the SC's *Private Debt Securities Guidelines*, and any other condition imposed in any other letter issued in connection with the proposal for issuance of the RCULS; and	To be complied
(ii)	KIBB and VEB/Barakah to fully comply with the relevant requirements under the SC's *Equity Guidelines* and *Prospectus Guidelines – Equity* pertaining to the implementation of the Proposed Restructuring Scheme.	Complied

The SC had also informed that the Restructuring Scheme has been approved under the equity requirement for public companies, whereby the effect on the equity structure of VEB/Barakah is as follows:

	VEB Before the Restructuring Scheme	**Barakah* After the Restructuring Scheme#**
	%	**%**
Bumiputera	69.74	62.92
Non Bumiputera	29.84	37.07
Total Malaysian	99.58	99.99
Foreigners	0.42	0.01
Total	**100.00**	**100.00**

Notes:

* *Barakah will assume the listing status of VEB*

\# *Before conversion of any RCULS and exercise of any options under the ESOS*

On 15 August 2013, KIBB, on behalf of the board of VEB, announced that the shareholders of VEB had approved, amongst others, the Share Exchange and the Restructuring Scheme, at its CCM and EGM which were both held on 15 August 2013. A certified true extract of the resolution passed at the said EGM is attached as Appendix I of this Abridged Prospectus.

On 23 August 2013, KIBB, on behalf of the board of VEB, announced that Bursa Securities had, via its letter dated 21 August 2013 approved the following:

(i) admission to the Official List of the Main Market of Bursa Securities ("**Official List**") and the listing of and quotation for the entire issued and paid-up share capital of Barakah of up to RM124,812,817.80 comprising 624,064,089 ordinary shares of RM0.20 each in Barakah on "Trading/Services" sector of the Main Market of Bursa Securities, in place of VEB, which will be delisted;

(ii) admission to the Official List and the listing of and quotation for up to RM41,604,273 nominal value of RCULS to be issued pursuant to the Restructuring Scheme;

(iii) listing of and quotation for up to 208,021,363 new Barakah Shares to be issued pursuant to the conversion of the RCULS; and

(iv) listing of and quotation for such number of additional new ordinary shares of RM0.20 each, to be issued pursuant to the exercise of options under the ESOS, representing up to 5% of the issued and paid-up ordinary share capital of Barakah.

The above approval by Bursa Securities is subject to the following conditions:

No.	**Bursa Securities' Conditions**	**Status of Compliance**
(i)	Barakah and KIBB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Restructuring Scheme;	To be complied
(ii)	Barakah and KIBB to inform Bursa Securities upon the completion of the Restructuring Scheme;	To be complied upon the listing of Barakah on Bursa Securities
(iii)	Barakah to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Restructuring Scheme is completed;	To be complied upon the listing of Barakah on Bursa Securities

No.	Bursa Securities' Conditions	Status of Compliance
(iv)	Confirmation from KIBB that Barakah complies with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the LR together with a certificate of distribution of the shares in the format contained in Part B(1)(d) of Annexure PN21-A of the Listing Requirements;	To be complied
(v)	Barakah is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of RCULS and exercise of ESOS respectively, as at the end of each quarter together with a detailed computation of listing fee payable; and	To be complied
(vi)	KIBB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting.	To be complied

The RCULS will be admitted to the Official List, and the listing of and quotation for the RCULS will take place two (2) Market Days upon the receipt of an application for quotation of the RCULS by Bursa Securities as specified under Part C Annexure PN28-B of the Listing Requirements together with supporting documents, which include, *inter-alia*, confirmation from KIBB that there are at least 100 RCULS holders holding not less than one (1) board lot each, letter of compliance in relation to the Trust Deed pursuant to paragraph 2.12 of the Listing Requirements together with a copy of the duly executed Trust Deed and an undertaking from KIBB that an announcement on the profile of the RCULS will be made via *Bursa Link – Instrument Profile* prior to the listing of and quotation for the RCULS.

On 29 August 2013, KIBB, on behalf of the board of VEB, announced that the sealed order granted by the High Court of Malaya dated 28 August 2013 sanctioning the Share Exchange pursuant to Section 176(3) of the Act has been lodged with the Companies Commission of Malaysia on even date, which marks the order taking effect in accordance with Section 176(5) of the Act.

On 27 September 2013, KIBB, on behalf of the board of VEB, announced that the Entitlement Date has been fixed on 4 October 2013.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by Barakah or KIBB in connection with the Offer of RCULS.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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2. DETAILS OF THE OFFER OF RCULS

2.1 Particulars of the Offer of RCULS

The Offer of RCULS shall comprise the issuance of up to RM41,604,273 nominal value of RCULS by Barakah at an issue price of RM0.20 per RCULS to:

(i) the Entitled Shareholders to subscribe for 3,172,923 RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held pursuant to the Share Exchange;

(ii) the existing shareholders of Barakah and subscribers of the Offer Shares to subscribe for 161,515,106 RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares held after the Offer for Sale; and

(iii) the investors to be identified to subscribe for up to 43,333,334 RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held pursuant to the Issuance of Shares.

Any fractional entitlements under the Offer of RCULS shall be disregarded and shall be dealt with by the Board to minimise the incidence of odd lots.

The Offer of RCULS is non-renounceable. Any unsubscribed RCULS will be jointly underwritten by KIBB and Maybank IB as detailed in Section 6 of this Abridged Prospectus.

The RCULS will be governed by the Trust Deed and the Trustee will act for the benefit of the holders of the RCULS in accordance with the terms of the Trust Deed.

Each RCULS may be converted into one (1) new Barakah Share by tendering RM0.20 nominal value of RCULS at the option of the holders on any business day after the first (1st) anniversary of the issue date of the RCULS until its maturity date. The maturity date of the RCULS is the date falling on the expiry of sixty (60) months from the issue date. **The RCULS are redeemable at the option of Barakah at any time prior to the maturity date. Any outstanding RCULS which have not been redeemed or converted shall automatically be converted into new Barakah Shares at maturity.** The principal terms and conditions of the RCULS are set out in Appendix III to this Abridged Prospectus.

For the RCULS to be listed, there must be at least 100 holders holding not less than one (1) board lot each of the RCULS.

Entitled Shareholders will find enclosed with this Abridged Prospectus, the NPO notifying the Entitled Shareholders of the number of RCULS the Entitled Shareholders are being offered and the OAF to enable the Entitled Shareholders to accept such RCULS (in full or in part). However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors of VEB or who have provided the share registrar of VEB with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPO and OAF.

If you wish to accept the RCULS (in full or in part) as specified in the NPO, you may do so by completing the OAF.

As the RCULS are prescribed securities, the RCULS will be credited directly into the respective CDS accounts of the successful applicants. No physical RCULS certificates will be issued. Notices of allotment will be despatched to the Entitled Shareholders within eight (8) Market Days from the last date for acceptance and payment for the Offer of RCULS or such other period as may be prescribed by Bursa Securities.

If you do not wish to accept the provisionally allotted RCULS, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Basis of arriving at the conversion price of the RCULS

The RCULS shall be issued at 100% of its nominal value of RM0.20. The conversion price of the RCULS at RM0.20 for one (1) new Barakah Share each was arrived at after taking into consideration the following:

(i) the par value of Barakah Shares of RM0.20 each; and

(ii) the coupon rate of the RCULS of 3.5% per annum.

2.3 Ranking of the RCULS and new Barakah Shares arising from the conversion of the RCULS

The RCULS shall constitute direct, unconditional, unsubordinated and unsecured obligations of Barakah ranking *pari passu* without discrimination, preference or priority among themselves and at least *pari passu* to all present and future unsecured obligations of Barakah.

The holders of the RCULS will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in Barakah until and unless such holders convert their RCULS into new Barakah Shares.

The new Barakah Shares to be issued arising from the conversion of the RCULS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Barakah Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the date of allotment of the new Barakah Shares.

2.4 Principal Terms and Conditions of the RCULS

The principal terms and conditions of the RCULS are set out in Appendix III of this Abridged Prospectus.

3. PROCEDURES FOR ACCEPTANCE, APPLICATION AND PAYMENT

3.1 General

Entitled Shareholders holding their VEB Shares through CDS on the Entitlement Date will be offered one (1) RCULS for every three (3) Barakah Shares to be held pursuant to the Share Exchange (fractional entitlements, if any, will be disregarded and shall be dealt with by the Board to minimise the incidence of odd lots) at an issue price of RM0.20 per RCULS.

You will find enclosed with this Abridged Prospectus, the NPO notifying you of the number of RCULS you are being offered and the OAF to enable you to accept such RCULS. You are entitled to accept in full or in part the number of RCULS offered to you. This Abridged Prospectus and the OAF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

3.2 Last Date and Time for Acceptance and Payment

The last date and time for acceptance and payment for the Offer of RCULS is at **5.00 p.m. on 22 October 2013** or such later date and time as the Board and KIBB in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

3.3 Procedures for Acceptance and Payment

If you wish to accept the RCULS provisionally offered to you either in full or in part, please complete Part I and Part II of the OAF in accordance with the notes and instructions contained therein. Each completed and signed OAF together with the appropriate remittance must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** to the Share Registrar at the following address at your own risk:

BOARDROOM CORPORATE SERVICES (KL) SDN BHD
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

so as to arrive no later than **5.00 p.m. on 22 October 2013,** being the last date and time for acceptance and payment for the Offer of RCULS, or such later date and time as the Board and KIBB in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the OAF, you may obtain additional copies from your stockbroker(s), Barakah's registered office, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the OAFs by the Share Registrar, you are advised to use one (1) reply envelope for each completed OAF.

Each completed OAF must be accompanied by the appropriate remittance in RM for the full amount payable for the RCULS accepted in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and made payable to "**BARAKAH OFFER OF RCULS ACCOUNT**" crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number and CDS account number.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE OAF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE OAF OR APPLICATION MONIES IN RESPECT OF THE OFFER OF RCULS TO ENTITLED SHAREHOLDERS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RCULS SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF VEB AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE OFFER OF RCULS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT IN PART ONLY ANY APPLICATION ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER PRESCRIBED HEREIN OR WHICH IS OTHERWISE HOWSOEVER INCOMPLETE OR NOT IN ORDER, WITHOUT ASSIGNING ANY REASON THEREOF.

YOU ARE ADVISED TO READ AND ADHERE TO THE OAF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU SHOULD NOTE THAT ALL OAF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

If acceptance and payment for the RCULS offered to you are not received by the Share Registrar by **5.00 p.m. on 22 October 2013** (or such later date and time as the Board and KIBB in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time), the provisional offer of RCULS to you will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be despatched to you within fifteen (15) Market Days from the last date for acceptance and payment for the Offer of RCULS by ordinary post to the address as stated in the Record of Depositors of VEB at your own risk.

3.4 Procedures for Part Acceptance

You are entitled to accept part of your entitlement of the RCULS. The minimum number of RCULS that can be accepted is one (1) RCULS. You should take note that a trading board lot of RCULS comprises one hundred (100) RCULS or RM20 nominal value of RCULS.

You must complete both Part I and Part II of the OAF by specifying the number of RCULS which you are accepting and deliver the completed and signed OAF together with the appropriate remittance to the Share Registrar in the same manner as set out in Section 3.3 of this Abridged Prospectus.

3.5 CDS Account

Bursa Securities has already prescribed the securities of Barakah as prescribed securities which are required to be deposited with Bursa Depository. Accordingly, the RCULS is a prescribed securities and as such, all dealings in the RCULS would be governed by the SICDA and the Rules of Bursa Depository.

You must have a CDS account in order to accept the RCULS offered to you. Failure to comply with these specific instructions or inaccuracy in the CDS account number may result in your application being rejected.

Your acceptance of the RCULS shall mean consent to receive such RCULS as prescribed securities which will be credited directly into your CDS account(s). No physical RCULS certificates will be issued.

You are required to use one (1) OAF for each CDS account. Separate OAFs must be used if you have more than one (1) CDS account for the acceptance of the RCULS.

3.6 Laws of Foreign Jurisdiction

This Abridged Prospectus, together with the NPO and OAF, have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

This Abridged Prospectus, together with the NPO and OAF, are not intended to be (and will not be) issued, circulated or distributed, and the Offer of RCULS will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than Malaysia. The Offer of RCULS to the Entitled Shareholders to which this Abridged Prospectus relates is only available to persons receiving this Abridged Prospectus, the NPO and the OAF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, together with the NPO and OAF, have not been (and will not be) sent to Entitled Shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors of VEB on the Entitlement Date. However, foreign addressed shareholders of VEB may collect this Abridged Prospectus, the NPO and the OAF from Barakah's Share Registrar, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPO and the OAF.

If you are a foreign addressed shareholder, the Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia other than as stated in the Record of Depositors of VEB as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Offer of RCULS and the acceptance thereof by you would be in compliance with the terms and conditions of the Offer of RCULS and would not be in breach of the laws of any jurisdiction. The Company will further assume that you have accepted the Offer of RCULS in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The foreign Entitled Shareholders may only accept all or any part of their entitlement and exercise any other rights in respect of the Offer of RCULS to the extent that it would be lawful to do so, and the Company, the Board and its officers, KIBB and/or other advisers ("**Parties**") would not, in connection with the Offer of RCULS, be in breach of the laws of any jurisdiction or country to which the foreign Entitled Shareholders are or might be subject to. The foreign Entitled Shareholders shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance made by any foreign Entitled Shareholder is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholders will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

The Company reserves the right, in its absolute discretion, to treat any acceptance as invalid, if it believes that such acceptance may violate any applicable legal or regulatory requirements. The RCULS relating to any acceptance which are treated as invalid will be included in the pool of RCULS to be underwritten.

Each person accepting any RCULS by signing any of the forms accompanying this Abridged Prospectus will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

(i) the Parties would not, by acting on the acceptance in connection with the Offer of RCULS, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholder is or may be subject to;

(ii) the foreign Entitled Shareholder has complied with the laws to which he/she is or may be subject to in connection with the acceptance;

(iii) the foreign Entitled Shareholder is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance, be in breach of the laws of any jurisdiction to which that person is or might be subject;

(iv) the foreign Entitled Shareholder is aware that the RCULS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholder has received a copy of this Abridged Prospectus and has read and understand the contents of this Abridged Prospectus; and

(vi) the foreign Entitled Shareholder has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of accepting the RCULS, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the RCULS.

FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO.

NO PERSONS IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR ANY RCULS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

4. RATIONALE FOR THE OFFER OF RCULS

The Offer of RCULS is undertaken in conjunction with the Restructuring Scheme. Further, after due consideration of the various methods of fund-raising, the Board is of the opinion that the issuance of RCULS is the most appropriate means of raising funds. The decision was arrived at after considering several major factors including the following:

(i) the issuance of RCULS will enable the Barakah Group to partially re-finance its bank borrowings;

(ii) the capital structure of the Barakah Group can be optimised from the issuance of the RCULS as this will enable the Barakah Group to have greater opportunity to grow its business at lower cost of funds and thereby generating greater returns from investments. This will allow Barakah to preserve its cash flow for operational purposes;

(iii) the issuance of RCULS will minimise the immediate dilution effect on the EPS of Barakah which would otherwise arise from a full equity issue;

(iv) the RCULS, if converted (after the first anniversary of the issue date) will further strengthen Barakah Group's capital base as well as improve the liquidity of Barakah Shares in the market;

(v) the RCULS will enable the Barakah Group to secure its cost of funds during the tenure of the RCULS thereby reducing the Barakah Group's exposure to any fluctuation in interest rates;

(vi) given the current low interest rate environment, the RCULS bearing a coupon of 3.5% per annum will also serve as an attractive alternative for the shareholders of Barakah; and

(vii) upside potential from future capital appreciation of the RCULS and Barakah Shares.

5. UTILISATION OF PROCEEDS AND ESTIMATED EXPENSES

The Offer of RCULS is expected to raise gross proceeds of up to RM41.6 million which is proposed to be utilised within three (3) months from the date of listing of the RCULS on the Main Market of Bursa Securities to partially re-finance borrowings of the Barakah Group. These borrowings were drawndown previously to finance the construction of Barakah Group's pipe-laying accommodation barge and for working capital purposes. Based on the current average interest rate incurred by Barakah Group of approximately 8.1% per annum, such re-financing is expected to result in net interest savings of approximately RM1.9 million per annum.

The Offer of RCULS forms part of the wider Restructuring Scheme. The total estimated expenses for the Restructuring Scheme of RM 4 million will be borne by Barakah from the proceeds from the Issuance of Shares.

6. UNDERWRITING AGREEMENT

The Offer of RCULS is fully underwritten by KIBB and Maybank IB at an underwriting commission of 1% on the nominal value of the underwritten RCULS, subject to the terms and conditions of the underwriting agreement entered into between Barakah and the Joint Underwriters on 24 September 2013 ("**Underwriting Agreement**"), in the following proportion:

Underwriter	Amount of Underwritten RCULS
KIBB	Up to RM634,584.60 nominal value of RCULS
Maybank IB	Up to RM40,969,688.40 nominal value of RCULS

The underwriting commission of the RCULS and all other associated costs in relation to the Underwriting Agreement will be fully borne by the Company.

The Offer of RCULS is not undertaken on a minimum level of subscription basis. Any unsubscribed RCULS will be jointly underwritten by KIBB and Maybank IB.

7. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before accepting the RCULS.

7.1 Risks Relating to Barakah Group's Operations

7.1.1 Licences and Registrations

Barakah Group's qualification to tender for and secure various oil and gas projects in Malaysia is dependent on its various licenses which are valid for a certain period of time, with renewal based on compliance with requirements imposed by the relevant authorities. In addition, non-compliance with such requirements may result in fines, penalties, termination or non-renewal of licences, all of which may result in adverse effects to Barakah Group's performance and financial condition.

There is no assurance that these licences and registrations will be renewed when they expire. However, Barakah Group will continue to ensure that they are in compliance with the relevant requirements at all times, and is confident of the on-going renewals, as there has been no instance of failure to obtain such renewals since incorporation.

7.1.2 Dependence on Key Management and Skilled Personnel

The success of Barakah Group depends on the abilities and continuous efforts of its existing directors and key management. A change in the Board of Barakah and/or key management, such as the departure of any of these individuals, may affect its future business operations and/or financial performance. Barakah Group's offshore marine services also rely on skilled personnel with the requisite knowledge and experience. Therefore, the ability to attract and retain such key management and skilled personnel is imperative to the operations and performance of Barakah Group.

In view of the above, Barakah Group has always tried to maintain a conducive working environment and continuously consider appropriate measures to attract and retain the key management and skilled personnel. Barakah Group believes that the application of comprehensive human resource strategies including competitive remuneration packages and training, amongst others, would reduce the risk of losing such key personnel. Further, in recognition of the contributions of the key management and skilled personnel to Barakah Group, Barakah will be implementing the ESOS, in conjunction with the Restructuring Scheme, as a measure to instil a sense of ownership in its key management and skilled personnel through direct equity participation in Barakah as well as to increase the level of commitment and loyalty amongst the key management and skilled personnel.

Nevertheless, there can be no assurance that the above measures will always be successful in retaining key management or skilled personnel or ensuring a smooth transition should changes occur.

7.1.3 Credit Risks of Customers

Barakah Group is exposed to the risks of late payment or default by its customers. Barakah Group may experience delays in payment for its services and in extreme cases, may not be able to collect payment. In the event any of its customers default in payments, Barakah Group would have to make provisions for doubtful debts and/or write off its bad debts, which will adversely affect its profitability. To mitigate the risk of defaults by its customers, Barakah Group assesses the financial and credit position of its potential customers and carries out checks on the reputation of its potential customers.

Meanwhile for its existing customers, Barakah Group regularly assesses and reviews their credit positions and maintains close contact with the existing customers. Nevertheless, there can be no assurance that the above measures would ensure timely payment or no default by Barakah Group's customers.

7.1.4 Borrowing and Financing Risks

The working capital requirements of Barakah Group are financed by a combination of internally generated funds and bank borrowings. Based on its audited consolidated statements of financial position as at 30 September 2012, Barakah Group's borrowings, including term loans, hire purchase payables and bank overdrafts, amounted to RM238.9 million which translates to a gearing ratio of 1.82 times. The above gearing ratio takes into account Barakah Group's financing of RM227.8 million to finance the construction of its pipe-laying accommodation barge, Kota Laksamana 101.

There can be no assurance that Barakah Group will be able to generate sufficient cashflow in the future to fulfil its debt obligations. Further, Barakah Group's indebtedness may, amongst others, limit its ability to obtain additional financing and require Barakah Group to dedicate a substantial portion of its cashflow to service current and future debt obligations, which will reduce funds available for other purposes. Please refer to Section 10.2 of this Abridged Prospectus for further information on Barakah Group's borrowings.

In view of the above, Barakah is undertaking this Offer of RCULS to raise up to RM41.6 million to partially re-finance its bank borrowings. Based on the current average interest rate incurred by Barakah Group of approximately 8.1% per annum, such re-financing is expected to result in net interest savings of approximately RM1.9 million per annum. In addition, on a pro forma basis as at 30 September 2012, the gearing ratio would be reduced to 1.06 times.

7.1.5 Operational, Health and Safety Risks

The business activities of Barakah Group are subject to operational risks inherent in the oil and gas industry such as accidents, fire breakouts and explosions which may occur on the offshore platforms. These risks could result in substantial losses due to injury and loss of life, severe damage to property, equipment and environment as well as the suspension of operations and termination of contract and potential legal proceedings. In this regard, Barakah Group has purchased insurance covering equipment, its employees, general third parties' liabilities (such as injury, loss or property damage) and other liabilities relating to marine and environment which Barakah Group deems adequate to protect Barakah Group against liability for such events.

To minimise the above operational risks, Barakah Group implements the following management practices:

(a) emphasis on health and safety throughout all levels of its operations as well as compliance with customers' various manuals such as health, safety and environment specifications to ensure worksites are in full operating efficiency and the working conditions and environment are safe;

(b) undertakes continuous health and safety training for its employees;

(c) develops and implements an emergency response plan in order to cater for any accidents at any of its offices or operational facilities whereby these places are equipped with basic regulatory fire fighting equipment. Barakah Group has in place additional equipment and spare parts to cope with unexpected emergencies in addition to holding regular meetings and discussions to identify and mitigate any potential business operations risks; and

(d) place significant emphasis on quality and adherence to stringent quality standards, whereby PBJV was certified with ISO 9001:2008 certification and OHSAS18001:2007 certification. Further, Barakah Group's good safety track record is reflected by various certificates awarded to PBJV by Petronas Carigali.

The Board will use their best endeavours to ensure that an adequate level of insurance coverage against such risks is maintained. Notwithstanding the above, no assurance can be given that any insurance coverage arranged will be adequate and available to cover all and any claims arising therefrom.

7.1.6 Competitive Risk

Barakah Group faces competition from other companies in the business of transportation, products and services and installation of offshore facilities such as pipelines and structures for the oil and gas industry. Although competition exists in the industry, it is imperfect due to requirements for licensing and registration that partly inhibits free competition. In addition, there are numerous barriers to entry for the business of transportation and installation of offshore facilities such as pipelines and structures including technical skills and knowledge, proven track record and experience in the required areas of expertise, and the capacity to handle larger sized projects.

The Board is fully aware of the competition that lies ahead. However, Barakah Group, with its reputation of being a dependable and credible service provider, coupled with a proven track record of over twelve (12) years within the industry, is confident that it will be competitive in the market place.

In addition, having a group of experienced and technically trained personnel and efforts to continuously enhance its asset based services such as owning its own pipe-laying accommodation barge, form high barriers of entry for any new companies to penetrate into the industry that Barakah Group is operating in.

Nevertheless, there is no assurance that Barakah Group's performance will not be affected by competition.

7.1.7 Labour Shortages and Rising Labour Costs Risks

Barakah Group's operations are dependent on skilled and experienced workers who are able to apply highly advanced technology and knowledge. The number of people with the required expertise and experience may be limited, whilst competition to acquire their services is usually intense within the oil and gas industry. With the rapid growth in the oil and gas industry in recent years, the industry has faced labour shortages, especially in relation to these skilled and experienced workers. As such, Barakah Group could continue to experience difficulties in attracting, recruiting and retaining the appropriate number of skilled and experienced workers for its business activities. Barakah Group may be required to increase its remuneration packages to attract and retain such personnel. As Barakah Group's future performance is dependent on the continued services of these skilled and experienced workers, a sudden loss of such workers could adversely affect the quality of Barakah Group's services, the growth of business and result in increased costs.

There can be no assurance that Barakah Group will be able to maintain its existing workers, recruit new workers or obtain sufficient number of skilled and experienced workers. Failure to maintain, recruit or secure sufficient numbers of skilled and experienced workers could affect Barakah Group's ability to implement its projects in a timely manner with quality meeting the expectations of the customers, which may have a material and adverse impact on Barakah Group's operations and/or growth prospects.

7.1.8 Dependence on Major Clients

The major clients of Barakah Group are GOM, TLO and Petronas Carigali which collectively contributed approximately 80.46% of Barakah Group's total revenue for the FYE 30 September 2012.

Approximately 50% of Barakah Group's clients have business dealings with Barakah Group for more than three (3) years. However, there is no guarantee that the business relationships with these customers will not be disrupted and if so, would materially affect Barakah Group's revenue.

With Barakah Group's proven track record, competent personnel, competitive advantages and capabilities as well as the positive outlook of oil and gas industry, Barakah Group is well positioned and is confident of being able to secure future projects from its existing and potential clients. This can be seen from the recent award of new contracts for the provision of hook-up, commissioning and topside major maintenance services for 2013 – 2018 by Newfield Peninsula Malaysia Inc, Petrofac (Malaysia-PM304) Limited and Talisman Malaysia Limited.

7.1.9 Dependence on Third Party Sub-Contractors

Barakah Group sub-contracts certain portions of its contracts such as technical advisory on engineering works, survey, diving, non-destructive testing and post-trenching. Where it sub-contracts such works, Barakah Group may not be able to control timely delivery and the quality of the work sub-contracted. In the event that Barakah Group's sub-contractors are unavailable to perform the sub-contracted works, Barakah Group may face delays in completion of its projects or may incur substantial costs to complete the projects on time.

In addition, if the work performed by Barakah Group's sub-contractors do not meet contractual quality standards, the work will likely have to be redone, which may result in delays and higher costs. This may lead to Barakah Group's costs exceeding its estimates, whereby Barakah Group may not be able to pass on these higher costs to its customers. This may affect Barakah Group's profitability and its reputation.

However, Barakah may seek recourse against such sub-contractors under the terms of the contract such as liquidated and ascertained damages ("LAD") and/or other forms of compensation to minimise the impact on its profitability.

7.1.10 Future Business Performance Depends on the Award of New Contracts

The revenues of Barakah Group are largely derived from short-term (i.e. within 12 months) to medium-term (i.e. within 24 months) contracts. It is generally difficult to predict when Barakah Group will be awarded such contracts as they frequently involve lengthy and complex bidding and selection process. The bidding costs associated with the tendering for new contracts may not necessarily result in the award of the new contracts. As Barakah Group participates in a number of tenders each year, failure to win such tenders could affect its future financial performance.

In addition, Barakah Group's pipe-laying accommodation barge, Kota Laksamana 101, is expected to incur fixed costs, including finance costs, totalling approximately RM42 million per annum. In the event Barakah Group is not able to secure contracts to cover these fixed costs, its financial performance could be adversely affected.

Nonetheless, Barakah believes that its established track record which is associated with quality, reliability, technical expertise and service excellence as well as long-standing relationships with Petronas Carigali and TLO would provide Barakah with a key advantage when tendering for new contracts.

7.1.11 Delay in the Completion of Work Orders

Barakah Group's contracts comprise numerous work orders. The timely completion of these work orders is dependent on many external factors which may be beyond Barakah Group's control such as work stoppage due to poor working weather conditions, unexpected breakdown in Barakah Group's equipment and other operational hazards. This could lead to an increase in Barakah Group's operating costs due to labour overtime to make up for the lost time. Any such delays could have an adverse impact on Barakah Group's ability to conduct its activities and complete its contractual obligations.

In mitigation, the management of Barakah Group has in place, effective cost and operational monitoring procedures to ensure that Barakah Group's work orders are completed on time and on a profitable basis. Based on Barakah Group's long historical track record, Barakah Group has operated under many different types of external conditions and has been able to successfully minimise and mitigate adverse factors such as adverse weather conditions or unexpected breakdown of equipment.

7.1.12 Additional Rectification Costs Risks

Barakah Group may face claims from its customers in respect of defects, poor workmanship or non-conformity to customers' specifications in respect of its services. Barakah Group typically grants warranty of up to 24 months and during the warranty period, Barakah Group is required to provide corrective services to resolve any problems that may arise from such defects. Barakah Group recognises a provision at the end of each financial year for expected warranty claims based on Barakah Group's past experience of required levels of repairs. In addition, Barakah Group has in place insurance coverage to partially cover these warranty risks.

However, these warranty provisions or Barakah Group's insurance coverage may not be sufficient to cover all costs associated with the warranty risks. If the costs of any rectification works exceed Barakah Group's warranty provisions or are not covered by Barakah Group's insurance policies, Barakah Group's operations, financial condition, results of operations and prospects may be adversely affected.

7.1.13 Unexpected Breakdown of Kota Laksamana 101

The operation of a pipe-laying accommodation barge is dependent on the reliability and seaworthiness of the barge. Any unexpected breakdown of Barakah Group's pipe-laying accommodation barge, Kota Laksamana 101 due to unforeseen circumstances such as collisions, adverse weather conditions or mechanical failures is difficult to envisage. In the event of any downtime occurring, additional costs will be incurred arising from the disruption of workflow and project milestones.

In mitigating the above factor, Barakah Group has developed a planned maintenance schedule which adheres to the International Safety Management Code 2010 in maintaining or repairing Kota Laksamana 101. Further, the pipe-laying accommodation barge is insured in accordance with standard industry practices that consist of:

(i) Hull and machinery insurance policy which would allow Barakah Group to claim any damages due to insured perils i.e. specific source of loss; and

(ii) Loss of hire insurance policy which would allow Barakah Group to claim any down time loss due to unexpected breakdown of the pipe-laying accommodation barge.

Notwithstanding the above and apart from the unforeseen circumstances, Barakah Group believes the risk of any unexpected breakdown is minimal as Kota Laksamana 101 is newly constructed and has been granted with all the necessary approvals required for its operations,

7.1.14 Insurance Coverage Risks

While Barakah Group has insurance coverage for various aspects of its businesses and projects which are considered to be of a high risk nature, such insurance will have limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, some risks may not in all circumstances be insurable or, in certain circumstances, Barakah Group may elect not to obtain insurance to deal with specific risks due to the high premium associated with such insurance or for other reasons. Claims arising from incidents involving an accident, failure or other incident arising from Barakah Group's operations may result in Barakah Group incurring primary or secondary liability for significant amounts of damages, including from tort, statutory, regulatory or other types of claims that may be significantly in excess of Barakah Group's insurance coverage. If Barakah Group incurs substantial liability and the damages are not substantially covered by insurance, Barakah Group's operations, results of operations and financial condition could be materially and adversely affected. Even if certain risks are covered by insurance, there can be no assurance that such insurance will be generally available in the future or that premiums will be commercially justifiable.

More stringent environmental and other regulations may also come into force, increasing the liability which Barakah Group may face under its operations, and insurance against this new degree of risk may not be available at commercially reasonable rates, or at all. If Barakah Group's insurance is insufficient to cover these large claims and liabilities, Barakah Group's assets could be subject to attachment, seizure or other judicial processes.

7.1.15 Tenancy Risk at Barakah Group's Open Yard Fabrication Facility in Paka, Terengganu

Barakah Group operates an open yard fabrication facility in Paka, Terengganu ("**Paka Land**"), which is situated on a Malay reserve land. The Paka Land is currently registered in the name of the Deputy Executive Chairman, Nik Hamdan Bin Daud and held in trust for Barakah Group pursuant to a Trust Deed dated 1 January 2009. Upon completion of the Transfer of Listing Status, Barakah will be a public listed company and as such, may not have all its members being Malays. Thus, a Revocation of Trust dated 23 October 2012 was entered into by PBJV and Nik Hamdan Bin Daud, whereby PBJV will revoke the trust created over the Paka Land to vest the beneficial interest of the Paka Land to Nik Hamdan Bin Daud upon payment of a cash consideration of RM700,000, being the market valuation of the Paka Land by Henry Butcher Sdn Bhd (Terengganu Branch) on 21 October 2012. Completion of the Revocation of Trust shall occur within thirty (30) days from the date of listing of Barakah on Bursa Securities. Simultaneous with the completion of the Revocation of Trust, Barakah and Nik Hamdan Bin Daud will execute a tenancy agreement ("**Tenancy Agreement**"), as annexed to the Revocation of Trust, for the rental of the Paka Land by Barakah Group for a period of three (3) years ("**Term**") with an option for renewal for a further two (2) Terms at the option of Barakah Group.

Pursuant thereto, Barakah Group had informally checked with the Terengganu Land Office and Dungun Land Office as to the validity of the Tenancy Agreement and was informed that the Land Offices do not object to any tenancy of a land in the state, irrespective of the status of the land. In addition, Barakah had issued a notification letter dated 8 October 2012 to the Dungun Land Office of Barakah Group's intention to rent the Paka Land. As at to-date, Barakah Group has not received any objection from the Dungun Land Office in respect of the proposed tenancy. However, there can be no assurance that the Land Office will not object to the Tenancy Agreement in the future.

In mitigation, part of Barakah Group's fabrication activities can be temporarily relocated to its other yards in Miri and Puchong. Barakah Group will also endeavour to rent or purchase other suitable lands within the vicinity of the Paka Land, if necessary. The Board expects the cost of relocation to be immaterial and the relocation not to have material disruptions to Barakah Group's operations.

However, there is no assurance that Barakah Group would be able to identify and relocate to suitable lands within the vicinity of Paka Land without material disruptions to its operations in the event that Barakah Group is required to vacate from the Paka Land.

The Board is not aware of any past occurrences relating to the risks relating to Barakah Group's operations, as stated in Section 7.1 above, that had materially affected Barakah Group, financially and/or otherwise.

7.2 Risks Relating to the Industry that Barakah Group Operates in

7.2.1 Dependence on the Offshore Oil and Gas Industry

As Barakah Group's customers operate mainly in the offshore oil and gas industry, Barakah Group's operations are dependent on the level of activity in the exploration, development and production of oil and natural gas, including the level of capital spending in the offshore oil and gas industry. Such activities are affected by factors such as volatility in demand for and supply of oil, fluctuations in current and future oil prices, the number, size and locations of oil fields, the demand for and supply of alternative fuels or energy supply, the prices of alternative fuels or energy supply, changes in capital expenditure by customers in the offshore oil and gas industry, and general economic, social and political conditions. These activities are also affected by laws, regulations, policies and directives relating to energy, investment and taxation and other laws and regulations promulgated by the various governments from which Barakah Group must obtain licenses and permits in order to continue to operate.

In the event that there is deterioration in the offshore oil and gas industry and offshore support services industry, or in global and regional economic conditions, oil and gas companies may defer or reduce their planned exploration and production expenditure which may reduce the demand for Barakah Group's vessel and services. This may result in a decrease in Barakah Group's business activities, and consequently its results of operations and financial condition may be materially and adversely affected.

7.2.2 Political, Economic and Regulatory Risks

Like all other business entities, changes in political, economic and regulatory conditions in jurisdictions that Barakah Group operates in, could materially and adversely affect its financial and business prospects. Amongst the political and economic uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, import and export quotas, interest rates, currency exchange rates, method of taxation and repatriation of funds. There are also laws, regulations and policies governing, amongst others, workers' health and safety, immigration (visas and work permits for Barakah Group's workers), good practices and governance of business, security, manning and environmental standards. In addition, as Barakah Group expands internationally, Barakah Group may be required to procure a local partner or otherwise restructure its operations to comply with such regulations, or may be required to cease operations in these areas.

Where Barakah Group will seek to limit the impact of such risks to its business by focusing on its core competencies, there is no assurance that any change in the above factors will not have a material adverse effect on the business and operations of Barakah Group.

7.2.3 Weather and Natural Hazards Risks

Barakah Group's pipe-laying accommodation barge and equipment are subject to weather and natural hazards. Adverse changes in weather and monsoon and/or hurricane seasons may affect Barakah Group's ability to carry out offshore works. In addition, any natural hazards such as occurrence of any typhoon, tsunami and earthquake in the area where Barakah Group operates may cause damage to Barakah Group's pipe-laying accommodation barge and/or equipment. Barakah Group's operations may be disrupted if Barakah Group's pipe-laying accommodation barge and/or equipment suffers any significant downtime. This may have a material adverse impact on Barakah Group's revenue and profits and its financial position.

7.3 Risks Relating to the Offer of RCULS

7.3.1 Investment Risk

The Malaysian and global equity markets have experienced price and volume volatility that has affected the share prices of many listed companies. Share prices of listed companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Such fluctuations may adversely affect the market price of the RCULS, including:

(a) general market, political and economic conditions;

(b) changes in earnings estimates and recommendations by financial analysts;

(c) changes in market valuations of listed shares in general and other securities in the same industry in particular;

(d) changes in government policy, legislation or regulation; and

(e) general operational and business risks.

7.3.2 Market Risk of RCULS

The issue price of the RCULS and conversion price of the RCULS have been determined, after taking into consideration, amongst others, the par value of Barakah Shares, the coupon rate of the RCULS of 3.5% per annum and the potential future earnings of Barakah Group.

The market price of the RCULS to be traded on Bursa Securities will be influenced by, amongst others, the prevailing stock market sentiments, the volatility of the equity markets, movements in interest rates, Barakah Group's future profitability and the outlook of the industry in which Barakah Group operates. In view of this, there is no assurance that the RCULS will trade above its issue price of RM0.20 upon or subsequent to the listing of and quotation of the RCULS on the Main Market of Bursa Securities. Additionally, there can be no assurance that the conversion price of the RCULS will be lower than the future share price of Barakah during the Conversion Period i.e. 'in-the-money'.

7.3.3 No Prior Market for the RCULS

The price of Barakah's securities, including the RCULS, should reflect its core business, i.e. the business of Barakah Group post completion of the Restructuring Scheme. There has been no prior public market to invest in the securities of Barakah Group.

The Board believes that a variety of factors can cause the price of Barakah's securities to fluctuate post completion of the Restructuring Scheme and such fluctuations may adversely affect the market price of Barakah's securities.

The price of Barakah's securities will be dependent on a number of factors, including but not limited to Barakah Group's financial and operating history and condition, the prospects of the industries which Barakah Group operates in, its management and the market prices of shares of companies engaged in businesses similar to the Barakah Group.

7.3.4 Failure / Delay in the Listing of Barakah

The Issuance of Shares and Offer for Sale are undertaken to allow Barakah to meet the public spread requirements upon listing on the Main Market of Bursa Securities. A minimum of 146,497,253 Issue Shares and Offer Shares collectively have to be issued to investors to be identified to enable Barakah to meet the public spread requirement of at least 25% of its enlarged share capital to be in the hands of public shareholders.

In the event that Barakah is unable to meet the public spread requirement, Barakah may not be listed on the Main Market of Bursa Securities.

Although the Board will endeavour to ensure compliance with this requirement, no assurance can be given that the listing of Barakah may not be delayed and/or may not be implemented.

7.3.5 Potential Dilution

Entitled Shareholders who do not accept their provisional offer of RCULS will have their proportionate ownership and voting interest in Barakah reduced (only upon conversion of the RCULS) and the percentage that Barakah's enlarged issued and paid-up share capital represented by their shareholdings in Barakah will also be reduced accordingly.

7.3.6 Ability to pay dividend

Barakah's ability to pay dividends or make any distributions to its shareholders will be dependent on the financial performance and cash flow position of Barakah Group and may also be subject to any applicable law, licence and contractual obligations, including restrictions in financing contracts entered into by Barakah Group. Terms of financing contracts typically only allow for dividends to be declared provided that the financial covenants in these contracts continue to be complied with and there is no event of default and/or material adverse effect to Barakah Group's business.

7.3.7 Credit risk of the RCULS

The tenure of the RCULS is for a period of up to five (5) years and may be subject to higher risk of default as compared to other investments such as fixed deposits. Further, the coupon rate of the RCULS is fixed for the entire tenure of the RCULS whereas fixed deposit rates are subject to changes in line with market forces.

The ability to service the coupon payments is dependent on Barakah's ability to generate sufficient revenue and cash flow. Barakah will exercise its best endeavour to fulfill its obligation to service the coupon payments as and when it is due.

In the event the RCULS becomes payable upon the declaration of an event of default, the amount which is immediately due and payable by Barakah to the holders of the RCULS shall be the nominal value of the outstanding RCULS together with all accrued interest up to the date of repayment.

7.4 Other Risks

7.4.1 Forward-Looking Statements

Certain statements in this Abridged Prospectus in relation to Barakah Group are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding Barakah Group's financial position, business strategies, prospects, plans and objectives of Barakah Group for future operations, which are forward-looking in nature, will be subject to uncertainties and contingencies. Although Barakah Group believes that the expectations reflected in such forward looking statements are reasonable at this time, there can be no assurance that such expectations will subsequently materialize. Their inclusion in this Abridged Prospectus should not be regarded as a representation or warranty by Barakah Group or any other adviser that the plans and objectives of Barakah Group will be achieved.

8. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

8.1 Overview and Prospects of the Malaysian Economy

The Malaysian economy performed better than expected in 2012, recording a strong growth of 5.6%. The overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. Despite the uncertainties in the external environment, domestic consumer confidence picked up amidst positive income growth, continued strength in the labour market, the low inflation environment and supportive financing conditions.

Investment activity was a key driver of the domestic economy during the year, with increased capital spending by both the private and public sectors. Private investment was particularly robust, recording a double-digit growth of 22%. The share of private investment rose to 15.5% of Gross Domestic Product ("**GDP**") in 2012, the highest since 1998. This was led by strong capital spending in the consumer-related services sectors, domestic-oriented manufacturing sectors and the implementation of major infrastructure projects. Public investment also registered a strong growth of 17.1%, driven by higher capital spending by public enterprises. In addition, the strong investment performance was also attributed to the commencement and progress of several infrastructure projects, including those under the Economic Transformation Programme ("**ETP**"), and the steady improvement in the investment climate.

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. Private investment is expected to remain robust, driven by capacity expansion by the domestic-oriented firms and the continued implementation of projects with long gestation periods. Investments by the external-oriented businesses is also expected to be higher amid the gradual improvement in external demand, while private consumption is projected to grow at a more moderate rate in the second half of the year, although it will continue to be well supported by sustained income growth and positive labour market conditions. Government spending is expected to record a lower growth given the ongoing consolidation of the Government's fiscal position and as the role of the private sector gains greater significance. In line with the more favourable external sector, gross exports are projected to record a higher growth in 2013 supported by the export of manufactured products. Gross imports are expected to moderate, in tandem with the projected trend in domestic demand. Overall, this is expected to result in a lower negative contribution to real GDP from net exports. As import growth continues to outpace export growth amid the continued deficit in the income account and in current transfers, the current account surplus, while still remaining significant is expected to narrow further in 2013.

Overall, the growth prospects of the Malaysian economy will continue to be underpinned by the strength of its fundamentals. Of importance, labour market conditions will remain favourable, with the unemployment rate projected to remain low at 3.1% of the labour force in 2013. In addition, the financial system continues to demonstrate resilience against the challenging external environment, with financial intermediation expected to continue to provide strong support to domestic economic activity. Malaysia's favourable external position is to remain intact, with international reserves at healthy levels and a low external debt that is within prudent limits.

Given the challenging external environment, there, however, remain risks to the economic outlook. The potential re-emergence of instability in the euro area and slower growth in Malaysia's major trading partners would affect the Malaysian economy. While pressures from global commodity prices have receded, upside risks from non-fundamental factors, such as adverse weather conditions and geopolitical developments, could push commodity prices higher and adversely affect the growth prospects of economies that are major trading partners of Malaysia. Potential upside to the domestic economy could emerge if the recovery in the advanced economies turns out to be better than expected.

(Source: Bank Negara Annual Report 2012)

8.2 Overview of the Global Oil and Gas Industry

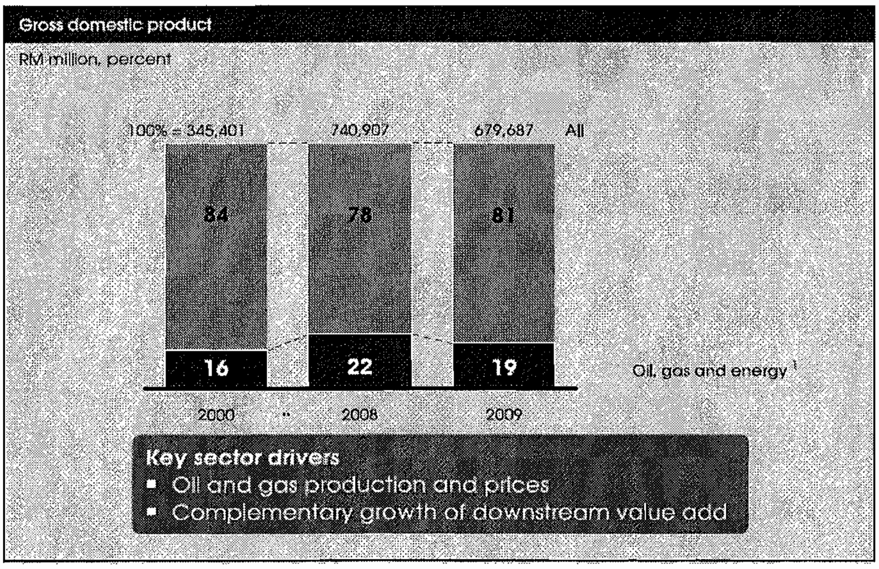
Global exploration and production spending have accelerated with projections for international spending exceeding USD459 billion in 2013, an approximate 9.2% increase over 2012. This growth is driven primarily by commodity prices. Increased global energy demand, driven by developing economies is expected to cause ongoing exploration and production activity increases. Offshore oil and gas capital expenditures are expected to increase at rates greater than overall exploration and production spending, as independent, international and national oil companies attempt to increase production in the face of declining conventional reserves.

Moving forward, market sentiment will also continue to be influenced by the escalation of Middle East tensions due to the sanctions on Iran and the prolonged euro area debt crisis, which will affect the supply and demand of crude oil. According to the International Energy Agency, global demand for crude oil was lower at 8.88 million barrels per day as at end June 2012 due to weaker global economic outlook, while global supply was slightly higher at 90.8 million barrels per day.

Source: Economic Transformation Programme Handbook 2010 downloaded from http://etp.pemandu.gov.my on 29 May 2013 and Economic Report 2012/2013, Ministry of Finance Malaysia)

8.3 Overview of the Malaysian Oil and Gas Industry

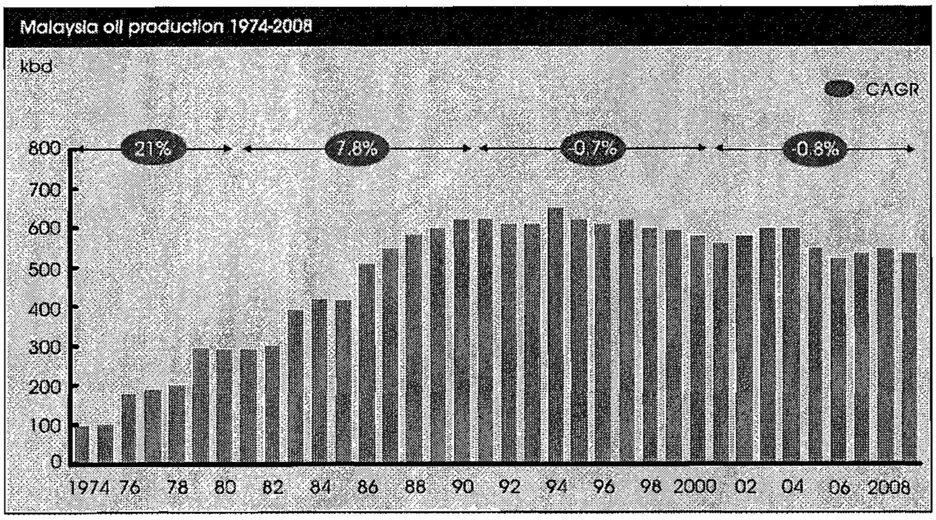
The oil, gas and energy sector has been a mainstay of Malaysia's growth and contributes approximately 20% of national GDP. By 2020, Malaysia will have a more diversified oil, gas and energy sector that remains vital to the country's development, and that builds on the nation's competitive advantages. A key thrust would be to intensify exploration and enhance production from domestic reserves. The country will also develop a strong regional oil field services and equipment hub and a stronger presence in the regional midstream logistics and downstream markets. The Oil, Gas and Energy National Key Economic Area ("**NKEA**") is targeted to raise total Gross National Income ("**GNI**") contribution to RM241 billion by 2020 from RM110 billion in 2009. As the base case projects a natural 2% decline in oil and gas production, this GNI target will require the NKEA to grow at an ambitious rate of 5%.



Note:
1 Includes crude petroleum, refined petroleum products and natural gas production

(Source: Economic Transformation Programme Handbook 2010 downloaded from http://etp.pemandu.gov.my on 29 May 2013, Annual National Accounts 2000-9, Department of Statistics Malayisia)

Malaysian oil production peaked in the mid 1990s at approximately 600,000 barrels per day, as shown below. This is due to the normal maturation of the traditional shelf basins and means that most of the economically attractive fields are likely to have been found and developed, and new discoveries are more likely to be smaller and more technically demanding than those that were developed earlier. Malaysia's total oil production since 1990 is set out below:



(Source: Economic Transformation Programme Handbook 2010 downloaded from http://etp.pemandu.gov.my on 29 May 2013 and Economic Report 2012/2013, Ministry of Finance Malaysia)

8.4 Future Prospects of Barakah Group

The principal activities of Barakah Group is focused on the provision of offshore support services on the pre-commissioning, commissioning and de-commissioning of pipelines, the provision of construction and installation of offshore and onshore pipelines and structures and topsides and hook-up commissioning services.

The Board is of the view that the industry outlook is positive as evidenced by the recent award of the provision of hook-up, commissioning and topside major maintenance services for 2013 – 2018 by Newfield Peninsula Malaysia Inc, Petrofac (Malaysia-PM304) Limited and Talisman Malaysia Limited. Further, Barakah Group is also actively tendering for other projects in Malaysia and other Asian regions to leverage on its own pipe-laying accommodation barge and to secure transportation and installation contracts offered by PETRONAS and other production sharing contract operators.

The future plans and strategies of Barakah Group are focused in three (3) key areas as set out below:

(a) Purchase of new equipment

Barakah Group expects to purchase new equipment and machinery for its operations by late 2013 with an expected investment value of RM15.4 million.

Barakah intends to purchase air diving spread as it currently sources diving services from its suppliers via rental. The purchase of such equipment will assist Barakah Group in its cost management. Diving is a mandatory activity in offshore pipe laying. It is required to monitor subsea activities such as stinger positioning and pipe bottom touch down. It is also required for subsea work activities such as subsea spool tie-ins and riser clamp installations. By utilizing the air diving spread, Barakah Group can also expand its range of services by providing offshore sub-sea maintenance and inspection services.

Equipment such as a submersible pump, flooding pump and pressure pump are used extensively for pre-commissioning services. Barakah Group is currently limited by the models of pumps it has in its possession. A wider range of pump models would improve the efficiency of services provided by Barakah Group.

In addition, equipment such as air compressors are mandatory items for pre-commissioning services. Due to ever expanding nature of its pre-commissioning services, the current quantity of air compressors owned by Barakah is not sufficient to serve its clients' needs.

(b) Chartering of Kota Laksamana 101

The construction and commissioning of Barakah Group's pipe-laying accommodation barge, Kota Laksamana 101 was completed in September 2012. Since then, Kota Laksamana 101 was awarded a Certificate of Registration from the Registrar of Malaysian Ships, a Class Certification from the American Bureau of Shipping and a Domestic Shipping License which has allowed the pipe-laying accommodation barge to commence commercial activities in Malaysian waters. Since its completion, Kota Laksamana 101 has been chartered as an accommodation barge and is currently chartered as an accommodation and lifting barge until November 2013.

With Kota Laksamana 101, Barakah Group would be able to offer complimentary services such as anchor handling towing support, remote operating vehicles, diving support vessel and tugboats, which will enable Barakah Group to position itself as a "one-stop" local service provider in this highly specialised field.

Kota Laksamana 101 is also well positioned to take advantage of the growing demand for more conventional derrick lay barge services in the Asia Pacific sector. Activity drivers for this market segment include new offshore platforms and pipelines associated with new field developments, oil and gas trunklines, subsea tieback projects in addition to inspection, repair, modification and maintenance services to support existing infrastructure.

(c) Geographical expansion

On 25 July 2011, PBJV entered into a joint venture agreement with Energy Development Co Ltd of Saudi Arabia. The joint venture provides an opportunity for Barakah Group to venture into the Gulf region in the effort to capitalise its competitive edge in the oil and gas industry. In March 2012, a new entity, PBJV Gulf Co Ltd, was incorporated for the joint venture in which Barakah holds the majority shareholding.

Since incorporation, PBJV Gulf Co Ltd. has received the following:

(i) Service Investment Licence from the Saudi Arabia General Investment Authority on 21 November 2011;

(ii) Registration with the Kingdom of Saudi Arabia Ministry of Commerce & Industry on 19 March 2012;

(iii) Saudization Certificate issued by the Kingdom of Saudi Arabia Ministry of Labour on 5 May 2012; and

(iv) Registration as a qualified vendor / contractor with Saudi Arabian Oil Company on 25 May 2013.

The above certifications allow Barakah Group to provide services for offshore installation of pipelines and cables, maintenance of the top-side, platforms and offshore pipelines, pre-commissioning and commissioning of pipelines and cables, maintenance of the offshore oil and gas platforms and offshore pipelines, oil and gas facilities related marine works installation and maintenance services in the Gulf region.

Thus. Barakah Group is deploying some of its key Malaysian personnel and is making the necessary arrangement for their work permit.

On 21 May 2013, PBJV Gulf Co Ltd participated in its first bidding exercise for pipeline installation works in the Saudi Arabia and Kuwait territory. The tender is currently at the technical clarification stage, whereby the outcome is expected to be known by December 2013.

Going forward, Barakah Group's expansion strategy is to leverage upon Barakah Group's technical expertise to continue looking for opportunities to work with local partners in the Gulf region.

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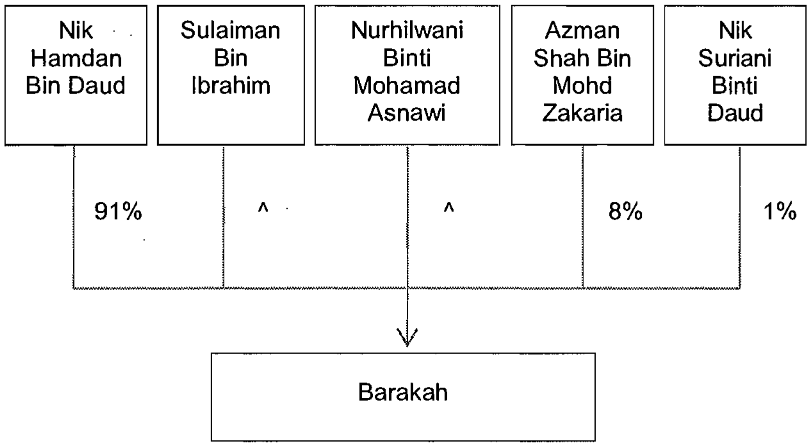
9. EFFECTS OF THE RESTRUCTURING SCHEME

9.1 Corporate Structure

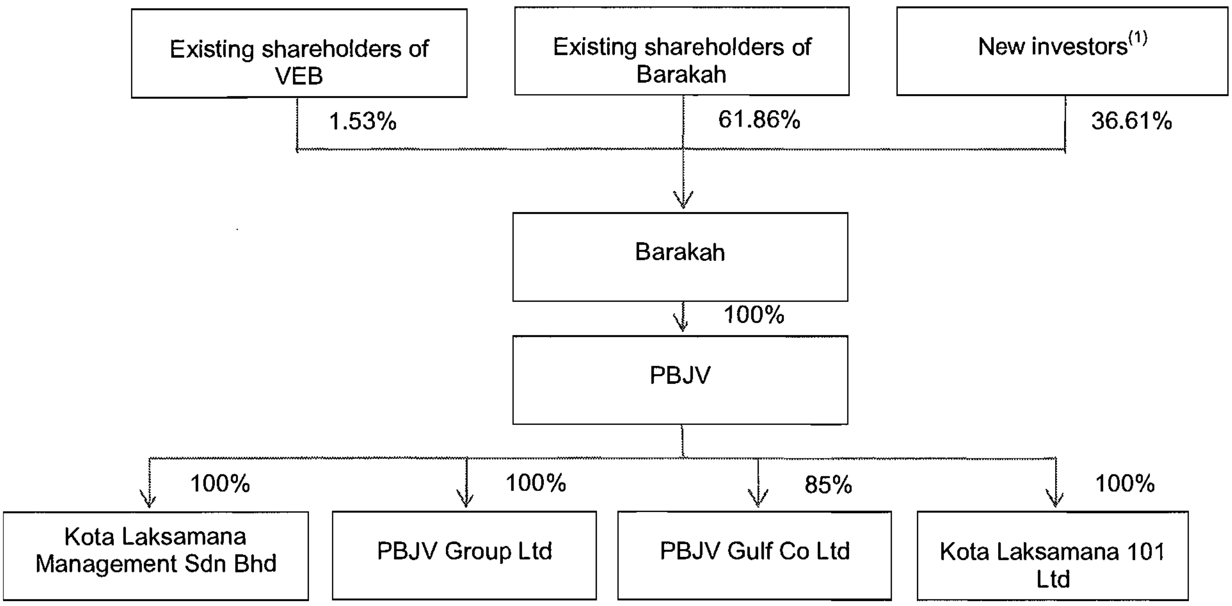
The effects of the Restructuring Scheme including the Offer of RCULS on the corporate structure of Barakah are set out below:

Existing Structure



^ *Negligible*

After the Restructuring Scheme



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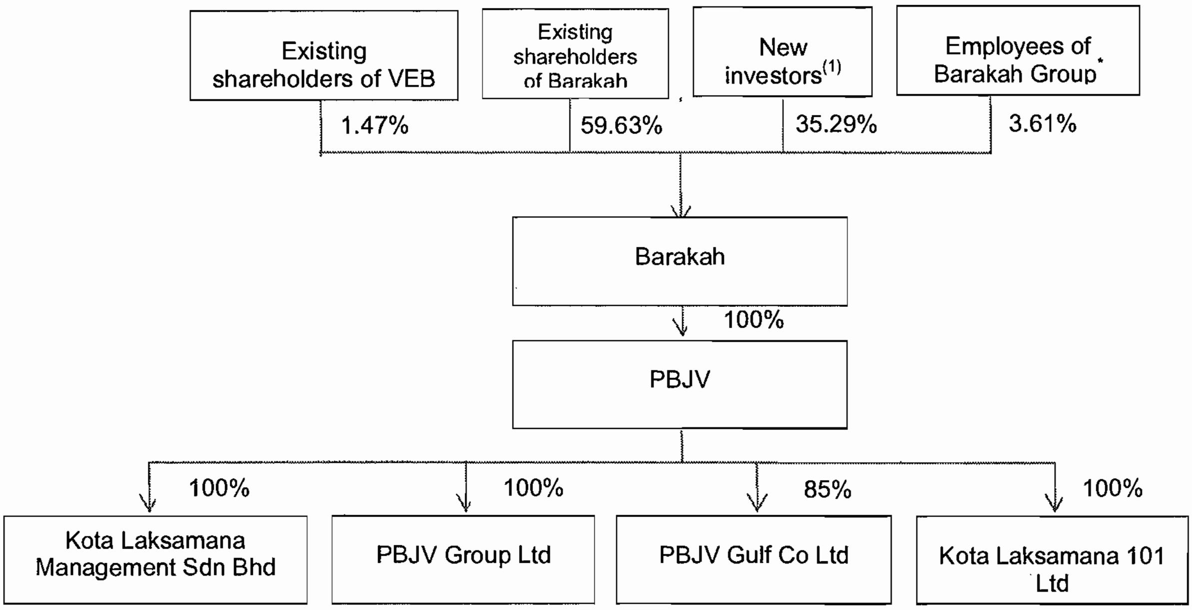
After the Restructuring Scheme and assuming full conversion of RCULS and full exercise of ESOS Options



Notes:

(1) Being the investors to be identified under the Issuance of Shares and Offer for Sale.

** Assuming the ESOS Options are fully exercised and the RCULS are fully converted.*

9.2 Share Capital

The pro forma effects of the Restructuring Scheme (including the Offer of RCULS) and the ESOS on the issued and paid-up share capital of Barakah are set out below:

	No. of Barakah Shares	RM
Existing as at the LPD	484,545,320	96,909,064
To be issued pursuant to:		
- Share Exchange	9,518,769	1,903,754
- Issuance of Shares	130,000,000	26,000,000
Share capital upon completion of the Restructuring Scheme	**624,064,089**	**124,812,818**
To be issued assuming:		
- Full conversion of RCULS*	208,021,363	41,604,273
- Full exercise of ESOS Options*	31,203,205^	6,240,641
Total enlarged share capital	**863,288,657**	**172,657,732**

Notes:

^ Assuming the number of ESOS Options granted amounts to 5% of the issued and paid-up share capital of Barakah prior to the Transfer of Listing Status.

** Assuming the ESOS Options are fully exercised and the RCULS are fully converted.*

The Offer for Sale, Transfer of Listing Status and Disposal of VEB will not have any effect on the issued and paid-up share capital of Barakah.

9.3 Substantial Shareholders' Shareholdings

The pro forma effects of the Restructuring Scheme (including the Offer of RCULS) and the ESOS on the shareholding of the existing substantial shareholders of Barakah are set out below:

Substantial Shareholder	As at the LPD				Pro forma I After Share Exchange				Pro forma II After (I) and Issuance of Shares and Offer for Sale[1]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%
Nik Hamdan Bin Daud	440,936,233	91.0	-	-	440,936,233	89.25	-	-	360,936,233	57.84	-	-
Azman Shah Bin Mohd Zakaria	38,763,624	8.0	-	-	38,763,624	7.85	-	-	20,263,624	3.25	-	-

Substantial Shareholder	Pro forma III After (II) and assuming full conversion of RCULS[2]				Pro forma IV After (III) and assuming full exercise of ESOS Options[3]			
	Direct		Indirect		Direct		Indirect	
	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%
Nik Hamdan Bin Daud	481,248,310	57.84	-	-	482,148,310*	55.85	-	-
Azman Shah Bin Mohd Zakaria	27,018,166	3.25	-	-	27,768,166*	3.22	-	-

Notes:

* *Including the grant of 900,000 and 750,000 ESOS Options to Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria respectively.*

(1) *Assuming that none of the new investors of Barakah pursuant to the Issuance of Shares and Offer for Sale will each hold more than 5% equity interest in Barakah.*

(2) *Assuming all shareholders subscribed to the RCULS.*

(3) *Assuming the number of ESOS Options granted amounts to 5% of the issued and paid-up share capital of Barakah prior to the Transfer of Listing Status.*

The Transfer of Listing Status and Disposal of VEB will not have any effect of the existing shareholdings of the substantial shareholders of Barakah.

9.4 NA and Gearing

The pro forma effects of the Restructuring Scheme (including the Offer of RCULS) and the ESOS on the consolidated NA, NA per share and gearing of Barakah Group, based on Barakah Group's adjusted audited consolidated statements of financial position as at 30 September 2012 and assuming that the Restructuring Scheme (including the Offer of RCULS) and the ESOS had been effected as at 30 September 2012 are set out below:

	Adjusted Audited as at 30 September 2012 [1]	Pro forma I After Share Exchange [2]	Pro forma II After (I) and Issuance of Shares [2]	Pro forma III After (II) and Full ESOS Options Granted [3]	Pro forma IV After (III) and Disposal of VEB	Pro forma V After (IV) and Full Conversion of RCULS	Pro forma VI After (V) and Full Exercise of ESOS Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	96,909	98,813	124,813	124,813	124,813	166,417	172,658
Share premium	-	4,283	60,695 [4]	60,695	60,695	60,695	78,482
Merger deficit	(71,909)	(71,909)	(71,909)	(71,909)	(71,909)	(71,909)	(71,909)
Retained profits	105,815	97,407	97,103	93,358	95,578	95,178	95,178
Translation reserves	(3)	(3)	(3)	(3)	(3)	(3)	(3)
RCULS	4,086	4,167	4,863	4,863	4,863	-	-
ESOS reserve	-	-	-	3,745	3,745	3,745	-
Equity attributable to owners of the company	134,898	132,758	215,562	215,562	217,782	254,123	274,406
Non-controlling interest	106	106	106	106	106	106	106
Total equity	135,004	132,864	215,668	215,668	217,888	254,229	274,512
Number of Barakah Shares in issue ('000)	484,545	494,064	624,064	624,064	624,064	832,085	863,288
NA per Barakah Share Share (RM) [5]	0.28	0.27	0.35	0.35	0.35	0.31	0.32
Total borrowings [6]	265,733	266,261	231,861	231,861	231,861	197,274	197,274
Gearing ratio (times) [7]	1.97	2.00	1.08	1.08	1.06	0.78	0.72

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Notes:

(1) *The adjusted audited consolidated statements of financial position of Barakah Group as at 30 September 2012 was adjusted with the effect of full subscription of 161,515,106 RCULS offered to the existing shareholders of Barakah.*

(2) *Assuming that the RCULS is fully subscribed.*

(3) *Assuming that the number of ESOS Options granted amounts to 5% of the issued and paid-up share capital of Barakah prior to the Transfer of Listing Status at an exercise price of RM0.65 as per the Initial Grant.*

(4) *The estimated expenses in relation to the Restructuring Scheme (including the Offer of RCULS) is RM4,000,000 whereby:*

- *RM1,208,000 has been expensed off against Barakah Group's statements of comprehensive income for the FYE 30 September 2012;*
- *RM2,088,000 is estimated to be written off against the share premium account pursuant to Section 60 of the Act;*
- *RM304,000 will be expensed off against Barakah Group's statements of comprehensive income; and*
- *RM400,000 will be written off against the equity component of the RCULS.*

(5) *The NA per share is calculated based on equity attributable to owners of the company divided by the number of shares in issue.*

(6) *Comprising all interest bearing debts.*

(7) *The gearing ratio is calculated based on total borrowings divided by total equity.*

The Offer for Sale and Transfer of Listing Status do not have any effect on the consolidated NA and gearing of Barakah Group.

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The effect of the ESOS on Barakah Group's NA would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options after taking into account, inter-alia, the subscription price payable upon exercise of the ESOS Option as well as any vesting conditions. Whilst the granting of the ESOS Options under the ESOS is expected to result in the recognition of a charge in the statement of comprehensive income of Barakah pursuant to Malaysian Financial Reporting Standards ("**MFRS**") 2, the recognition of such MFRS 2 charge would not have any impact on the NA of Barakah as the corresponding amount will be classified as an equity reserve which forms part of shareholders' equity.

In the event none of the granted ESOS Options are exercised within the duration of the ESOS, the amount outstanding in the said equity reserve would be transferred into Barakah's retained earnings. On the other hand, if the granted ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share premium account of Barakah.

The ESOS will not have any immediate effect on the consolidated NA per Barakah Share until such time as the ESOS Options granted under the ESOS are exercised. The consolidated NA per Barakah Share following the exercise of the ESOS Options will increase if the subscription price exceeds the consolidated NA per Barakah Share at the point of exercise of the ESOS Options and conversely will decrease if the subscription price is below the consolidated NA per Barakah Share at the point of the exercise of the ESOS Options.

The ESOS is not expected to have an immediate effect on Barakah Group's gearing level until such time when the ESOS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Barakah Shares to be issued pursuant to the exercise of the ESOS Options as well as the subscription price payable upon the exercise of the ESOS Options.

9.5 Earnings and EPS

The Restructuring Scheme is expected to be earnings accretive and will contribute positively to the long-term future earnings of Barakah Group.

The partial re-financing of Barakah Group's bank borrowings from the proceeds raised from the Offer of RCULS is expected to enhance the earnings of Barakah Group. Based on the current average interest rate incurred by Barakah Group of approximately 8.1% per annum, such re-financing is expected to result in net interest savings of approximately RM1.9 million per annum.

Subject to the future earnings of Barakah Group, the EPS of Barakah may be diluted in the future financial years as a result of the increase in Barakah's issued and paid-up share capital arising from the conversion of the RCULS into new Barakah Shares.

In addition, the ESOS is expected to have an effect on the consolidated EPS of Barakah mainly due to the dilutive effect upon the exercise of ESOS Options granted under the ESOS and the anticipated recognition of cost in relation to the ESOS Options to be granted under the ESOS pursuant to MFRS 2. The quantum of such impact cannot be reliably ascertained at this point in time as such effects on the consolidated earnings of Barakah are dependent on, inter-alia, the number of ESOS Options to be granted and accepted and the discount, if any, attached to the subscription price of the ESOS Options and the theoretical fair value of such ESOS Options.

The cost relating to the ESOS Options granted pursuant to the ESOS will need to be measured at the date of granting the ESOS Options and recognised as an expense in the statement of comprehensive income of Barakah over the vesting period of such ESOS Options. However, it should be noted that the estimated cost does not represent a cash outflow by Barakah as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on Barakah Group's future earnings and shall take into consideration such impact in the allocation and granting of ESOS Options to the Eligible Persons.

9.6 Existing Convertible Securities

As at the LPD, Barakah do not have any convertible securities.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working Capital

The working capital requirements of Barakah Group are financed by a combination of internally generated funds and bank borrowings. Based on its audited consolidated statements of financial position as at 30 September 2012, Barakah Group has deposits, cash and bank balances of RM40.25 million and total borrowings of RM238.9 million.

The Board is of the opinion that after taking into account the expected funds to be generated from Barakah Group's operations, available banking facilities and gross proceeds from the Issue Shares and RCULS, Barakah Group will have adequate working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

10.2 Borrowings

As at the LPD, the borrowings of Barakah Group consist of the following:

	Variable Rate RM'000	Fixed Rate RM'000	Total RM'000
Short term borrowings			
Term loans	9,467		9,467
Hire purchase payables		2	2
Bank overdraft	11,326		11,326
Total	20,793	2	20,795
Long term borrowings			
Term loans	218,295	-	218,295
Hire purchase payables	-	75	75
Total	218,295	75	218,370
	239,088	77	239,165

Barakah Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one financial year thereof immediately preceding the LPD. There are no foreign borrowings within Barakah Group.

10.3 Contingent liabilities

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results or position of Barakah Group.

10.4 Material commitments

As at the LPD the Board is not aware of any material commitments, incurred or known to be incurred, which may have a material impact on the results or financial position of Barakah Group.

11. OTHER CORPORATE EXERCISES

Save for the Restructuring Scheme (which includes this Offer of RCULS) and the ESOS, the Board confirms that as at the date of this Abridged Prospectus, there are no outstanding proposals that have been approved by the Board.

12. TERMS AND CONDITIONS

The Offer of RCULS is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPO and OAF.

13. FURTHER INFORMATION

You are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
BARAKAH OFFSHORE PETROLEUM BERHAD

NIK HAMDAN BIN DAUD
Deputy Executive Chairman

ORDINARY RESOLUTION IN RELATION TO THE RESTRUCTURING SCHEME (INCLUDING THE OFFER OF RCULS) PASSED BY VEB SHAREHOLDERS AND BARAKAH SHAREHOLDERS ON 15 AUGUST 2013 AND 28 AUGUST 2013 RESPECTIVELY

VASTALUX ENERGY BERHAD (789373-V)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON THURSDAY, 15 AUGUST 2013

ORDINARY RESOLUTION
- PROPOSED RESTRUCTURING SCHEME

The Chairman briefed the shareholders on the Proposed Restructuring Scheme.

The Chairman thereafter invited questions from the floor.

There being no questions raised by the shareholders, the Chairman proposed and Cik Siti Zaharah binti Abdul Aziz seconded the following motion which was put to the meeting and declared unanimously carried.

"**THAT** subject to the sanction of the High Court of Malaya for the Proposed Share Exchange (as defined below), the approvals from the Securities Commission Malaysia, Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities/parties for the Proposed Restructuring Scheme (as defined below) and further subject to the approval of the shareholders of VEB pursuant to the provisions of Section 176(1) of the Companies Act, 1965 to give effect to the Proposed Share Exchange at a Court Convened Meeting of VEB to be held on 15 August 2013, approval be and is hereby given to VEB to participate in and to implement the Proposed Restructuring Scheme upon the terms and conditions of the Conditional restructuring agreement dated 6 March 2012 as amended by the first supplemental restructuring agreement dated 24 May 2012, second supplemental restructuring agreement dated 12 December 2012 and third supplemental restructuring agreement dated 10 June 2013 entered into between VEB, Nik Hamdan Bin Daud, Azman Shah Bin Mohd Zakaria, Nik Suraini Binti Daud and Barakah Offshore Petroleum Berhad ("**Barakah**"). The Proposed Restructuring Scheme comprises the following:

(i) Proposed Share Exchange

The Proposed Share Exchange involves the exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 ordinary shares of RM0.25 each ("**VEB Shares**") for 9,518,769 new ordinary shares of RM0.20 each in Barakah ("**Barakah Shares**") on the basis of three (3) new Barakah Shares for every sixty-five (65) VEB Shares held at an entitlement date to be determined (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots) together with an offer from Barakah to the entitled shareholders of VEB to subscribe for a total of 3,172,923 5-year 3.5% redeemable convertible unsecured loan stocks of RM0.20 each ("**RCULS**") at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots);

(ii) Proposed Issuance of Shares

The Proposed Issuance of Shares involves the issuance of up to 130,000,000 new Barakah Shares ("**Issue Shares**") to investors to be identified at an issue price of RM0.65 per Issue Share, together with an offer from Barakah to the same investors to be identified to subscribe for up to 43,333,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots);

(iii) Proposed Offer for Sale

Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria ("**Offerors**") will undertake the Proposed Offer for Sale which involves an offer for sale of up to 98,500,000 Barakah Shares ("**Offer Shares**") by the Offerors to investors to be identified at an offer price of RM0.65 per Offer Share, together with an offer from the Offerors to the same investors to be identified to subscribe for up to 32,833,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Offer Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots);

(iv) Proposed Transfer of Listing Status

The Proposed Transfer of Listing Status involves the delisting of the entire issued and paid-up share capital of VEB from the Official List of the Main Market of Bursa Securities and the admission of the entire enlarged issued and paid-up share capital of Barakah to the Official List of the Main Market of Bursa Securities upon the completion of the Proposed Share Exchange, Proposed Issuance of Shares and Proposed Offer for Sale; and

(v) Proposed Disposal of VEB

The proposed disposal by Barakah of its entire equity interests in VEB to Squid Ink Sdn Bhd for a nominal cash consideration of RM1.00;

AND THAT the Board of VEB be and is hereby authorised and empowered to take such steps and to do all acts, deeds and things and to execute, enter into, sign and deliver for and on behalf of VEB all documents as it may consider necessary or expedient to implement, finalise and to give full effect to the Proposed Restructuring Scheme with full power to negotiate, approve, agree and/or assent to any terms, conditions, modifications, variations and/or amendments in any manner as may be imposed and/or required by the relevant authorities or deemed necessary by the Board of VEB and/or expedient or in the best interest of the company."

Dated this 15th day of August 2013

CERTIFIED TRUE AND CORRECT:-

DIRECTOR
ROSTHMAN BIN IBRAHIM

SECRETARY
CYNTHIA GLORIA LOUIS (F)
(MAICSA 7008306)

BARAKAH OFFSHORE PETROLEUM BERHAD
(Company No. 980542-H)
(Incorporated in Malaysia under the Companies Act 1965)

SHAREHOLDERS' RESOLUTIONS IN WRITING PASSED PURSUANT TO SECTION 152A OF THE COMPANIES ACT 1965

We, the undersigned, being all the members of Barakah Offshore Petroleum Berhad (Company No. 980542-H) ("**Company**") ("**Barakah**") who, at the date of this resolution would be entitled to attend and vote at the General Meetings of the Company hereby pass the following resolution and agree that the resolution shall, for all purposes, be as valid and effectual as if the same had been passed by us at a General Meeting of the Company duly convened and held.

WHEREAS:

1. The Board of Directors ("**Board**") and the members of the Company had, on 23 May 2012, respectively passed the resolutions to approve the Restructuring Scheme.

2. The Restructuring Scheme (as amended and supplemented) involves:

(a) Share Exchange

Share exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 ordinary shares of RM0.25 each in Vastalux Energy Berhad ("**VEB**") ("**VEB Shares**") for 9,518,769 new ordinary shares of RM0.20 each in Barakah ("**Barakah Shares**") on the basis of three (3) new Barakah Shares for every sixty-five (65) VEB Shares held at an entitlement date to be determined, together with an offer from Barakah to the shareholders of VEB to subscribe for 3,172,923 5-year 3.5% redeemable convertible unsecured loan stocks ("**RCULS**") at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held pursuant to the share exchange.

(b) Issuance of Shares

Issuance of up to 130,000,000 new Barakah Shares ("**Issue Shares**") to investors to be identified at an issue price of RM0.65 per Issue Share, together with an offer from Barakah to the same investors to be identified to subscribe for up to 43,333,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held.

(c) Offer for Sale

Offer for sale of up to 98,500,000 Barakah Shares ("**Offer Shares**") by Encik Nik Hamdan Bin Daud and Encik Azman Shah Bin Mohd Zakaria ("**Offerors**") to investors to be identified at an offer price of RM0.65 per Offer Share, together with an offer from the Offerors to the same investors to be identified to subscribe for up to 32,833,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Offer Shares to be held.

BARAKAH OFFSHORE PETROLEUM BERHAD
(Company No. 980542-H)
- *Shareholders' Resolutions*

(d) Transfer of Listing Status

Transfer of VEB's listing status on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to Barakah.

(e) Disposal of VEB

Disposal by Barakah of its entire equity interests in VEB comprising 206,240,000 VEB Shares held after the Share Exchange to Squid Ink Sdn Bhd for a nominal cash consideration of RM1.00.

3. Concurrent with the implementation of the Restructuring Scheme, the Company will establish an employees' share option scheme ("**ESOS**") of up to 5% of the issued and paid up share capital of the Company to eligible directors and employees of the Company and its subsidiaries at any point in time after the Restructuring Scheme in accordance with the Board and Members resolutions dated 23 May 2012.

4. The approvals from the following regulatory authorities and the relevant parties have been obtained:

(a) the Securities Commission ("**SC**") vide its letter dated 3 May 2013 for the Restructuring Scheme;

(b) shareholders of VEB for the Restructuring Scheme and Share Exchange at the Extraordinary General Meeting and Court Convened Meeting (pursuant to Section 176 of the Companies Act 1965) held on 15 August 2013; and

(c) the Bursa Securities vide its letter dated 21 August 2013 for:

(i) the admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of Barakah of up to RM124,812,817.80 comprising 624,064,089 ordinary shares of RM0.20 each in Barakah on "Trading/Services" sector of the Main Market of Bursa Securities, in place of VEB which will be delisted;

(ii) the admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for up to RM41,604,273 RCULS of RM0.20 each to be issued pursuant to the Restructuring Scheme;

(iii) the listing of and quotation for up to 208,021,363 new ordinary shares of RM0.20 each in Barakah to be issued pursuant to the conversion of RCULS; and

(iv) the listing of and quotation for such number of additional new ordinary shares of RM0.20 each, to be issued pursuant to the exercise of options under the ESOS, representing up to 5% of the issued and paid-up ordinary share capital of Barakah;

(d) sanction and confirmation of the High Court for the Share Exchange on 28 August 2013.

BARAKAH OFFSHORE PETROLEUM BERHAD
(Company No. 980542-H)
- *Shareholders' Resolutions*

NOW IT IS HEREBY RESOLVED AS FOLLOWS:

ORDINARY RESOLUTION

RESTRUCTURING SCHEME OF VASTALUX ENERGY BERHAD INVOLVING THE SHARE EXCHANGE, ISSUANCE OF SHARES, OFFER FOR SALE, TRANSFER OF LISTING STATUS AND DISPOSAL OF VASTALUX ENERGY BERHAD

THAT subject to the approvals of all relevant regulatory authorities and/or parties being obtained for the Restructuring Scheme, approval be and is hereby given to the Board of the Company to allot (provisionally or otherwise) and issue:

(i) 139,518,769 new ordinary shares in the Company ("**New Ordinary Shares**") pursuant to the implementation of the Restructuring Scheme;

(ii) up to 5% of the issued and paid-up ordinary share capital of Barakah pursuant to the implementation of the ESOS of the Company;

(iii) up to 208,021,363 RCULS pursuant to the offer of RCULS forming part of the Restructuring Scheme;

(iv) up to 208,021,363 New Ordinary Shares, credited and fully paid-up, to the holders of the RCULS upon the conversion of the RCULS in accordance with its terms;

THAT the New Ordinary Shares to be issued pursuant to the Restructuring Scheme, exercise of the ESOS options and conversion of the RCULS shall, upon allotment and issue, rank *pari passu*, in all respects with the then existing Barakah shares save and except they shall not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the date of allotment of the New Ordinary Shares;

THAT the Board be and is hereby authorised to disregard and deal with any fractional entitlements and fraction of shares that may arise from the implementation of the Restructuring Scheme in such a manner as our Board in its absolute discretion may deem fit to minimise the incidence of odd lots;

AND THAT the Board be and is hereby authorised to execute or enter into agreements, deeds or arrangements as the Board may deem necessary or expedient to give effect to and implementation of the Restructuring Scheme with full power to assent to any conditions, modifications, variations, arrangements and/or amendments as may be required, and/or imposed by any relevant authorities and the Board is further authorised to take all steps as they may deem necessary or expedient in order to implement, finalise, complete and do such acts so as to give full effect to the Restructuring Scheme.

ORDINARY RESOLUTION IN RELATION TO THE RESTRUCTURING SCHEME (INCLUDING THE OFFER OF RCULS) PASSED BY VEB SHAREHOLDERS AND BARAKAH SHAREHOLDERS ON 15 AUGUST 2013 AND 28 AUGUST 2013 RESPECTIVELY *(Cont'd)*

BARAKAH OFFSHORE PETROLEUM BERHAD
(Company No. 980542-H)
- *Shareholders' Resolutions*

MEMBERS:

Nik Hamdan Bin Daud

Azman Shah Bin Mohd Zakaria

Nik Suriani Binti Daud

Sulaiman Bin Ibrahim

Nurhilwani Binti Mohamad Asnawi

Dated: 28 August 2013

INFORMATION ON BARAKAH GROUP

1. HISTORY AND PRINCIPAL ACTIVITIES

Barakah was incorporated in Malaysia on 1 March 2012 as a private limited company under the Act and was converted into a public company on 17 May 2012.

Barakah is principally an investment holding company whilst the principal activities of its subsidiaries, PBJV Group are set out in Section 4 of this Appendix.

Upon completion of the Transfer of Listing Status, Barakah will assume the listing status of VEB. The entire issued and paid-up share capital of VEB will then be delisted and the entire enlarged issued and paid-up share capital of Barakah will be admitted to the Official List of the Main Market of Bursa Securities.

2. SHARE CAPITAL

The authorised and issued paid-up share capital of Barakah as at the LPD is as follows:

Type	No. of Barakah Shares	Par Value RM	Amount RM
Authorised	10,000,000,000	0.20	2,000,000,000
Issued and Paid-up	484,545,320	0.20	96,909,064

The changes in the issued and paid-up share capital of Barakah since incorporation up to the LPD are as follows:

Date of Allotment	No. of Barakah Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
1 March 2012	30	0.10	Subscriber's shares	3
22 May 2012	969,090,610	0.10	Shares issued pursuant to the acquisition of PBJV Group	96,909,061
22 May 2012	484,545,320	0.20	Share consolidation	96,909,064

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INFORMATION ON BARAKAH GROUP *(cont'd)*

3. SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS

Based on the Register of Members as at the LPD, the effects of the Restructuring Scheme (including the Offer of RCULS) and the ESOS on the shareholding of the substantial shareholders Barakah are as follows:

Substantial Shareholder	As at the LPD				Pro forma I After Share Exchange				Pro forma II After (I) and Issuance of Shares and Offer for Sale[(1)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%
Nik Hamdan Bin Daud	440,936,233	91.0	-	-	440,936,233	89.25	-	-	360,936,233	57.84	-	-
Azman Shah Bin Mohd Zakaria	38,763,624	8.0	-	-	38,763,624	7.85	-	-	20,263,624	3.25	-	-

Substantial Shareholder	Pro forma III After (II) and assuming full conversion of RCULS[(2)]				Pro forma IV After (III) and assuming full exercise of ESOS Options[(3)]			
	Direct		Indirect		Direct		Indirect	
	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%
Nik Hamdan Bin Daud	481,248,310	57.84	-	-	482,148,310*	55.85	-	-
Azman Shah Bin Mohd Zakaria	27,018,166	3.25	-	-	27,768,166*	3.22	-	-

Notes:

* *Including the grant of 900,000 and 750,000 ESOS Options to Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria respectively.*

(1) *Assuming that none of the new investors of Barakah pursuant to the Issuance of Shares and Offer for Sale will each hold more than 5% equity interest in Barakah each.*

(2) *Assuming all shareholders subscribed to the RCULS.*

(3) *Assuming the number of ESOS Options granted amounts to 5% of the issued and paid-up share capital of Barakah prior to the Transfer of Listing Status.*

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of the subsidiaries of Barakah as at the LPD are set out below:

Subsidiary	Date and Country of Incorporation	Effective Equity Interest %	Issued and Paid-up capital	Principal Activities
PBJV	24 August 2000/ Malaysia	100	RM25,000,000	Principally engaged in the business of transportation and installation of offshore facilities such as pipelines and structures. PBJV also provides support services on the pre-commissioning, commissioning and de-commissioning of pipelines, and onshore pipe laying works, fabrication and construction projects, repair and maintenance of pipelines and topsides and hook-up services
Subsidiaries of PBJV				
Kota Laksamana Management Sdn Bhd	2 January 2008/ Malaysia	100	RM1,000,000	Conducting service expedition relating to marine activities for the oil and gas industry
PBJV Group Ltd	29 July 2009/ Federal Territory of Labuan	100	USD100	International pipeline related activities
PBJV Gulf Co Ltd	19 March 2012/ Saudi Arabia	85	Saudi Riyal 1,000,000	Providing offshore installation and pipelines and cables, maintenance of topside platforms and offshore pipelines, pre-commissioning and commissioning of pipelines and cables and oil and gas related marine works
Kota Laksamana 101 Ltd	23 July 2012/ Federal Territory of Labuan	100	USD10,000	Provision of barge and vessel chartering services

As at the LPD, Barakah does not have any associated companies.

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5. BOARD OF DIRECTORS

5.1 Board of Directors

The particulars of the Board as at the LPD are as follows:

Name / Designation	Age	Address	Nationality	Profession
Abd. Hamid Bin Ibrahim *(Independent Non-Executive Chairman)*	65	No. 2, Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Nik Hamdan Bin Daud *(Deputy Executive Chairman)*	46	No. 32, Jalan Chanselor U1/13A Glenmarie Residence Seksyen U1 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Datuk Azizan Bin Hj Abd Rahman *(Independent Non-Executive Director)*	58	No. 40, Jalan USJ 5/1L UEP Subang Jaya 47610 Subang Jaya Selangor Darul Ehsan	Malaysian	Company Director
Sulaiman Bin Ibrahim *(Independent Non-Executive Director)*	53	No. 4, Jalan 18/19 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Nurhilwani Binti Mohamad Asnawi *(Independent Non-Executive Director)*	38	B103, Condo de' Rozelle Jalan Merbah 10/1 Seksyen 10 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Azman Shah Bin Mohd Zakaria *(Executive Director)*	49	No. 11, Jalan Platinum 7/42 Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Rasdee Bin Abdullah *(Executive Director)*	43	No. 55E, Jalan Teluk Lipat 23000 Dungun Terengganu Darul Iman	Malaysian	Company Director

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5.2 Directors' Shareholding

Based on the Register of Directors as at the LPD, the pro forma effects of the Restructuring Scheme (including the Offer of RCULS) and the ESOS on the shareholding of the directors of Barakah are as follows:

Director	As at the LPD				Pro forma I After Share Exchange				Pro forma II After (I) and Issuance of Shares and Offer for Sale[1]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%
Abd. Hamid Bin Ibrahim	-	-	-	-	-	-	-	-	-	-	-	-
Nik Hamdan Bin Daud	440,936,233	91.0	-	-	440,936,233	89.25	-	-	360,936,233	57.84	-	-
Datuk Azizan Bin Hj Abd Rahman	-	-	-	-	-	-	-	-	-	-	-	-
Sulaiman Bin Ibrahim	5	^	-	-	5	^	-	-	5	^	-	-
Nurhilwani Binti Mohamad Asnawi	5	^	-	-	5	^	-	-	5	^	-	-
Azman Shah Bin Mohd Zakaria	38,763,624	8.0	-	-	38,763,624	7.85	-	-	20,263,624	3.25	-	-
Rasdee Bin Abdullah	-	-	-	-	-	-	-	-	-	-	-	-

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INFORMATION ON BARAKAH GROUP *(cont'd)*

Director	Pro forma III After (II) and assuming full conversion of RCULS(2)				Pro forma IV After (III) and assuming full exercise of ESOS Options(3)			
	Direct		Indirect		Direct		Indirect	
	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%	No. of Barakah Shares	%
Abd. Hamid Bin Ibrahim	-	-	-	-	-	-	-	
Nik Hamdan Bin Daud	481,248,310	57.84	-	-	482,148,310*	55.85	-	-
Datuk Azizan Bin Hj Abd Rahman	-	-	-	-	-	-	-	-
Sulaiman Bin Ibrahim	7	^	-	-	7	^	-	-
Nurhilwani Binti Mohamad Asnawi	7	^	-	-	7	^	-	-
Azman Shah Bin Mohd Zakaria	27,018,166	3.25	-	-	27,768,166*	3.22	-	-
Rasdee Bin Abdullah	-	-	-	-	-	-		

Notes:

^ *Negligible.*

* *Including the grant of 900,000 and 750,000 ESOS Options to Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria respectively.*

(1) Assuming that none of the new investors of Barakah pursuant to the Issuance of Shares and Offer for Sale will each hold more than 5% equity interest in Barakah each.

(2) Assuming all shareholders subscribed to the RCULS.

(3) Assuming the number of ESOS Options granted amounts to 5% of the issued and paid-up share capital of Barakah prior to the Transfer of Listing Status.

6. PROFIT AND DIVIDEND RECORD

Barakah was incorporated on 1 March 2012. As such, the summary of the key audited financial information of PBJV Group (the main operating subsidiary of Barakah and its group of companies) for the past three (3) FYE 30 September 2011 and Barakah Group for the FYE 30 September 2012 are as follows:

FYE 30 September	←-------- PBJV Group 2009 RM'000	2010 RM'000	2011 RM'000 --------→	Barakah Group FYE 2012 RM'000
Revenue	176,342	179,850	178,583	201,956
Cost of sales	(126,433)	(123,415)	(118,636)	(131,788)
GP	49,909	56,435	59,947	70,168
Other income	585	751	1,948	957
	50,494	57,186	61,895	71,125
Administrative and other expenses	(18,125)	(19,701)	(20,403)	(29,853)
Finance costs	(3,036)	(1,601)	(1,775)	(1,821)
PBT	29,333	35,884	39,717	39,451
Income tax expense	(8,270)	(13,421)	(5,490)	(6,237)
PAT	21,063	22,463	34,227	33,214
PAT ATTRIBUTABLE TO:				
Owners of the Company	21,051	22,451	34,223	33,231
Non-controlling interest	12	12	4	(17)
	21,063	22,463	34,227	33,214
*Earnings before interest, depreciation and taxation ("**EBITDA**")*	*36,395*	*42,651*	*46,166*	*46,118*
GP margin (%)	*28.30*	*31.38*	*33.57*	*34.74*
EBITDA margin (%)	*20.64*	*23.71*	*25.85*	*22.84*
PBT margin (%)	*16.63*	*19.95*	*22.24*	*19.53*
PAT margin (%)	*11.94*	*12.49*	*19.17*	*16.45*
Effective tax rate (%)	*28.19*	*37.40*	*13.82*	*15.81*
Interest coverage (times)	*16.99*	*27.14*	*34.89*	*32.61*
Number of shares in issue ('000)	*10,000*	*25,000*	*25,000*	*484,545*
Gross EPS (RM) (1)	*2.93*	*1.44*	*1.59*	*0.08*
Net EPS (RM)				
- Basic (2)	*2.11*	*0.90*	*1.37*	*0.07*
- Diluted (3)	*0.02*	*0.03*	*0.04*	*0.04*
NA/Shareholders funds (RM'000)	*40,910*	*63,361*	*97,584*	*130,812*
NA per share (RM)	*4.09*	*2.53*	*3.90*	*0.27*
Current ratio (times)	*1.21*	*1.62*	*1.36*	*1.63*
Total borrowings(4) *(RM'000)*	*100,142*	*172,028*	*217,373*	*238,879*
Gearing (times)	*2.43*	*2.70*	*2.23*	*1.82*

Notes:

(1) The gross EPS is calculated based on the PBT for the respective financial years divided by the number of PBJV Shares / Barakah Shares (where relevant) in issue.

(2) The basic net EPS is calculated based on the PAT attributable to equity holders for the respective financial years divided by the number of PBJV Shares / Barakah Shares (where relevant) in issue.

(3) *The diluted net EPS is calculated based on the PAT attributable to equity holders for the respective financial years divided by the number of ordinary shares in issue and the potential ordinary shares from the full conversion of RCULS offered and the ESOS Options granted.*

(4) *Comprising all interest bearing debts.*

For the FYE 30 September 2009 and 2010, PBJV Group prepared its financial statements in accordance with Private Entity Reporting Standards in Malaysia and for the FYE 30 September 2011, the financial statements were prepared in accordance with Financial Reporting Standards. Barakah Group's first set of financial statements for the FYE 30 September 2012 were prepared in accordance with Malaysian Financial Reporting Standards, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

6.1 Revenue

Barakah Group's revenue is derived from 3 business segments, namely:

(i) Pre-commissioning, commissioning and de-commissioning service and other associated service ("**Commissioning Works**");

(ii) Construction and pipeline installation; and

(iii) Civil construction.

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised up to the extent of the expenses incurred that are recoverable.

The table below sets out the breakdown of revenue by business segments for the respective financial years under review:

	←--------- PBJV Group ---------→						Barakah Group	
FYE 30 September		**2009**		**2010**		**2011**		**2012**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Commissioning Works	158,038	*89.6*	111,866	*62.2*	117,673	*65.9*	138,661	*68.7*
Construction, pipeline installation and hook-up commissioning	18,304	*10.4*	67,984	*37.8*	59,510	*33.3*	63,295	*31.3*
Civil construction	-	-	-	-	1,400	*0.8*	-	-
Total	**176,342**	***100.0***	**179,850**	***100.0***	**178,583**	***100.0***	**201,956**	***100.0***

<u>Commissioning Works</u>

Revenue decreased by RM34.9 million or 18.1% from RM192.9 million in the FYE 2008 to RM158.0 million in the FYE 2009 mainly due to lower revenue contribution from the closing stages under the Pipeline Maintenance Programme by Petronas Carigali.

In 2010, revenue declined by RM46.1 million or 29.2% from RM158.0 million to RM111.9 million mainly due to the completion of the Pipeline Maintenance Programme during the year. Notwithstanding the above, PBJV was able to mitigate the decrease in revenue by securing new projects from TLO in FYE 2010 such as the Kumang Cluster Pipeline Project, the pipeline flooding, preservation and pre-commissioning services at Terengganu and Sarawak waters and three (3) other new projects with contract values totalling approximately RM61.7 million.

Revenue for the FYE 2011 increased by RM5.8 million or 5.2% to RM117.7 million from RM111.9 million in the FYE 2010 mainly attributed to the continuation of the Kumang Cluster Pipeline Project. During the FYE 2011, PBJV also secured the Pipeline Integrity Inspection Programme (Master Service Agreement) Project from Petronas Carigali.

Revenue for the FYE 2012 was mainly derived from the existing Pipeline Integrity Inspection Programme (Master Service Agreement) Project which was secured in the FYE 2011 from Petronas Carigali which amounted to approximately RM52.2 million as compared to RM26.2 million in the FYE 2011 and few new projects such as Telok and Tapis Field Project, Cilipadi Gas Field Development Project, PCSB Transportation and Installation of Offshore Facilities and PCSB Resak Pipeline Re-cleaning Project which totalled RM55.9 million.

Construction, pipeline installation and hook-up commissioning

Revenue decreased by RM53.3 million or 74.4% from RM71.6 million in the FYE 2008 to RM18.3 million in the FYE 2009 mainly due to the completion of two (2) major procurement, construction and commissioning projects such as the Kepong Tiong Pipelines Replacement project and Labuan Gas Terminal Upgrade and Pipeline project during the FYE 2009.

Revenue saw an increase in the FYE 2010 by RM49.7 million or 271.6% from RM18.3 million in the FYE 2009 to RM68.0 million in the FYE 2010 mainly from the Kumang Cluster Development (Shore Approach) Project being awarded to PBJV by TLO valued at approximately RM60.2 million.

In the FYE 2011, revenue declined by RM8.5 million or 12.5% from RM68.0 million in the FYE 2010 to RM59.5 million following the completion of the Kumang Cluster Development Project in the FYE 2011. During the FYE 2011, PBJV was awarded with another shore approach pipeline project namely the Kebabangan Northern Hub Development (Shore Approach) Project by GOM valued at approximately RM78.0 million. The Kebabangan Northern Hub Development (Shore Approach) Project was completed in February 2012.

Revenue for the FYE 2012 was mainly derived from the completion of the Kebabangan Northern Hub Development (Shore Approach) Project in February 2012 which amounted to RM35.6 million and the continuation of the Kebabangan Northern Hub Development (Topside) Project which amounted to RM15.1 million.

Civil construction

The civil construction revenue in the FYE 2011 was derived from the construction of a ferry terminal project in Pasir Gudang.

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6.2 Cost of Sales

The composition of cost of sales depends on the scope of work for each contract awarded to PBJV in addition to the nature of the contract. Activities under Commissioning Works will usually tend to have higher charges in respect of fabrication, calibration, purchases and consumables whilst construction and installation of pipelines will tend to have higher charges in respect of equipment and machinery, transportation charges and contract charges.

The table below sets out the breakdown of cost of sales for the respective financial years under review:

	<---PBJV Group				--->		Barakah Group	
FYE 30 September	**2009**		**2010**		**2011**		**2012**	
	RM'000	%	**RM'000**	%	**RM'000**	%	**RM'000**	%
Purchases	17,365	*13.7*	14,017	*11.4*	7,660	*6.5*	11,365	*8.6*
Fabrication and calibration	23,066	*18.2*	10,846	*8.8*	19,323	*16.3*	16,554	*12.6*
Freight, forwarding and custom charges	3,648	*2.9*	7,672	*6.2*	6,548	*5.5*	5,989	*4.5*
Project manpower and sub-labours	7,819	*6.2*	5,112	*4.1*	12,548	*10.6*	16,972	*12.9*
Consumables	12,148	*9.6*	13,903	*11.3*	14,548	*12.2*	12,787	*9.7*
Hire equipment and machineries	8,798	*7.0*	28,662	*23.2*	21,123	*17.8*	20,812	*15.8*
Transportation charges	4,137	*3.3*	4,650	*3.8*	7,671	*6.5*	7,564	*5.7*
Contract charges	49,452	*39.1*	38,553	*31.2*	29,215	*24.6*	39,745	*30.2*
Total	**126,433**	***100.0***	**123,415**	***100.0***	**118,636**	***100.0***	**131,788**	***100.0***

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Commentary for the FYE 2009

The cost of sales for the FYE 2009 declined by RM120.0 million or 48.7% from RM246.4 million in the FYE 2008 to RM126.4 million mainly due to the overall decrease in cost of sales such as project manpower, hire equipment and machineries cost and contract charges as a result of the completion of two major procurement, construction and commissioning projects such as the Kepong Tiong Pipelines Replacement Project and Labuan Gas Terminal Upgrade and Pipeline Project during the FYE 2009.

Commentary for the FYE 2010

In the FYE 2010, the cost of sales declined by RM3.0 million or 2.4% from RM126.4 million in the FYE 2009 to RM123.4 million in the FYE 2010 mainly due to the decline in purchases, fabrication and calibration and contract charges by RM26.5 million. Purchases and fabrication were lower as a result of the lower contract values for Commission Works during the FYE 2010. The projects undertaken for construction and pipeline installation during the FYE 2010 did not require PBJV to incur substantial amount of cost in respect of professional fees for the employment of technical advisory and surveys being conducted over the project site.

The decline in cost of sales was also partly offset by:

(ii) increase in the hiring of equipment and machineries by RM19.9 million arising from the chartering of vessel and equipment for the pipeline installation project; and

(iii) increase in freight, forwarding and custom charges by RM4.0 million mainly due to mobilisation expenses for the pipeline installation project.

Commentary for the FYE 2011

In the FYE 2011, the cost of sales decreased further by RM4.8 million or 3.9% from RM123.4 million in the FYE 2010 to RM118.6 million in the FYE 2011 mainly due the effects of the following:

(i) decrease in purchases by RM6.4 million from smaller purchases of fittings, tools and equipment for its projects;

(ii) decrease in contract charges by RM9.3 million mainly due to lower survey, diving and post trenching work as the main installation project for the year was still at the initial stages which consists of planning and engineering works;

(ii) decrease in the hiring of equipment and machineries by RM7.5 million mainly due to reduction in chartering of vessel and hiring of equipment costs being incurred;

(iii) increase in fabrication and calibration by RM8.5 million mainly due to as increase in commissioning work;

(iv) increase in project manpower and sub-labour by RM7.4 million mainly due to additional labours employed to cater to customers requirement; and

(v) increase in transportation charges by RM3.0 million mainly due to increase in travelling to the sites for the operation of the projects.

Commentary for the FYE 2012

The overall composition of the cost of sales is fairly consistent for the FYE 2012 as compared to the FYE 2011.

The major cost for PBJV for the FYE 2012 was contract charges which constituted 30.2% of total cost of sales, an increase of 5.6% as compared to the FYE 2011. Contract charges comprise sub-contractor's charges for pipeline survey, diving, non-destructive testing, post trenching, on-shore survey works, etc. The increase in the contract charges was mainly due to the Kebabangan Northern Hub Development (Shore Approach) Project, which completed in February 2012 and the Kebabangan Northern Hub Development (Topside) Project, which is currently on-going.

However, the increase in contract charges was offset by a decrease in fabrication and calibration and consumable costs which constituted 22.3% of total cost of sales in the FYE 2012 as compared to 28.5% of total cost of sales in the FYE 2011.

The decrease in fabrication and calibration cost by 3.7% from the FYE 2011 was mainly due to lesser requirements for fabrication and calibration work from Commissioning Work projects whilst the decrease in consumables cost by 2.5% from the FYE 2011 was mainly due to lesser purchases of marine gas oil, fresh water and diesel as a result of lesser days of barge chartering.

Purchases cost increased in the FYE 2012 mainly due to the scope of work / requirements of the projects, including purchase of a tote tank amounting to RM1.8 million for the PCSB Resak Pipeline Re-cleaning Project.

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INFORMATION ON BARAKAH GROUP *(cont'd)*

6.3 GP

The table below sets out the GP margins by business segments as follows:

	<---PBJV Group					--->	Barakah Group	
FYE 30 September	**2009**		**2010**		**2011**		**2012**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
GP								
Commissioning Works	47,680	*95.5*	44,887	*79.5*	38,513	*64.3*	49,339	*70.3*
Construction, pipeline installation and hook-up commissioning	2,229	*4.5*	11,548	*20.5*	20,034	*33.4*	20,829	*29.7*
Civil construction	-		-		1,400	*2.3*	-	-
Total	**49,909**	***100.0***	**56,435**	***100.0***	**59,947**	***100.0***	**70,168**	***100.0***
GP margin								
Commissioning Works		30.2		40.1		32.7		35.6
Construction, pipeline installation and hook-up commissioning		12.2		17.0		33.7		32.9
Civil construction		-		-		100.0		-
PBJV Group / Barakah Group		**28.3**		**31.4**		**33.6**		**34.7**

Commissioning Works

GP for Commissioning Works for the period under review continued to decline from RM47.7 million in the FYE 2009 to RM38.5 million in the FYE 2011. The lower GP was in line with its decreasing revenue trend for Commissioning Works. GP for Commissioning Works for the FYE 2012 has increased to RM49.3 million as compared to RM38.5 million in the FYE 2011.

The higher GP margin in the FYE 2010 of 40.1% was a result of PBJV obtaining better margins from the types of projects undertaken which yielded better margins. However, GP margin declined to 32.7% in the FYE 2011, despite the marginal increase in revenue in the same year due to projects that yielded lower margins. GP margins for Commissioning Works for the FYE 2012 also increased to 35.6% as compared to 32.7% in the FYE 2011 mainly as a result of PBJV obtaining projects that yielded better margins such as the Cilipadi Gas Field Development Project, PCSB Transportation and Installation of Offshore Facilities and PCSB Resak Pipeline Re-cleaning Project.

Construction, pipeline installation and hook-up commissioning

The construction and pipeline installation division recorded a GP of RM2.2 million and a GP margin of approximately 12.2% for the FYE 2009. The construction and pipeline installation division recorded a higher GP as compared to the previous year, which was in line with the revenue trend over the same period under review.

The GP margins for the FYE 2010 improved to 17%, which was partly due to scope of works which did not require the utilisation of professional fees for the employment of technical advisory and surveys conducted over the project site and the ability of the management to plan and budget its transportation and hiring of machinery and equipment cost over the contract period.

The increase in GP in the FYE 2011 to 33.7% was a result of a single contract which enabled PBJV to generate a GP margin of 52.1%. This contract is at its initial stages, wherein the GP margins are generally higher.

The construction and pipeline installation division recorded a GP of RM20.8 million and a GP margin of 32.9% for the FYE 2012. The lower GP margin for FYE 2012 as compared to the FYE 2011 was mainly due to higher contract charges, hire of equipment and project manpower and sub-labour cost incurred for the Kebabangan Northern Hub Development (Shore Approach) Project which was completed during the year.

Civil construction

The civil construction segment generated a 100% GP margin as the cost incurred has been recognised as an expense in prior years whilst the revenue was not recognised previously as the revenue could not be estimated reliably.

6.4 Other Income

The table below sets out the breakdown of other income for the respective financial years under review

	<----------PBJV Group---------->						Barakah Group	
FYE 30 September	**2009**		**2010**		**2011**		**2012**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Fixed deposits interest income	410	*70.1*	440	*58.6*	454	*23.3*	602	*62.9*
Other interest income	175	*29.9*	234	*31.2*	84	*4.3*	198	*20.7*
Realised gain on foreign exchange	-	-	66	*8.8*	1,192	*61.2*	-	-
Gain on disposal of property, plant and equipment	-	-	11	*1.4*	160	*8.2*	-	-
Other income	-	-	-	-	58	*3.0*	157	*16.4*
Total	**585**	***100.0***	**751**	***100.0***	**1,948**	***100.0***	**957**	***100.0***

The other income in the FYE 2010 and the FYE 2011 was mainly attributed to the other interest income of RM0.2 million and realised gain on foreign exchange of RM1.2 million, respectively. The other interest income was interest income from short-term investments.

The other income in the FYE 2012 was mainly attributable to fixed deposit interest income and other interest income from short-term investments.

6.5 Administrative and Other Expenses

The breakdown of administrative and other expenses for the financial years under review is set out in the table below:

FYE 30 September	PBJV Group						Barakah Group	
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	6,772	*37.4*	5,980	*30.3*	7,983	*39.1*	12,475	*41.8*
Depreciation of property, plant and equipment	5,813	*32.1*	6,068	*30.8*	5,815	*28.5*	6,219	*20.8*
Directors' fees and other emoluments	669	*3.7*	1,114	*5.6*	1,571	*7.7*	2,241	*7.5*
Listing expenses	-	-	-	-	-	-	1,208	*4.0*
Legal fee	545	*3.0*	138	*0.7*	550	*2.7*	405	*1.4*
Printing and stationeries	311	*1.7*	350	*1.8*	538	*2.6*	576	*1.9*
Rental of premises	901	*5.0*	476	*2.4*	497	*2.4*	722	*2.4*
Petrol, toll and parking	123	*0.7*	353	*1.8*	409	*2.0*	447	*1.5*
Donation	264	*1.5*	539	*2.7*	393	*1.9*	632	*2.1*
Marketing expenses	-	-	-	-	-	-	495	*1.7*
Rental of motor vehicles	-	-	54	*0.3*	115	*0.6*	325	*1.1*
Insurance	419	*2.3*	379	*1.9*	317	*1.6*	527	*1.8*
Entertainment	495	*2.7*	368	*1.9*	134	*0.7*	151	*0.5*
Loss on foreign exchange – realised	382	*2.1*	-	-	-	-	263	*0.9*
Charges	-	-	2,307	*11.7*	4	*0.0*	-	-
Staff refreshment	-	-	131	*0.7*	228	*1.1*	290	*1.0*
Telephone and facsimile	172	*0.9*	189	*1.0*	203	*1.0*	261	*0.9*
Bad debt written off	-	-	-	-	-	-	721	*2.4*
Others*	1,259	*6.9*	1,255	*6.4*	1,646	*8.1*	1,895	*6.3*
Total	**18,125**	***100.0***	**19,701**	***100.0***	**20,403**	***100.0***	**29,853**	***100.0***

* *Less than 1% of the total administrative and other expenses individually. Others mainly comprise upkeep expenses, utilities, travelling and accommodation, postage and courier expenses, etc.*

Commentary for the FYE 2009

The total administrative and other expenses has increased by RM5.4 million or 42.5% from RM12.7 million in the FYE 2008 to RM18.1 million in the FYE 2009 mainly due to the following:

(i) increase in staff cost by RM2.8 million due to additional staff being employed and higher bonus pay out during the financial year; and

(ii) increase in depreciation charged by RM1.9 million was due to acquisition of property, plant and equipment amounting to RM67.1 million during the year of which RM22.1 million are depreciable assets.

Commentary for the FYE 2010

The total administrative and other expenses increased by RM1.6 million or 8.8% from RM18.1 million in the FYE 2009 to RM19.7 million in the FYE 2010 mainly due to net effects of the following:

(i) increase in directors' fees and emoluments by RM0.4 million;

(ii) charges of approximately RM2.3 million mainly due to income tax penalties of RM2.2 million for prior years arising from a tax review conducted by the Inland Revenue Board in the FYE 2010;

(iii) increase in donation to an orphanage home by RM0.3 million;

(iv) decrease in staff costs by RM0.8 million mainly due to lesser bonus pay out during the year;

(v) reduction in the rental of premises by RM0.4 million mainly due to an understatement of rental expenses in prior year recognised in the FYE 2009; and

(vi) decrease in legal fees by RM0.4 million mainly due to lower legal services sought for litigation cases and the higher legal fees in the previous year was due to legal expense being incurred for the loan documentation for banking facilities.

Commentary for the FYE 2011

The total administrative and other expenses increased by RM0.7 million or 3.6% from RM19.7 million in the FYE 2010 to RM20.4 million in the FYE 2011 mainly due net effects of the following:

(i) increase in staff costs by RM2.0 million mainly due to recruitment of additional staff during the year;

(ii) increase in directors' fees and emoluments by RM0.5 million;

(iii) increase in legal fees by RM0.4 million mainly due to legal expense incurred to obtain bank loan facilities and legal services costs for litigation cases;

(iv) decrease in entertainment expense by RM0.2 million mainly due to better cost control by management; and

(v) decrease in income tax penalties of RM2.2 million for prior years arising from a tax review conducted by the Inland Revenue Board in the FYE 2010.

Commentary for the FYE 2012

The total administrative and other expenses increased by RM9.5 million in the FYE 2012 mainly due to the following:

(i) increase in staff cost by RM4.5 million in the FYE 2012 as compared to the FYE 2011 due to increment in salary and additional staff being employed for the expansion of business operations and higher bonus payout during the financial year;

(ii) increase in depreciation on property, plant and equipment by RM0.4 million in the FYE 2012 mainly due to the completion of construction of the pipe-lay barge;

(iii) increase in directors' fees and other emoluments by RM0.7 million in the FYE 2012;

(iv) expenses amounting to RM1.2 million incurred during the year for the Restructuring Scheme;

(v) marketing expenses incurred amounting to RM0.5 million mainly due to the World Gas Conference in Kuala Lumpur and expansion of business in Indonesia during the FYE 2012; and

(vi) realised loss on foreign exchange and bad debts written off of RM0.2 million and RM0.7 million respectively.

6.6 Finance Costs

The breakdown of finance costs for the financial years under review is set out in the table below:

	<--------------------PBJV Group				------------------->		Barakah Group	
FYE 30 September		**2009**		**2010**		**2011**		**2012**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest expense:								
- bank overdraft	732	*24.1*	146	*9.1*	627	*35.3*	961	*52.8*
- hire purchase	10	*0.3*	2	*0.1*	9	*0.5*	6	*0.3*
- term loans	1,092	*36.0*	1,225	*76.5*	536	*30.2*	281	*15.4*
	1,834	*60.4*	1,373	*85.7*	1,172	*66.0*	1,248	*68.5*
Structuring fee	1,000	*32.9*	-	-	-	-	-	-
Other charges	202	*6.7*	228	*14.3*	603	*34.0*	573	*31.5*
Total finance costs	**3,036**	***100.0***	**1,601**	***100.0***	**1,775**	***100.0***	**1,821**	***100.0***

Commentary for the FYE 2009

As at the end of the FYE 2009, PBJV Group's interest bearing borrowings of RM100.1 million were from local banks. The interest bearing debts include term loans, hire purchase payables and bank overdrafts. The finance cost in FYE 2009 included a structuring fee of RM1.0 million for the drawdown of banking facility to finance the construction of Kota Laksamana 101 The interest expense decreased by approximately 25.0% from approximately RM2.4 million in the FYE 2008 to RM1.8 million in the FYE 2009 due to lower utilisation of bank overdraft facility during the FYE 2009.

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Commentary for the FYE 2010

PBJV Group's interest bearing borrowings as at the financial year end increased from RM100.1 million for FYE 2009 to RM172.0 million for FYE 2010 due to the drawdown of term loans during the financial year. The term loans were utilised to finance the construction of its pipe-laying accommodation barge, wherein interest charges for the term loan is capitalised during the construction period. Interest expense decreased by approximately 25.1% from approximately RM1.8 million in FYE 2009 to RM1.4 million in FYE 2010 mainly due to lower utilisation of bank overdraft facility during the financial year.

Commentary for the FYE 2011

PBJV Group's interest bearing borrowings increased as at the end of the financial year from RM172.0 million for the FYE 2010 to RM217.4 million for the FYE 2011 due to further drawdown of the term loan facilities for the construction of the pipe-laying accommodation barge. The interest expense decreased by 14.6% or approximately RM0.2 million for the FYE 2011 following the settlement of a few term loans during the financial year.

Other charges mainly comprises of bank charges, bank guarantee charges and facility fees.

Commentary for the FYE 2012

Interest expense increased by approximately RM0.08 million for the FYE 2012 following an increase in bank overdraft interest expense due to higher utilisation of bank overdraft facility during the year but was offset by the repayment of a few term loans totalling RM4.4 million during the financial year resulting in lower term loan interest expense incurred during the FYE 2012.

Other charges mainly comprises of bank charges, bank guarantee charges and facility fees.

6.7 Income Tax Expense

Commentary for the FYE 2009

The effective tax rate of 28.2% for the FYE 2009 was slightly higher than the statutory tax rate of 25% mainly due to certain expenses being disallowed for taxation purposes.

Commentary for the FYE 2010

The effective tax rate of 37.4% for the FYE 2010 was significantly higher than the statutory tax rate of 25% mainly due to underprovision of taxation of RM3.6 million in prior years due to disallowance of certain expenses for deduction purposes arising from a tax review conducted by the Inland Revenue Board.

Commentary for the FYE 2011

The effective tax rate of 13.8% for the FYE 2011 was significantly lower than the statutory tax rate of 25% mainly due to the effect of the overprovision of deferred taxation of RM2.6 million in the previous year and certain capitalised items being allowable for taxation purposes.

Commentary for the FYE 2012

The effective tax rate of 16.8% for the FYE 2012 was lower than the statutory tax rate of 25% mainly due to interest expenses of RM17.0 million which has been capitalised but is deductible for tax purposes.

6.8 Trend Information

PBJV Group / Barakah Group (where relevant) recorded a growth in revenue from RM176.3 million in the FYE 30 September 2009 to RM202.0 million in the FYE 30 September 2012. The growth of approximately 15% over this period was mainly due to continued efforts in enhancing Barakah's range of services, where over the last few years, Barakah Group has embarked into the areas of minor fabrication, installation of on-shore and off-shore pipelines and hook-up and commissioning activities. Barakah Group was also recently awarded a contract for the provision of hook-up, commissioning and topside major maintenance services for 2013 – 2018 by Newfield Peninsula Malaysia Inc, Petrofac (Malaysia-PM304) Limited and Talisman Malaysia Limited.

In addition, with the completion and commission of its own pipe-laying accommodation barge and eventual expansion into provision of vessel services, Barakah Group will have an array of synergistic business in the upstream oil and gas services industry. However, in the event Barakah Group is not able to secure contracts, its financial performance could be adversely affected as the barge is expected to incur fixed costs, including finance costs, totalling approximately RM42 million per annum.

However, Barakah Group's financial performance for the FYE 30 September 2014 may be adversely affected by a net loss of RM6.2 million following the expected completion of the Restructuring Scheme in that financial year from the following:

- the Share Exchange would result in an impairment loss of RM8.4 million; and
- the Disposal of VEB would result in a gain on disposal of RM2.2 million

The Board is optimistic that Barakah Group's growth momentum is sustainable in the next few years based on the following market factors:

- Deepwater and ultra-deepwater areas are becoming increasingly important, and are expected to drive the future growth and development of the Malaysian oil and gas industry. Nevertheless the upkeep and maintenance of the shallow waters structures and pipelines are pertinent in having it function in the most optimum and within the environmental and safety standards;
- The midstream segment consists of pipeline, transportation and other logistic assets that are mainly controlled by PETRONAS and other oil companies operating in Malaysia. The contribution of this segment amounts to approximately RM3.2 billion annually;
- There is a general consensus that there are a lot of opportunities for Malaysian small and medium enterprises to participate in the oil and gas sector. These opportunities will arise from the 106 marginal oilfields that will require technical expertise and skill sets to access. A marginal oil field is defined as a field with about 30 million barrels of recoverable oil; and
- There is significant oilfield services and equipment ("**OFSE**") activity in Asia and the Middle East (estimated at 20% of the global market), but while there are dispersed pockets of activity, there is no clear hub as is the case elsewhere in the world, e.g. Aberdeen, Houston and Stavanger. With a burgeoning domestic oil and gas industry, proximity to oil fields and a cost-competitive workforce, Malaysia is well-placed to become Asia's OFSE hub. In addition, by increasing competitive pressures in the domestic market, there is potential for Malaysian companies to first become domestic champions and then subsequently regional champions as it captures a larger share of the regional market.

7. HISTORICAL SHARE PRICES

The historical share prices of Barakah is not available as Barakah is currently not listed on any stock exchange.

PRINCIPAL TERMS AND CONDITIONS OF THE RCULS

(a) **Issuer**

Barakah Offshore Petroleum Berhad ("**Barakah**" or the "**Issuer**")

(b) **Issue size and price**

Issue size
Up to RM41,604,273 nominal value of RCULS

Issue price
100% of nominal value of the RCULS of RM0.20 each

(c) **Tenure of issue**

Five (5) years from and including the date of first issuance of the RCULS ("**Issue Date**") which shall be issued within one (1) year of SC's approval and shall mature on the fifth (5th) anniversary of the Issue Date ("**Maturity Date**").

(d) **Interest/ coupon rate**

The RCULS shall bear a 3.5% per annum coupon.

(e) **Interest/ coupon payment basis and frequency**

Payment of the interest shall be made semi-annually in arrears commencing six (6) months after the Issue Date, during the tenure of the RCULS prior to redemption or conversion.

(f) **Rating**

The RCULS will not be rated. Holders of the RCULS are entitled to convert the RCULS into underlying Barakah Shares, which will be listed on Bursa Securities.

(g) **Mode of issue**

An offer by Barakah to the its shareholders, the Entitled Shareholders and investors to be identified pursuant to the Issuance of Shares and Offer Sale on the basis of one (1) RCULS for every three (3) Barakah Shares held / to be held pursuant to the Restructuring Scheme at an issue price of RM0.20 per RCULS

(h) **Tradability**

The RCULS will be tradable in board lots of 100 units of RCULS upon listing on the Main Market of Bursa Securities.

(i) **Listing status and types of listing**

Bursa Securities had, vide its letter dated 21 August 2013 approved the admission to the Official List and the listing of and quotation for up to RM41,604,273 nominal value of RCULS.

(j) **Representations and warranties**

The Issuer shall represent and warrant to the Trustee, inter alia, that:

(i) it is a company duly incorporated with limited liability and validly existing under the laws of Malaysia and is duly qualified to do business in Malaysia;

(ii) it has full power, authority and legal right to enter into the Trust Deed, to issue the RCULS and to exercise its rights and perform its obligations thereunder;

(iii) all necessary corporate and other action required to authorise its execution of the Trust Deed, its issue of the RCULS and its performance of its obligations thereunder has been duly taken;

(iv) the Trust Deed and the Global Certificates have been or will be duly executed by the Issuer and as and when so executed, and the RCULS when issued, constitute or will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms;

(v) all relevant consents and authorisations required from any governmental or other authority or required to be obtained by the Issuer from any of its shareholders or creditors or any other person for or in connection with the execution, validity, legality, performance and enforceability and admissibility in evidence of the Trust Deed and the issue and enforceability and admissibility in evidence of the RCULS have been obtained and are in full force and effect and all conditions of each such authorisation have been complied with;

(vi) the Issuer's obligations under the Trust Deed and the RCULS will at all times rank at least *pari passu* in all respects with all its other unsecured and unsubordinated obligations, subject to such exceptions as may from time to time exist under any applicable law;

(vii) the Issuer's not in breach of or in default under any law, regulation, directives having force of law, judgment, order, authorisation, agreement or other obligation applicable to it or any of its assets, the consequences of which default could have a material adverse effect on the Issuer;

(viii) no step has been taken by the Issuer nor have any legal proceedings been started or threatened for the dissolution of the Issuer for the appointment of a receiver, administrator, trustee or similar officer of the Issuer, its assets or revenues and no demand under Section 218(2)(a) of the Act has been initiated against the Issuer; and

(ix) the Issuer has not issued any securities which are convertible into new ordinary shares or granted any options to subscribe for new ordinary shares save under the existing share option scheme extended by the Issuer to eligible employees and directors.

(k) **Events of default**

Events of default includes, *inter alia*:

(i) the Issuer fails to pay any sum due from it under the RCULS, the Trust Deed or any other Issue Document at the time, in the currency and in the manner specified therein, and such default continues for a period of five (5) Market Days; or

(ii) the Issuer commits any breach or fails duly to perform or comply with any obligation (other than the payment obligation set out in sub-clause (a)) expressed to be assumed by it in any provision in the RCULS, the Trust Deed or any other Issue Document, and

(a) such default is not capable of remedy and in the reasonable opinion of the Trustee, such default is materially prejudicial to the interests of the holders of the RCULS; or

(b) such default is capable of remedy, and the Issuer has not remedied the same within forty five (45) days of receipt of a notice from the Trustee notifying it of such breach and requiring the same to be remedied, and in the opinion of the Trustee, such default is materially prejudicial to the interests of the holders of the RCULS; or

(iii) any representation or statement made by the Issuer in the Trust Deed, or in any notice or other document, certificate or statement delivered by it pursuant thereto or in connection therewith is certified by the Trustee to have been materially incorrect or materially misleading when made and, in the case of representations which are repeated, or deemed repeated, such representation is similarly certified by the Trustee to have been materially incorrect or materially misleading when repeated or deemed repeated; or

(iv) if any indebtedness of the Issuer exceeding RM5.0 million is declared to be or otherwise becomes due and payable prior to its specified maturity or, is not paid when due (after taking into account any waiver or extension of time granted by such creditor or creditors for payment of the relevant amount which is due); or

(v) the Issuer takes any corporate action or other steps are taken or legal proceedings are started for the winding-up of the Issuer, or for the appointment of a liquidator, receiver, administrator, custodian, trustee or similar officer of the Issuer, or of any or all of its revenues and assets and the same is not struck out, withdrawn, discharged or stayed within thirty (30) days from the date of such application, petition or occurrence of such event; or

(vi) any legal proceedings or application is commenced or step initiated or a scheme of arrangement has been instituted by or against the Issuer, under Section 176 of the Act; or

(vii) at any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under any Issue Document or any of the obligations of the Issuer thereunder are not or cease to be legal, valid and binding; or

(viii) at any time any relevant consent is not, or ceases to be, binding on any person expressed to be party to it or otherwise ceases to be in full force and effect prior to its originally stated expiry date for any reason whatsoever (including, without limitation, suspension, termination and revocation) which has or would have (as certified by the Trustee) a material adverse effect unless the same has been replaced by an appropriate replacement.

(l) **Covenants**

The Issuer covenants to the Trustee, inter alia, that:

(i) the Issuer shall comply with, perform and observe the relevant provisions of the CMSA and all of the provisions of the Trust Deed expressed to be binding on it and all of the provisions of the conditions of the RCULS, and comply with, perform and observe all the requirements and conditions as imposed by the SC;

(ii) the Issuer will exercise reasonable diligence in conducting its businesses and operations in a proper and efficient manner, in compliance with all applicable laws, regulations and directives of governmental authorities having the force of law, and ensure that all necessary approvals or relevant licences applicable to its business and operations are obtained;

(iii) it will give to the Trustee to the extent permitted by law such information as it shall require for the purpose of the discharge of the duties and discretions vested in the Trustee under the Trust Deed or by operation of law;

(iv) it shall not modify the rights attaching to its shares or create or issue any new shares which, as regards rights to voting, dividends or capital, have more favourable rights than those attached to the shares in issue at the date of the Trust Deed;

(v) it shall not modify, amend, supplement or vary its Memorandum and Articles of Association in a manner which may be materially prejudicial to the interests of the holders of the RCULS;

(vi) it shall immediately inform the Trustee and the SC in the event the Issuer becomes aware of any Event of Default or any event whereby any amount secured under the Trust Deed or the RCULS becomes immediately repayable or any other right or remedy under the terms, provisions and covenants of the Trust Deed and any of the other Issue Documents having become immediately enforceable;

(vii) it shall immediately inform the Trustee in the event of a substantial change in the nature of its business and/or any change in its withholding tax position;

(viii) it will not enter into a transaction, whether directly or indirectly with interested persons (including the Issuer's directors, substantial shareholders or persons connected with them) unless:

(a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and

(b) with respect to transactions involving a percentage ratio (as determined in accordance with provisions of Paragraph 10.02 of the Listing Requirements) which is equivalent to or exceeds twenty five percent (25%), the Issuer obtains certification from an independent advisor that the transaction is carried out on fair and reasonable terms; and

that the Issuer certifies to the Trustee that the transaction complies with part (i), that the Issuer has received the certification referred to in paragraph (ii) (where applicable) and that the transaction has been approved by the majority of the Issuer's board of directors or shareholders in a general meeting as the case may require;

(ix) it will keep proper books and accounts at all times and to provide the Trustee and any person appointed by it (including but not limited to any auditors) access to such books and accounts to the extent permitted by law;

(x) it shall deliver to the Trustee its annual audited accounts within 180 days of each financial year end, semi-annual unaudited accounts within 90 days of the end of each semi-annual period, and other accounts, reports, notices, statements or circulars issued to its shareholders, within such timeframe as stipulated by the Trustee;

(xi) it shall immediately inform the Trustee of any change in the utilisation of proceeds from the RCULS;

(xii) it shall provide to the Trustee, at least annually, a certificate that it has complied with all its obligations under the Trust Deed, the terms and conditions of the RCULS, that there did not exist or had not existed, from the Issue Date, any Event of Default, and if such is not the case, to specify the same; and

(xiii) it shall maintain a Paying Agent in Malaysia and shall procure that the Paying Agent shall notify the Trustee, through the Facility Agent, if the Paying Agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the conditions of the RCULS.

(m) **Provisions on buy-back and early redemption of bonds**

(a) **Redemption**

Redemption shall be at the option of the Issuer based on the par value of RM0.20 each ("**Redemption Price**"). Redemption can only be made on a coupon payment date. The Issuer will give no less than 30 days prior written notice to the holders on its redemption.

Redemption, if made, shall be made *parri passu* to all holders of the RCULS.

If not redeemed, the RCULS shall automatically be converted into new ordinary shares of RM0.20 each in Barakah at the Maturity Date.

(b) **Buy-back**

Issuer shall not be permitted to buy-back / repurchase the RCULS except in accordance with the Redemption provisions above.

(n) **Conversion**

(i) **Convertibility**

Each registered holder of RCULS shall have the right to convert the RCULS into fully paid-up new ordinary shares of RM0.20 each in Barakah at par during the Conversion Period (subject to the holder thereof giving thirty (30) days prior irrevocable written notice to the Issuer).

RCULS may be converted into new ordinary shares of RM0.20 each in Barakah, at the option of the holders, on any business day after the first (1^{st}) anniversary of the issue date of the RCULS until Maturity Date ("**Conversion Period**"). The Maturity Date of the RCULS is the date falling on expiry of sixty (60) months from the Issue Date. Any outstanding RCULS which have not been redeemed or converted shall automatically be converted into new ordinary shares of RM0.20 each in Barakah at maturity.

(ii) **Conversion price**

Fixed at par value of RM0.20 per Barakah Share and shall be satisfied by surrendering one (1) RCULS of nominal value of RM0.20 each for every one (1) new Barakah Share

(iii) **Adjustment in conversion price**

Barakah shall make the necessary adjustment to the conversion price in the event of any alteration in the share capital of Barakah on or before the Maturity Date, whether by way of right issue, bonus issue, consolidation of shares, subdivision of shares or as a result of capital distribution whether on a reduction of capital or otherwise (but excluding capital reduction involving any cancellation of capital which is lost or unrepresented by available assets) however being effected in accordance with the provisions of the Trust Deed.

(o) **Trust deed**

The issuance of the RCULS shall be constituted by a trust deed, which shall be administered by the Trustee acting on behalf of the RCULS holders.

(p) **Penalty interest**

If any moneys (whether principal, interest or otherwise) is not paid by the Issuer on the due date, the Issuer shall pay to the holders of the RCULS default interest thereon at the rate of 1% per annum above the coupon rate payable under the terms of the RCULS, calculated from the due date of payment up to the date of actual payment. All unpaid interest including such additional interest shall be compounded on monthly basis and shall thereafter bear interest at the said default rate.

(q) **RCULS holders' right to participate in any distribution and/ or offer of further securities in Barakah**

The RCULS holders are not entitled to participate in any distribution and/or offer of securities in Barakah until and unless such RCULS holders have converted the RCULS into new Barakah Shares and such shares are allotted prior to the entitlement date of such distribution and/or offer of securities.

(r) **Status and ranking**

The RCULS shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking pari passu without discrimination, preference or priority among themselves and at least pari passu to all present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law).

The new Barakah Shares to be issued pursuant to the conversion of the RCULS will upon allotment and issue, rank pari passu in all respects with the then existing Barakah Shares in issue except that they will not be entitled to any dividends, rights, allotment or other distributions that may be declared, made or paid prior to the relevant allotment date of the said Barakah Shares.

(s) **Amendments**

Save for those matters requiring the approval of the SC and/or the approval of the holders of the RCULS by special resolution passed at a meeting of RCULS holders (in relation to matters which would include provisions concerning Conversion Period, conversion price and coupon amount), to which special quorum provisions may apply, the Trustee may, without the consent of the RCULS holders and/or the SC, agree to any modification of the terms of the RCULS and/or all relevant legal documentation in relation to the issuance of RCULS which, in the opinion of the Trustee, is not materially prejudicial to the interest of the RCULS holders or agree to any modification to correct a manifest error which is of a minor or technical nature. Any such modification shall be binding on all RCULS holders.

(t) **Taxation**

All payments in respect of the RCULS will be made by the Issuer after deducting or withholding any amount for or on account of any present or future taxes or duties of whatsoever nature imposed or levied by the Government of Malaysia or any authority thereof or therein having power to tax and which are required by law to be deducted or withheld.

The Issuer shall not be required to pay any additional amount in respect of any such deduction or withholding or payment of principal or interest for or on account of any such taxes and duties.

PRINCIPAL TERMS AND CONDITIONS OF THE RCULS *(cont'd)*

(u) **Transaction costs and expenses**

All costs and expenses related to the transaction shall be borne by the Issuer.

(v) **Governing laws**

Laws of Malaysia

Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

2 4 SEP 2013

The Board of Directors
Barakah Offshore Petroleum Berhad
No. 28, Jalan PJU 5/4,
Dataran Sunway,
Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan

Dear Sirs/Madam,

BARAKAH OFFSHORE PETROLEUM BERHAD ("BARAKAH" OR "THE COMPANY") REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Report on the Compilation of Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of Barakah and its subsidiaries ("Barakah Group" or "the Group") as at 30 September 2012, together with the accompanying notes thereto. The pro forma consolidated statements of financial position, as set out in the accompanying statements (which we have stamped for the purpose of identification), has been compiled by the Board of Directors for the inclusion in the Abridged Prospectus of Barakah.

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated statements of financial position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and set out in Note 1 of the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position has been compiled by the Board of Directors to illustrate the impact of the Restructuring Scheme, as set out in Note 1.2 of the pro forma consolidated statements of financial position, on the Group's financial position as at 30 September 2012.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the Group's financial statements for the financial year ended 30 September 2012, on which the audit report was dated 22 March 2013.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors of Barakah is solely responsible for compiling the pro forma consolidated statements of financial position on the basis set out in Note 1 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

Crowe Horwath™

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in Note 1 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2012 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis set out in Note 1 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

Opinion

In our opinion, the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis set out in Note 1 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

Crowe Horwath™

Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Abridged Prospectus in connection with the offer of up to RM41,604,273 nominal value of 5-year 3.5% redeemable convertible unsecured loan stocks of RM0.20 each ("RCULS") by Barakah. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/13 (J)
Chartered Accountant

Kuala Lumpur

Initialed For Identification Purposes Only

Crowe Horwath.

AF 1018

BARAKAH OFFSHORE PETROLEUM BERHAD ("BARAKAH")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	NOTE	Barakah Group Adjusted Audited As At 30 September 2012* RM'000	Pro Forma I Upon Completion of Share Exchange ## RM'000	Pro Forma II After Pro Forma I and Issuance of Shares ## RM'000	Pro Forma III After Pro Forma II and Full ESOS Options Granted RM'000	Pro Forma IV After Pro Forma III and Disposal of VEB RM'000	Pro Forma V After Pro Forma IV and Full Conversion of RCULS RM'000	Pro Forma VI After Pro Forma V and Full Exercise of ESOS RM'000
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	2	319,798	319,798	335,198	335,198	335,198	335,198	335,198
Non-current asset of disposal group classified as held for sale	3	-	1,492	1,492	1,492	-	-	-
		319,798	321,290	336,690	336,690	335,198	335,198	335,198
CURRENT ASSETS								
Assets of disposal group classified as held for sale	4	-	2,297	2,297	2,297	-	-	-
Trade receivables		51,061	51,061	51,061	51,061	51,061	51,061	51,061
Other receivables, deposits and prepayments		1,091	1,091	1,091	1,091	1,091	1,091	1,091
Tax refundable		2,898	2,898	2,898	2,898	2,898	2,898	2,898
Fixed deposits with licensed banks		31,038	31,038	31,038	31,038	31,038	31,038	31,038
Cash and bank balances	5	41,511	42,145	75,515	75,515	75,515	75,515	95,798
		127,599	130,530	163,900	163,900	161,603	161,603	181,886
TOTAL ASSETS		447,397	451,820	500,590	500,590	496,801	496,801	517,084
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6	96,909	98,813	124,813	124,813	124,813	166,417	172,658
Share premium	7	-	4,283	60,695	60,695	60,695	60,695	78,482
Merger deficit		(71,909)	(71,909)	(71,909)	(71,909)	(71,909)	(71,909)	(71,909)
Retained profits	8	105,815	97,407	97,103	93,358	95,578	95,178	95,178
Translation reserves		(3)	(3)	(3)	(3)	(3)	(3)	(3)
Redeemable convertible unsecured loan stocks ("RCULS")	9	4,086	4,167	4,863	4,863	4,863	-	-
Employees share option reserve ("ESOS")	10	-	-	-	3,745	3,745	3,745	-
Equity attributable to owners of the company		134,898	132,758	215,562	215,562	217,782	254,123	274,406
Non controlling interest		106	106	106	106	106	106	106
TOTAL EQUITY		135,004	132,864	215,668	215,668	217,888	254,229	274,512

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BARAKAH OFFSHORE PETROLEUM BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

	NOTE	Barakah Group Adjusted Audited As At 30 September 2012* RM'000	Pro Forma I Upon Completion of Share Exchange ## RM'000	Pro Forma II After Pro Forma I and Issuance of Shares ## RM'000	Pro Forma III After Pro Forma II and Full ESOS Options Granted RM'000	Pro Forma IV After Pro Forma III and Disposal of VEB RM'000	Pro Forma V After Pro Forma IV and Full Conversion of RCULS RM'000	Pro Forma VI After Pro Forma V and Full Exercise of ESOS RM'000
NON-CURRENT LIABILITIES								
RCULS	11	26,854	27,382	34,587	34,587	34,587	-	-
Long-term borrowings	12	220,463	220,463	178,858	178,858	178,858	178,858	178,858
Deferred tax liabilities	13	6,441	6,467	6,833	6,833	6,833	5,079	5,079
		253,758	254,312	220,278	220,278	220,278	183,937	183,937
CURRENT LIABILITIES								
Trade payables		25,789	25,789	25,789	25,789	25,789	25,789	25,789
Other payables and accruals		14,362	14,362	14,362	14,362	14,362	14,362	14,362
Amount owing to a director		42	42	42	42	42	42	42
Provision for taxation		26	26	26	26	26	26	26
Liabilities directly associated with disposal group classified as held for sale	14	-	6,009	6,009	6,009	-	-	-
Short-term borrowings		11,812	11,812	11,812	11,812	11,812	11,812	11,812
Bank overdrafts		6,604	6,604	6,604	6,604	6,604	6,604	6,604
		58,635	64,644	64,644	64,644	58,635	58,635	58,635
TOTAL LIABILITIES		312,393	318,956	284,922	284,922	278,913	242,572	242,572
TOTAL EQUITY AND LIABILITIES		447,397	451,820	500,590	500,590	496,801	496,801	517,084
Number of ordinary shares of RM0.20 each in issue ('000)		484,545	494,064	624,064	624,064	624,064	832,085	863,288
Net assets# ("NA") (RM'000)		134,898	132,758	215,562	215,562	217,782	254,123	274,406
NA per ordinary share (RM)		0.28	0.27	0.35	0.35	0.35	0.31	0.32
*Gearing^*		1.97	2.00	1.08	1.08	1.06	0.78	0.72

* - The audited consolidated statements of financial position of Barakah Group as at 30 September 2012 was adjusted with the effect of the full subscription of the RCULS by the existing shareholders of Barakah.

\# - Net assets represent the equity attributable to the owners of the Company.

\## - Assuming that the RCULS is fully subscribed.

^ - The gearing ratio was computed by dividing the total debt over the total equity

^^ - The total proceeds raised from the full subscription of 208,021,363 RCULS offered will be utilised to partially re-finance the borrowings after the completion of the Share Exchange, Issuance of Shares and Offer for Sale.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. BASIS OF PREPARATION

1.1 Adjusted Audited As At 30 September 2012

In view that Barakah will be offering the shareholders of VEB and subscribers of the Issue Shares (please see Share Exchange and Issuance of Shares below) to subscribe for 3.5% 5-year redeemable convertible unsecured loan stocks ("RCULS") in conjunction with the Share Exchange, Barakah shall also be offering the existing shareholders of Barakah to subscribe for 161,515,106 RCULS on the basis of one (1) RCULS for every three (3) ordinary shares of RM0.20 each in Barakah ("Barakah Shares") held at an issue price of RM0.20 per RCULS. As such, the audited consolidated statements of financial position of Barakah Group as at 30 September 2012 was adjusted with the effect of the full subscription of the RCULS offered to the existing shareholders of Barakah.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. BASIS OF PREPARATION (CONT'D)

1.1 Adjusted Audited As At 30 September 2012 (Cont'd)

The summarised financial results of Barakah Group after the full subscription of 161,515,106 RCULS offered are as follows:-

	NOTE	Barakah As At 30 September 2012 RM'000	Proforma A Upon Full Subscription of RCULS ## RM'000
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment		319,798	319,798
CURRENT ASSETS			
Trade receivables		51,061	51,061
Other receivables, deposits and prepayments		1,091	1,091
Tax recoverable		2,898	2,898
Fixed deposits with licensed banks		31,038	31,038
Cash and bank balances	1.1.1	9,208	41,511
		95,296	127,599
TOTAL ASSETS		415,094	447,397
EQUITY AND LIABILITIES			
EQUITY			
Share capital		96,909	96,909
Merger deficit		(71,909)	(71,909)
Retained profits		105,815	105,815
Translation reserve		(3)	(3)
RCULS	1.1.2	-	4,086
Equity attributable to owners of the company		130,812	134,898
Non-controlling interest		106	106
TOTAL EQUITY		130,918	135,004

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. BASIS OF PREPARATION (CONT'D)

1.1 Adjusted Audited As At 30 September 2012 (Cont'd)

	NOTE	Barakah As At 30 September 2012 RM'000	Proforma A Upon Full Subscription of RCULS ## RM'000
NON-CURRENT LIABILITIES			
RCULS	1.1.3	-	26,854
Long-term borrowings		220,463	220,463
Deferred tax liabilities	1.1.4	5,078	6,441
		225,541	253,758
CURRENT LIABILITIES			
Trade payables		25,789	25,789
Other payables and accruals		14,362	14,362
Amount owing to a director		42	42
Provision for taxation		26	26
Short-term borrowings		11,812	11,812
Bank overdrafts		6,604	6,604
		58,635	58,635
TOTAL LIABILITIES		284,176	312,393
TOTAL EQUITY AND LIABILITIES		415,094	447,397

- Assuming that the RCULS is fully subscribed.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. BASIS OF PREPARATION (CONT'D)

1.1 Adjusted Audited As At 30 September 2012 (Cont'd)

1.1.1 Cash And Bank Balances

	RM'000
As at 30 September 2012	9,208
Effects of full subscription of RCULS offered	32,303
Per Pro Forma A	41,511

1.1.2 RCULS - Equity component

	RM'000
As at 30 September 2012	-
Effects of full subscription of RCULS offered	4,086
Per Pro Forma A	4,086

1.1.3 RCULS - Liability component

	RM'000
As at 30 September 2012	-
Effects of full subscription of RCULS offered	26,854
Per Pro Forma A	26,854

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. **BASIS OF PREPARATION (CONT'D)**

1.1 Adjusted Audited As At 30 September 2012 (Cont'd)

1.1.4 Deferred Tax Liabilities

	RM'000
As at 30 September 2012	5,078
Effects of full subscription of RCULS offered	1,363
Per Pro Forma A	6,441

1.2 Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position of Barakah have been prepared on the basis that is consistent with the accounting policies adopted by Barakah in the preparation of its audited financial statements for the financial year ended 30 September 2012 save and except for the adoption of the following new additional accounting policies:

(a) *Share-based Payments*

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

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. BASIS OF PREPARATION (CONT'D)

1.2 Pro Forma Consolidated Statements of Financial Position (Cont'd)

(b) *RCULS*

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

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs.

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

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the Pro Forma Group in respect of the transactions set out in Notes 1.4 to 1.9, had the transactions been effected on the statements of financial position date of Barakah in connection with the following exercise:-

(a) Share Exchange

The Share Exchange involves the exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 ordinary shares of RM0.25 each in VEB ("VEB Shares") for 9,518,769 new ordinary shares of RM0.20 each in Barakah ("Barakah Shares") on the basis of three (3) new Barakah Shares for every sixty-five (65) VEB Shares held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots) at the entitlement date, together with an offer from Barakah to the shareholders of VEB ("Entitled Shareholders") to subscribe for a total of 3,172,923 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots)

(hereinafter referred to as the "Share Exchange").

BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

1. **BASIS OF PREPARATION (CONT'D)**

1.2 Pro Forma Consolidated Statements of Financial Position

(b) Issuance of Shares

The Issuance of Shares involves the issuance of up to 130,000,000 new Barakah Shares ("Issue Shares") to investors to be identified at an issue price of RM0.65 per Issue Share, together with an offer from Barakah to the same investors to be identified to subscribe for up to 43,333,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots)

(hereinafter referred to as the "Issuance of Shares").

(c) Offer for Sale N1

The Offer for Sale involves an offer for sale of up to 98,500,000 Barakah Shares ("Offer Shares") by Barakah shareholders ("the Offerors") to investors to be identified at an offer price of RM0.65 per Offer Share, together with an offer from the Offerors to the same investors to be identified to subscribe for up to 32,833,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Offer Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots)

(hereinafter referred to as the "Offer For Sale").

(d) Transfer of Listing Status N1

The Transfer of Listing Status involves the delisting of the entire issued and paid-up share capital of VEB from the Official List of the Main Market of Bursa Securities and the admission of the entire enlarged issued and paid-up share capital of Barakah to the Official List of the Main Market of Bursa Securities upon the completion of the Share Exchange, Issuance of Shares and Offer for Sale

(hereinafter referred to as the "Transfer of Listing Status").

Note:-
N1 - The Offer for Sale and Transfer of Listing Status do not have any effect on the Pro Forma Consolidated Statements of Financial Position of Barakah Group.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

1.2 Pro Forma Consolidated Statements of Financial Position (Cont'd)

(e) Disposal of VEB

Upon the completion of the Share Exchange, VEB will become a wholly-owned subsidiary of Barakah. As part of the Restructuring Scheme, Barakah has entered into a conditional share sale agreement dated 25 May 2012 ("Disposal SSA") with Squid Ink Sdn. Bhd. for the disposal of its entire equity interests in VEB for a nominal cash consideration of RM1.00

(hereinafter referred to as the "Disposal of VEB").

(The above are hereinafter collectively referred to as the "Restructuring Scheme").

(f) Employees' Share Option Scheme ("ESOS")

In conjunction with the Restructuring Scheme, the Board of Barakah has resolved to undertake the establishment of an employees' share option scheme ("ESOS") of up to 5% of the issued and paid-up share capital of Barakah (31,203,205 ESOS Options) to eligible directors and employees of Barakah Group ("Eligible Persons") at any point in time after the completion of the Restructuring Scheme ("ESOS"). The option granted under the ESOS shall entitle the Eligible Persons to subscribe for new Barakah Shares at a pre-determined price ("ESOS Options").

The Board of Barakah have proposed to grant up to 9,358,000 ESOS Options to the Eligible Persons prior to the Transfer of Listing Status ("Initial Grants"). The exercise price of the Initial Grants is RM0.65 per ESOS Options, which is the issue price of the Issue Shares.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

1.3 Non-Coterminous Year End

The pro forma consolidated statements of financial position have been prepared using the following statements of financial position of Barakah Group and VEB:

(a) the adjusted consolidated audited statements of financial position of Barakah Group as at 30 September 2012; and

(b) the audited statements of financial position of VEB as at 31 December 2012.

The pro forma consolidated statements of financial position are presented as an illustration of the combined financial positions of Barakah Group and VEB immediately prior to the Issuance of Shares. No adjustments however have been made to re-align the non-coterminous year ends of the Pro Forma Group.

1.4 Pro forma I

Pro forma I incorporates the effect of:

(a) the share exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 ordinary shares of RM0.25 each in VEB for a total consideration of RM6,187,200 to be satisfied via the issuance of 9,518,769 Barakah Shares to all the existing shareholders of VEB on the basis of three (3) Barakah Shares for every sixty five (65) VEB Shares held; and

(b) the offer to subscribe for 3,172,923 RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares held at an issue price of RM0.20 per RCULS.

Pro forma I has been prepared using the purchase method for consolidating VEB.

1.5 Pro forma II

Pro forma II incorporates the effect of Pro forma I and:

(a) the issuance of shares of up to 130,000,000 Issue Shares at an issue price of RM0.65 per Issue Share;

(b) the offer to subscribe for up to 43,333,334 RCULS on the basis of one (1) RCULS for every three (3) Issue Shares held at an issue price of RM0.20 per RCULS; and

(c) the estimated expenses for the issuance of 208,021,363 RCULS of RM400,000.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

1.5 Pro forma II (Cont'd)

The total proceeds generated from the Issuance of Shares (excluding the issuance of RCULS) will be utilised as follows:-

	RM'000
Purchase of equipments and machineries	15,400
Working capital	65,100
Estimated expenses	4,000
	84,500

The estimated expenses have been accounted for as follows:-

	Set-off with Share Premium RM'000	Recognised as expenses as at 30 September 2012 RM'000	To be recognised as expenses RM'000	Set-off with RCULS (Equity Component) RM'000	Total RM'000
Estimated expenses	2,088	1,208	304	400	4,000

The total proceeds raised from the full subscription of 208,021,363 RCULS offered is utilised to partially re-finance the borrowings of Barakah Group.

1.6 Pro forma III

Pro forma III incorporates the effect of Pro forma II and the maximum grant of up to 31,203,205 ESOS Options to the Eligible Persons at an exercise price of RM0.65 per ESOS Option which is the same price as the Issue Shares.

1.7 Pro forma IV

Pro forma IV incorporates the effect of Pro forma III and the Disposal of VEB.

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

1.8 Pro forma V

Pro forma V incorporates the effect of Pro forma IV and the full conversion of the RCULS issued.

1.9 Pro forma VI

Pro forma VI incorporates the effect of Pro forma V and the full exercise of the ESOS Options granted to the Eligible Persons at an exercise price of RM0.65 per ESOS Option.

2. PROPERTY, PLANT AND EQUIPMENT

	RM'000
As at 30 September 2012/Per Pro Forma I	319,798
Utilisation of proceeds - purchase of equipment and machineries	15,400
Per Pro Forma II/III/IV/V/VI	335,198

3. NON-CURRENT ASSET OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	RM'000
As at 30 September 2012	-
Effects of the Share Exchange	1,492
Per Pro Forma I/II/III	1,492
Effects of the Disposal of VEB	(1,492)
Per Pro Forma IV/V/VI	-

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

4. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	RM'000
As at 30 September 2012	-
Effects of the Share Exchange	2,297
Per Pro Forma I/II/III	2,297
Effects of the Disposal of VEB	(2,297)
Per Pro Forma IV/V/VI	-

5. CASH AND BANK BALANCES

	RM'000
As at 30 September 2012	41,511
Proceeds from full subscription of RCULS offered	634
Per Proforma I	42,145
Proceeds from issuance of shares	84,500
Proceeds from full subscription of RCULS offered	8,667
Utilisation of proceeds:	
- purchase of equipment and machineries	(15,400)
- estimated expenses (including expenses for the issuance of RCULS)	(2,792)
Utilisation of RCULS proceeds to re-finance borrowings	(41,605)
Per Proforma II/III/IV/V	75,515
Proceeds from full exercise of ESOS Options	20,283
Per Proforma VI	95,798

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

6. SHARE CAPITAL

	No. of Ordinary Shares of RM0.20 each	RM'000
As at 30 September 2012	484,545	96,909
Issuance of shares for the acquisition of VEB	9,519	1,904
Per Pro Forma I	494,064	98,813
Issuance of shares	130,000	26,000
Per Pro Forma II/III/IV	624,064	124,813
Full conversion of RCULS	208,021	41,604
Per Pro Forma V	832,085	166,417
Full exercise of ESOS Options	31,203	6,241
Per Pro Forma VI	863,288	172,658

7. SHARE PREMIUM

	RM'000
As at 30 September 2012	-
Effects of the Share Exchange	4,283
Per Pro Forma I	4,283
Effects of Issuance of Shares	58,500
Set off of permitted expenses	(2,088)
Per Pro Forma II/III/IV/V	60,695
Full exercise of ESOS Options	17,787
Per Pro Forma VI	78,482

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

8. RETAINED PROFITS

	RM'000
As at 30 September 2012	105,815
Impairment loss on goodwill	(8,408)
Per Pro Forma I	97,407
Non-permitted expenses recognise in Statements of Comprehensive Income	(304)
Per Pro Forma II	97,103
Effects of the full ESOS Options granted	(3,745)
Per Pro Forma III	93,358
Effects of the Disposal of VEB	2,220
Per Pro Forma IV	95,578
Full conversion of RCULS	(400)
Per Pro Forma V/VI	95,178

9. RCULS - EQUITY COMPONENT

	RM'000
As at 30 September 2012	4,086
Effects of the full subscription of RCULS offered	81
Per Pro Forma I	4,167
Effects of the full subscription of RCULS offered	696
Per Pro Forma II/III/IV	4,863
Full conversion of RCULS	(4,863)
Per Pro Forma V/VI	-

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

10. ESOS RESERVE

	RM'000
As at 30 September 2012/Pro forma I/II	-
Effects of the full ESOS Options granted	3,745
Per Pro Forma III/IV/V	3,745
Full exercise of ESOS Options	(3,745)
Per Pro Forma VI	-

11. RCULS - LIABILITY COMPONENT

	RM'000
As at 30 September 2012	26,854
Effects of the full subscription of RCULS offered	528
Per Pro Forma I	27,382
Effects of the full subscription of RCULS offered	7,205
Per Pro Forma II/III/IV	34,587
Full conversion of RCULS	(34,587)
Per Pro Forma V/VI	-

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BARAKAH OFFSHORE PETROLEUM BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONT'D)

12. LONG-TERM BORROWINGS

	RM'000
As at 30 September 2012/Per Pro Forma I	220,463
Re-finance from RCULS proceeds	(41,605)
Per Pro Forma II/III/IV/V/VI	178,858

13. DEFERRED TAX LIABILITIES

	RM'000
As at 30 September 2012	6,441
Effects of the full subscription of RCULS offered	26
Per Pro Forma I	6,467
Effects of the full subscription of RCULS offered	366
Per Pro Forma II/III/IV	6,833
Effects of the full conversion of RCULS offered	(1,754)
Per Pro Forma V/VI	5,079

14. LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	RM'000
As at 30 September 2012	-
Effects of the Share Exchange	6,009
Per Pro Forma I/II/III	6,009
Effects of the Disposal of VEB	(6,009)
Per Pro Forma IV/V/VI	-

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Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

2 4 SEP 2013

The Board of Directors
Barakah Offshore Petroleum Berhad
No. 28, Jalan PJU 5/4,
Dataran Sunway,
Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

Dear Sirs

BARAKAH OFFSHORE PETROLEUM BERHAD ("BARAKAH" OR "COMPANY")
ACCOUNTANTS' REPORT

1. PURPOSE OF REPORT

This report has been prepared by Messrs. Crowe Horwath, an approved company auditor and a firm of chartered accountants registered in Malaysia, for inclusion in the Abridged Prospectus of Barakah in connection with the offer of up to RM41,604,273 nominal value of 5-year 3.5% redeemable convertible unsecured loan stocks of RM0.20 each ("RCULS") by Barakah.

VEB has approved to undertake a reverse take-over exercise involving PBJV Group Sdn. Bhd. ("PBJV"), in order to regularise the financial condition of VEB. Barakah has acquired 100% equity interest in PBJV and will eventually assume the listing status of VEB. The details of the Restructuring Scheme are disclosed in Section 2.2 of this report.

2. DETAILS OF THE RESTRUCTURING SCHEME

2.1 BACKGROUND ON BARAKAH

Barakah was incorporated as a private company limited by shares under the Companies Act, 1965 ("Act") on 1 March 2012. The Company is principally engaged in the business of investment holding. The principal activities of its subsidiaries are disclosed in Section 3.4 of this report.

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2. DETAILS OF THE RESTRUCTURING SCHEME (CONT'D)

2.2 THE RESTRUCTURING SCHEME

The Restructuring Scheme comprises the following transactions:-

2.2.1 Share Exchange

The Share Exchange involves the exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 ordinary shares of RM0.25 each in VEB ("VEB Shares") for 9,518,769 new ordinary shares of RM0.20 each in Barakah ("Barakah Shares") on the basis of three (3) new Barakah Shares for every sixty-five (65) VEB Shares held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots) at the entitlement date, together with an offer from Barakah to the shareholders of VEB ("Entitled Shareholders") to subscribe for a total of 3,172,923 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots)

(hereinafter referred to as the "Share Exchange").

The Share Exchange shall be effected pursuant to Section 176 of the Act. Upon completion of the Share Exchange, VEB will become a wholly-owned subsidiary of Barakah.

The new Barakah Shares to be issued pursuant to the Share Exchange shall, upon allotment and issue, rank *pari passu* in all respects with the existing Barakah Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the date of allotment of the Barakah Shares.

2.2.2 Issuance of Shares

The Issuance of Shares involves the issuance of up to 130,000,000 new Barakah Shares ("Issue Shares") to investors to be identified at an issue price of RM0.65 per Issue Share, together with an offer from Barakah to the same investors to be identified to subscribe for up to 43,333,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots)

(hereinafter referred to as the "Issuance of Shares").

The Issue Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing Barakah Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Issue Shares.

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2. DETAILS OF THE RESTRUCTURING SCHEME (CONT'D)

2.2 THE RESTRUCTURING SCHEME (CONT'D)

2.2.3 Offer For Sale

The Offer for Sale involves an offer for sale of up to 98,500,000 Barakah Shares ("Offer Shares") by Barakah shareholders ("the Offerors") to investors to be identified at an offer price of RM0.65 per Offer Share, together with an offer from the Offerors to the same investors to be identified to subscribe for up to 32,833,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Offer Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots)

(hereinafter referred to as the "Offer For Sale").

2.2.4 Transfer of Listing Status

The Transfer of Listing Status involves the delisting of the entire issued and paid-up share capital of VEB from the Official List of the Main Market of Bursa Securities and the admission of the entire enlarged issued and paid-up share capital of Barakah to the Official List of the Main Market of Bursa Securities upon the completion of the Share Exchange, Issuance of Shares and Offer for Sale

(hereinafter referred to as the "Transfer of Listing Status").

2.2.5 Disposal of VEB

Upon the completion of the Share Exchange, VEB will become a wholly-owned subsidiary of Barakah. As part of the Restructuring Scheme, Barakah has entered into a conditional share sale agreement dated 25 May 2012 ("Disposal SSA") with Squid Ink Sdn. Bhd. for the disposal of its entire equity interests in VEB for a nominal cash consideration of RM1.00

(hereinafter referred to as the "Disposal of VEB").

(The above are hereinafter collectively referred to as the "Restructuring Scheme").

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2. DETAILS OF THE RESTRUCTURING SCHEME (CONT'D)

2.2 THE RESTRUCTURING SCHEME (CONT'D)

2.2.6 Employees' Share Option Scheme ("ESOS")

In conjunction with the Restructuring Scheme, the Board of Barakah has resolved to undertake the establishment of an employees' share option scheme ("ESOS") of up to 5% of the issued and paid-up share capital of Barakah (31,203,205 ESOS Options) to eligible directors and employees of Barakah Group ("Eligible Persons") at any point in time after the completion of the Restructuring Scheme ("ESOS"). The options granted under the ESOS shall entitle the Eligible Persons to subscribe for new Barakah Shares at a pre-determined price ("ESOS Options")

(hereinafter referred to as the "ESOS").

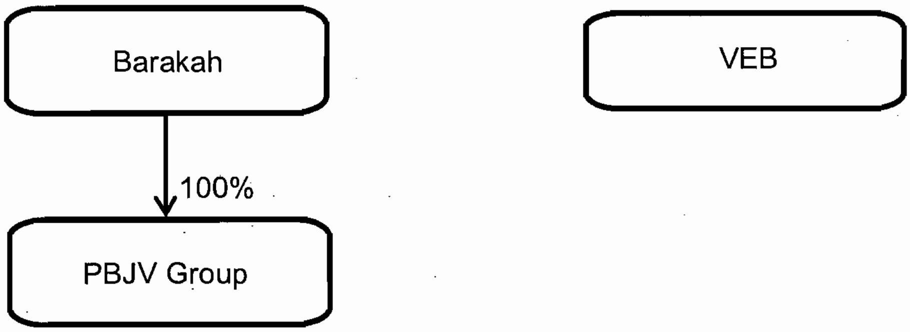
The Board of Barakah has proposed to grant up to 9,358,000 ESOS Options to the Eligible Persons prior to the Transfer of Listing Status ("Initial Grants"). The exercise price of the Initial Grants is RM0.65 per ESOS Option, which is the issue price of the Issue Shares.

The new Barakah Shares arising from the exercise of the ESOS Options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Barakah Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Barakah Shares.

3 GROUP STRUCTURE

3.1 GROUP STRUCTURE PRIOR TO THE SHARE EXCHANGE

The group structure prior to the Share Exchange is as follows:-

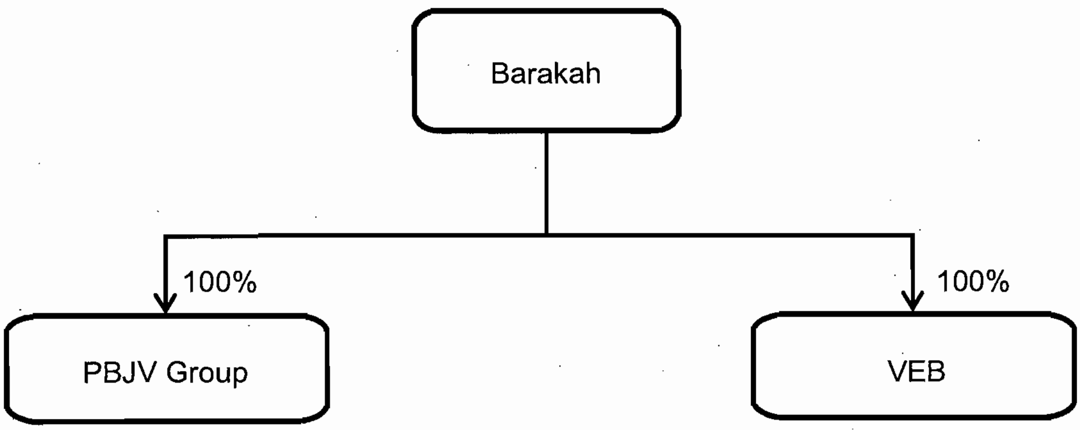


Notes:-

PBJV Group	-	*PBJV and its Subsidiaries*
VEB	-	*Vastalux Energy Berhad*

3.2 GROUP STRUCTURE AFTER THE SHARE EXCHANGE

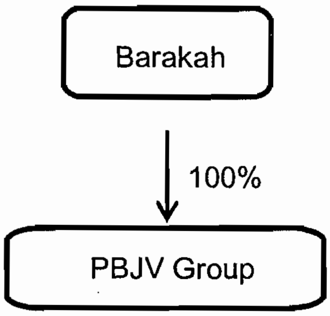
The group structure after Share Exchange is as follows:-



3 GROUP STRUCTURE (CONT'D)

3.3 GROUP STRUCTURE AFTER THE PROPOSED DISPOSAL OF VEB

The group structure after the Proposed Disposal of VEB is as follows:-



(the above group is referred to as "Bakarah Group")

3.4 DETAILS OF THE SUBSIDIARIES OF BARAKAH/PBJV

The details of the subsidiaries are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest As At LPD*	Principal Activities
PBJV ^	Malaysia	100%	Principally engaged in the business of transportation and installation of offshore facilities such as pipelines and structures. PBJV also provides support services on the pre-commissioning, commissioning and de-commissioning of pipelines, and onshore pipe laying works, fabrication and construction projects, repair and maintenance of pipelines and topsides and hook-up services.
Subsidiaries of PBJV			
Kota Laksamana Management Sdn. Bhd. ("KLM") ^	Malaysia	100%	Conducting service expedition relating to marine activities for the oil and gas industry.

* *LPD - 13 September 2013, being the latest practicable date prior to the printing of the Explanatory Statement-cum-Circular.*

^ *These subsidiaries were consolidated using the merger method of accounting.*

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3.4 DETAILS OF THE SUBSIDIARIES OF BARAKAH (CONT'D)

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

Name of Companies	Country of Incorporation	Effective Equity Interest As At LPD*	Principal Activities
Subsidiaries of PBJV (Cont'd)			
PBJV Group Limited ("PBJV Ltd") ^	Federal Territory of Labuan, Malaysia	100%	International pipeline related activities
PBJV Gulf Co. Ltd. ("PBJV Gulf") ^	Kingdom of Saudi Arabia	85%	Providing offshore installation and pipelines and cables, maintenance of topside platforms and offshore pipelines, pre-commissioning and commissioning of pipelines and cables and oil and gas related marine works.
Kota Laksamana 101 Ltd. ("KL 101") ^	Federal Territory of Labuan, Malaysia	100%	Provision of barge and vessel chartering services.

* *LPD - 13 September 2013, being the latest practicable date prior to the printing of the Explanatory Statement-cum-Circular.*

^ *These subsidiaries were consolidated using the merger method of accounting.*

4. RELEVANT FINANCIAL PERIODS AND AUDITORS

The auditors' report of Barakah Group is disclosed in Appendix I.

The relevant financial years of Barakah Group audited financial statements provided in this report ("Relevant Financial Years") and the auditors for the Relevant Financial Years are as follows:-

Companies	Relevant Financial Years/Period	Auditors
Barakah	Financial period ended ("FPE") from 1 March 2012 (date of incorporation) to 30 September 2012	Messrs. Crowe Horwath
PBJV	Financial year ended ("FYE") 30 September 2009	Messrs. Azhar Noriza Zainuddin
	FYE 30 September 2010	Messrs. Azhar Noriza Zainuddin
	FYE 30 September 2011	Messrs. Crowe Horwath
	FYE 30 September 2012	Messrs. Crowe Horwath

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4. RELEVANT FINANCIAL PERIODS AND AUDITORS (CONT'D))

The Relevant Financial Years of Barakah Group audited financial statements provided in this report and the auditors for the Relevant Financial Years are as follows (Cont'd):-

Companies	Relevant Financial Years/Period	Auditors
KLM	FYE 30 September 2009	Messrs. Azlan Aziz and Partners
	FYE 30 September 2010	Messrs. Azlan Aziz and Partners
	FYE 30 September 2011	Messrs. Crowe Horwath
	FYE 30 September 2012	Messrs. Crowe Horwath
PBJV Ltd	FPE from 29 July 2009 (date of incorporation) to 30 September 2010	Messrs. Crowe Horwath (Labuan) LLP
	FYE 30 September 2011	Messrs. Crowe Horwath (Labuan) LLP
	FYE 30 September 2012	Messrs. Crowe Horwath (Labuan) LLP
PBJV Gulf	FPE from 19 March 2012 (date of incorporation) to 31 August 2012	Messrs. Mohammed S. AL-Ghuwainim
KL 101	FPE from 23 July 2012 (date of incorporation) to 30 September 2012	No auditor has been appointed for this dormant company which was incorporated on 23 July 2012

This report covers the financial information derived from the audited financial statements of Barakah Group.

The audited financial statements of Barakah Group for the Relevant Financial Years under review were not subject to any audit qualification.

5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF PREPARATION

Barakah Group only existed on 6 March 2012, upon the completion of the acquisition of PBJV by Barakah. Hence, there are no consolidated financial statements of Barakah Group for the FYE 20 September 2009, FYE 30 September 2010 and FYE 30 September 2011.

As Barakah Group only came into existence in FYE 30 September 2012, the consolidated audited financial statements, modified as appropriate, of PBJV Group (the main operating subsidiary of Barakah) for the FYE 30 September 2009, FYE 30 September 2010 and FYE 30 September 2011 are presented in Section 6.1.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

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

(a) These are Barakah Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous FYE 30 September 2009 and 2010, PBJV Group prepared its financial statements in accordance with Private Entity Reporting Standards in Malaysia and for the FYE 30 September 2011 the financial statements were prepared in accordance with Financial Reporting Standards ("FRSs"). The change of accounting standards did not have any material financial impact upon its initial adoption.

(b) Barakah Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the FYE 2012:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(b) Barakah Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the MASB but are not yet effective for the FYE 2012 (Cont'd):-

MFRSs and IC Interpretations (Including The Consequential Amendments) (Cont'd)	**Effective Date**
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 to 2011 Cycle	1 January 2013

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to Barakah Group's operations except as follows:-

(i) **MFRS 9 & Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures**

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

(ii) **MFRS 10 & Amendments to MFRS 10: Transition Guidance**

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.

(iii) **MFRS 12 & Amendments to MFRS 12: Transition Guidance**

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of Barakah Group upon its initial application but may impact its future disclosures.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to Barakah Group's operations except as follows (Cont'd):-

(iv) MFRS 13

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of Barakah Group upon its initial application but may impact its future disclosures.

(v) Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

(vi) Amendments to MFRS 10, MFRS 12 & MFRS 127: Investment Entities

The amendments to MFRS 10, MFRS 12 and MFRS 127 require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, Barakah Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to Barakah Group's operations except as follows (Cont'd):-

(vii) Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of Barakah Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

(viii) Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.

(ix) Annual Improvements to MFRSs 2009 – 2011 Cycle.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of Barakah Group upon their initial application.

(c) The financial statements of the subsidiaries, PBJV, KLM, PBJV Ltd, PBJV Gulf and KL 101 for the FYE 2012 have been consolidated using the merger method of accounting as disclosed in Section 5.3 (b) of this report. Accordingly, the results of Barakah Group incorporated the results of PBJV, KLM, PBJV Ltd, PBJV Gulf, and KL 101 for the financial year from 1 October 2011 to 30 September 2012.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES

This report is prepared on the basis consistent with the accounting policies adopted by Barakah as disclosed in Section 5.3 below. There were no changes in the significant accounting policies adopted by Barakah during the Relevant Financial Year other than the adoption of all the new and revised MFRSs issued by the MASB which are relevant to their operations.

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of Barakah Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

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

(ii) Income Taxes

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

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

Barakah Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. Barakah Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, Barakah Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

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

Barakah Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if Barakah Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of Barakah and its subsidiaries made up to FYE 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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

Acquisitions of businesses are accounted for using the acquisition method other than those resulted in a business combination involving common control entities is outside the scope of MFRS3. The merger accounting is used by Barakah Group to account for such common control business combinations.

(i) Merger accounting for common control business combinations

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

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

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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

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

In a business combination achieved in stages, previously held equity interests in the acquire are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of Barakah Group.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of Barakah. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

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

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is Barakah's functional and presentation currency.

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies (Cont'd)

(ii) Transactions and Balances

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

(d) Financial Instruments

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

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

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

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

- *Financial Assets at Fair Value Through Profit or Loss*

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

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when Barakah Group's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when Barakah Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(iii) Equity Instruments

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

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

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

(e) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation or amortisation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

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

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment (Cont'd)

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to Barakah Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which Barakah Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of Barakah, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment

(i) Impairment of Financial Assets

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

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

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

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

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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

(h) Assets under Hire Purchase or Finance Lease

Assets acquired under hire purchase or finance lease are capitalised in the financial statements and are depreciated in accordance with the policy set out in Section 5.3(e) above. Each hire purchase or finance lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase or finance lease agreements.

5. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

5.3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) **Income Taxes**

Income tax for the year comprises current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Provisions

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

(l) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of Barakah Group.

(ii) Defined Contribution Plans

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

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5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised up to the extent of the expenses incurred that are recoverable.

(iii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(o) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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6. AUDITED FINANCIAL STATEMENTS

Barakah Group only existed on 6 March 2012, upon the completion of the acquisition of PBJV by Barakah. Hence, there are no consolidated financial statements of Barakah Group for the FYE 30 September 2009, FYE 30 September 2010 and FYE 30 September 2011.

As Barakah Group only came into existence in FYE 30 September 2012, the audited consolidated financial statements, modified as appropriate, of PBJV Group (the main operating subsidiary of Barakah) for the FYE 30 September 2009, FYE 30 September 2010 and FYE 30 September 2011 are presented in Section 6.1.

The financial information of Barakah Group for the FYE 30 September 2012 is as presented in Section 6.1 and is based on its audited financial statements, modified as appropriate, for the purpose of this report.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except for those in *italics* which are prepared based on the calculation, representation and/or explanation provided by the Management and those as otherwise indicated.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP

6.1.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		AUDITED			
		PBJV Group			Barakah Group
	Note	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Revenue	6.1.5	176,342	179,850	178,583	201,956
Cost of sales		(126,433)	(123,415)	(118,636)	(131,788)
Gross profit ("GP")		49,909	56,435	59,947	70,168
Other income		585	751	1,948	957
		50,494	57,186	61,895	71,125
Administrative expenses		(10,391)	(9,610)	(12,457)	(19,065)
Other expenses		(7,734)	(10,091)	(7,946)	(10,788)
Finance costs		(3,036)	(1,601)	(1,775)	(1,821)
Profit before taxation ("PBT")	6.1.6	29,333	35,884	39,717	39,451
Depreciation		5,813	6,068	5,815	6,219
Interest expense		1,834	1,373	1,172	1,248
Interest income		(585)	(674)	(538)	(800)
Earnings before interest, depreciation and taxation ("EBITDA")		36,395	42,651	46,166	46,118
Depreciation		(5,813)	(6,068)	(5,815)	(6,219)
Interest expense		(1,834)	(1,373)	(1,172)	(1,248)
Interest income		585	674	538	800
PBT		29,333	35,884	39,717	39,451
Income tax expense	6.1.7	(8,270)	(13,421)	(5,490)	(6,237)
Profit after taxation ("PAT")		21,063	22,463	34,227	33,214
Other comprehensive expenses		-	-	-	(2)
Total comprehensive income for the financial year		21,063	22,463	34,227	33,212
PAT ATTRIBUTABLE TO:					
Owners of the Company		21,051	22,451	34,223	33,231
Non-controlling interest		12	12	4	(17)
		21,063	22,463	34,227	33,214
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		21,051	22,451	34,223	33,228
Non-controlling interest		12	12	4	(16)
		21,063	22,463	34,227	33,212

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009	FYE 2010	FYE 2011	FYE 2012
GP margin (%)	*28.30*	*31.38*	*33.57*	*34.74*
EBITDA margin (%)	*20.64*	*23.71*	*25.85*	*22.84*
PBT margin (%)	*16.63*	*19.95*	*22.24*	*19.53*
PAT margin (%)	*11.94*	*12.49*	*19.17*	*16.45*
Effective tax rate (%)	*28.19*	*37.40*	*13.82*	*15.81*
Interest coverage (times)	*16.99*	*27.14*	*34.89*	*32.61*
Number of ordinary shares in issue ('000)	*10,000*	*25,000*	*25,000*	*484,545*
Gross earnings per share ("EPS") (RM) ^	*2.93*	*1.44*	*1.59*	*0.08*
Net EPS (RM) ^	*2.11*	*0.90*	*1.37*	*0.07*

Note:-

^ - *The Gross EPS and Net EPS were computed by dividing the PBT and PAT by the number of ordinary shares in issue during the Relevant Financial Year.*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		AUDITED			
		PBJV Group			Barakah Group
	Note	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	6.1.8	123,166	180,985	244,185	319,798
CURRENT ASSETS					
Trade receivables	6.1.9	51,796	81,897	132,523	51,061
Other receivables, deposits and prepayments		544	519	820	1,091
Tax refundable		-	-	-	2,898
Fixed deposit with licensed banks	6.1.10	28,309	19,285	21,589	31,038
Cash and bank balances		22,499	11,260	8,370	9,208
		103,148	112,961	163,302	95,296
TOTAL ASSETS		226,314	293,946	407,487	415,094
EQUITY AND LIABILITIES					
EQUITY					
Share capital	6.1.11	10,000	25,000	25,000	96,909
Retained profits	6.1.12	30,910	38,361	72,584	105,815
Translation reserve		-	-	-	(3)
Merger deficit	6.1.13	-	-	-	(71,909)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		40,910	63,361	97,584	130,812
NON-CONTROLLING INTEREST		302	314	-	106
TOTAL EQUITY		41,212	63,675	97,584	130,918

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		AUDITED			
		PBJV Group			Barakah Group
	Note	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	6.1.14	4,626	6,564	4,509	5,078
Long-term borrowings	6.1.15	95,351	153,800	185,372	220,463
		99,977	160,364	189,881	225,541
CURRENT LIABILITIES					
Trade payables	6.1.18	73,665	44,222	75,276	25,789
Other payables and accruals		2,491	3,308	4,105	14,362
Amount owing to a director	6.1.19	-	-	20	42
Provision for taxation		4,178	4,149	8,620	26
Short-term borrowings	6.1.20	3,347	14,682	14,352	11,812
Bank overdrafts	6.1.21	1,444	3,546	17,649	6,604
		85,125	69,907	120,022	58,635
TOTAL LIABILITIES		185,102	230,271	309,903	284,176
TOTAL EQUITY AND LIABILITIES		226,314	293,946	407,487	415,094
Number of ordinary shares in issue ('000)		*10,000*	*25,000*	*25,000*	*484,545*
*Net assets ("NA") (RM'000) **		*40,910*	*63,361*	*97,584*	*130,812*
NA per ordinary shares (RM)		*4.09*	*2.53*	*3.90*	*0.27*
Trade receivables turnover period (days)		*107*	*166*	*271*	*92*
Trade payables turnover period (days)		*213*	*131*	*232*	*71*
Gearing ratio (times) #		*2.43*	*2.70*	*2.23*	*1.82*

Note:-

* - *NA attributable to the owners of the Company*

\# - *The gearing ratio was computed by dividing the total debt over the total equity during the Relevant Financial Year.*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.3 CONSOLIDATED STATEMENTS OF CASH FLOWS

		AUDITED			
		PBJV Group			Barakah Group
	Note	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		29,333	35,884	39,717	39,451
Adjustments for:-					
Bad debts written off		-	-	-	721
Depreciation of property, plant and equipment		5,813	6,068	5,815	6,219
Interest expense		1,834	1,373	1,172	1,248
Interest income		(585)	(674)	(538)	(800)
Unrealised gain on foreign exchange		-	-	-	(35)
Negative goodwill		-	-	(18)	-
Gain on disposal of property, plant and equipment		-	(11)	(160)	-
Operating profit before working capital changes		36,395	42,640	45,988	46,804
Decrease/(Increase) in trade and other receivables		28,640	(30,076)	(50,927)	80,621
Increase/(Decrease) in trade and other payables		4,539	(28,626)	31,851	(39,230)
CASH FROM/(FOR) OPERATIONS		69,574	(16,062)	26,912	88,195
Interest paid		(1,834)	(1,373)	(1,172)	(1,248)
Interest received		585	674	538	800
Income tax paid		(1,610)	(11,511)	(3,074)	(17,160)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		66,715	(28,272)	23,204	70,587
CASH FLOWS FOR INVESTING ACTIVITIES					
Net cash outflow on subscription of shares of existing subsidiary		-	-	(300)	-
Purchase of property, plant and equipment	6.1.22	(18,154)	(11,732)	(27,289)	(44,816)
Proceeds from disposal of property, plant and equipment		-	2,258	5,200	-
NET CASH FOR INVESTING ACTIVITIES		(18,154)	(9,474)	(22,389)	(44,816)
BALANCE CARRIED FORWARD		48,561	(37,746)	815	25,771

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.3 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		AUDITED			
		PBJV Group			Barakah Group
	Note	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
BALANCE BROUGHT FORWARD		48,561	(37,746)	815	25,771
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from a director		-	-	20	22
Drawdown of a term loan		-	99,666	-	-
Repayment of hire purchase obligations		(17)	(11)	(14)	(17)
Repayment of term loans		(26,634)	(84,274)	(15,510)	(4,448)
NET CASH (FOR)/FROM FINANCING ACTIVITES		(26,651)	15,381	(15,504)	(4,443)
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS		21,910	(22,365)	(14,689)	21,328
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENT		-	-	-	4
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		27,454	49,364	26,999	12,310
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6.1.23	49,364	26,999	12,310	33,642

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	AUDITED				
	Share Capital RM'000	Retained Profits RM'000	Attributable To Owners Of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
PBJV GROUP					
Balance at 1.10.2008	10,000	9,859	19,859	290	20,149
Total comprehensive income for the financial year	-	21,051	21,051	12	21,063
Balance at 30.9.2009/1.10.2009	10,000	30,910	40,910	302	41,212
Issuance of bonus shares	15,000	(15,000)	-	-	-
Total comprehensive income for the financial year	-	22,451	22,451	12	22,463
Balance at 30.9.2010/1.10.2010	25,000	38,361	63,361	314	63,675
Total comprehensive income for the financial year	-	34,223	34,223	4	34,227
Acquisition of additional equity interest in a subsidiary	-	-	-	(318)	(318)
Balance at 30.9.2011	25,000	72,584	97,584	-	97,584

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	AUDITED						
	Share Capital RM'000	Merger Deficit RM'000	Retained Profits RM'000	Translation Reserves RM'000	Attributable To Owners Of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
BARAKAH GROUP							
Balance at 1.10.2011	96,909*	(71,909)	72,584	-	97,584	-	97,584
PAT for the financial year	-	-	33,231	-	33,231	(17)	33,214
Other comprehensive expenses for the financial year, net of tax:							
- Foreign currency translation	-	-	-	(3)	(3)	1	(2)
Total comprehensive income	-	-	33,231	(3)	33,228	(16)	33,212
Contributions by owners of the Company:							
- acquisition of subsidiary	-	-	-	-	-	122	122
Total transaction with owners	-	-	-	-	-	122	122
Balance at 30.09.2012	96,909	(71,909)	105,815	(3)	130,812	106	130,918

Notes:-

* The share capital of RM96,909,064 were presented based on the share capital in issue pursuant to the acquisition of PBJV, which were consolidated using the merger method of accounting as disclosed in Note 6.1.27 (e) to this report.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.5 REVENUE

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Pre-commissioning, commissioning and de-commissioning service	158,038	111,866	117,673	138,661
Pipeline construction	18,304	67,984	59,510	63,295
Civil construction	-	-	1,400	-
	176,342	179,850	178,583	201,956

6.1.6 PROFIT BEFORE TAXATION

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
PBT is arrived at after charging/(crediting):-				
Audit fee				
- current year	112	105	112	128
- overprovision in the previous financial year	(2)	-	-	-
Bad debts written off	-	-	-	721
Depreciation of property, plant and equipment	5,813	6,068	5,815	6,219
Directors' emoluments:				
- directors' fee	264	374	817	1,032
- salaries, allowances and bonuses	338	670	690	1,102
- defined contribution plan	26	27	29	65
- other benefits	41	43	35	95
Interest expense:				
- bank overdrafts	732	146	627	961
- hire purchase	10	2	9	6
- term loans	1,092	1,225	536	281
Rental of equipment and machineries	8,798	28,733	20,546	21,287
Rental of premises	901	476	497	722
Staff costs:				
- salaries, allowances and bonuses	5,668	5,100	7,051	11,037
- defined contribution plan	862	673	858	1,346
- other benefits	242	207	74	92

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.6 PROFIT BEFORE TAXATION (CONT'D)

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
PBT is arrived at after charging/(crediting) (Cont'd):-				
Interest income:				
- fixed deposits	(410)	(440)	(454)	(602)
- others	(175)	(234)	(84)	(198)
Rental income	-	-	-	(46)
Gain on disposal of property, plant and equipment	-	(11)	(160)	-
Negative goodwill	-	-	(18)	-
Realised loss/(gain) on foreign exchange	382	(66)	(1,192)	263
Unrealised gain on foreign exchange	-	-	-	(35)

6.1.7 INCOME TAX EXPENSE

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Current tax:				
- for the financial year	5,965	7,846	7,545	6,094
- underprovision/(over) in the previous financial year	(45)	3,637	-	(426)
	5,920	11,483	7,545	5,668
Deferred tax expense (Section 6.1.14):				
- for the financial year	2,454	1,938	520	569
- overprovision in the previous financial year	(104)	-	(2,575)	-
	2,350	1,938	(2,055)	569
	8,270	13,421	5,490	6,237

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.7 INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of PBJV Group/Barakah Group is as follows:-

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
PBT	29,333	35,884	39,717	39,451
Tax at the statutory tax rates of 25%	7,333	8,971	9,929	9,862
Tax effects of:				
Non-deductible expenses	1,130	2,486	561	1,080
Income not subject to tax	(44)	(1,673)	(2,425)	(4,259)
Utilisation of deferred tax assets previously not recognised	-	-	-	(12)
Differential in tax rates	-	-	-	(8)
Overprovision of deferred tax in the previous financial year	(104)	-	(2,575)	-
(Over)/Underprovision of income tax in the previous financial year	(45)	3,637	-	(426)
Tax for the financial year	8,270	13,421	5,490	6,237

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT

	AUDITED			
	At 1.10.2008 RM'000	Additions RM'000	Depreciation Charge RM'000	At 30.9.2009 RM'000
PBJV GROUP				
Net Book Value				
Freehold land	80	400	-	480
Leasehold land	853	950	(18)	1,785
Building	348	-	2	350
Computers	174	620	(357)	437
Furniture and fittings	1,037	20	(123)	934
Communication equipment	291	33	(40)	284
Machinery and equipment	23,413	20,406	(5,092)	38,727
Motor vehicles	43	2	(12)	33
Office equipment	420	101	(63)	458
Renovation	906	-	(110)	796
Capital work-in-progress	34,363	44,519	-	78,882
	61,928	67,051	(5,813)	123,166

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT

	AUDITED				
	At 1.10.2009 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charge RM'000	At 30.9.2010 RM'000
PBJV GROUP					
Net Book Value					
Freehold land	480	-	-	-	480
Leasehold land	1,785	-	-	(19)	1,766
Building	350	-	-	(50)	300
Computers	437	172	-	(270)	339
Furniture and fittings	934	34	-	(126)	842
Communication equipment	284	27	-	(42)	269
Machinery and equipment	38,727	2,279	(2,247)	(5,319)	33,440
Motor vehicles	33	150	-	(40)	143
Office equipment	458	11	-	(65)	404
Renovation	796	272	-	(137)	931
Capital work-in-progress	78,882	63,189	-	-	142,071
	123,166	66,134	(2,247)	(6,068)	180,985

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AUDITED				
	At 1.10.2010 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charge RM'000	At 30.9.2011 RM'000
PBJV GROUP					
Net Book Value					
Freehold land	480	-	-	-	480
Leasehold land	1,766	-	-	(19)	1,747
Building	300	900	-	(50)	1,150
Computers	339	237	-	(289)	287
Furniture and fittings	842	65	-	(133)	774
Communication equipment	269	37	-	(46)	260
Machinery and equipment	33,440	6,373	(5,040)	(4,954)	29,819
Motor vehicles	143	4	-	(42)	105
Office equipment	404	24	-	(68)	360
Renovation	931	771	-	(214)	1,488
Capital work-in-progress	142,071	65,644	-	-	207,715
	180,985	74,055	(5,040)	(5,815)	244,185

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AUDITED				
	At 1.10.2011 RM'000	Additions RM'000	Transfer From/(to) RM'000	Depreciation Charge RM'000	At 30.9.2012 RM'000
BARAKAH GROUP					
Net Book Value					
Freehold land	480	-	-	-	480
Leasehold land	1,747	-	-	(19)	1,728
Building	1,150	-	-	(147)	1,003
Computers	287	353	-	(275)	365
Furniture and fittings	774	144	-	(142)	776
Communication equipment	260	117	-	(55)	322
Machinery and equipment	29,819	809	-	(4,954)	25,674
Motor vehicles	105	-	-	(42)	63
Office equipment	360	331	-	(68)	623
Renovation	1,488	1,422	-	(266)	2,644
Barge	-	-	286,371	(251)	286,120
Capital work-in-progress	207,715	78,656	(286,371)	-	-
	244,185	81,832	-	(6,219)	319,798

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AUDITED		
	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
PBJV GROUP			
At 30.9.2009			
Freehold land	480	-	480
Leasehold land	1,858	(73)	1,785
Building	440	(90)	350
Computers	1,481	(1,044)	437
Furniture and fittings	1,228	(294)	934
Communication equipment	396	(112)	284
Machinery and equipment	50,915	(12,188)	38,727
Motor vehicles	154	(121)	33
Office equipment	639	(181)	458
Renovation	1,097	(301)	796
Capital work-in-progress	78,882	-	78,882
	137,570	(14,404)	123,166

	AUDITED		
	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
PBJV GROUP			
At 30.9.2010			
Freehold land	480	-	480
Leasehold land	1,858	(92)	1,766
Building	440	(140)	300
Computers	1,653	(1,314)	339
Furniture and fittings	1,263	(421)	842
Communication equipment	423	(154)	269
Machinery and equipment	50,386	(16,946)	33,440
Motor vehicles	256	(113)	143
Office equipment	651	(247)	404
Renovation	1,369	(438)	931
Capital work-in-progress	142,071	-	142,071
	200,850	(19,865)	180,985

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AUDITED		
	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
PBJV GROUP			
At 30.9.2011			
Freehold land	480	-	480
Leasehold land	1,858	(111)	1,747
Building	1,340	(190)	1,150
Computers	1,821	(1,534)	287
Furniture and fittings	1,328	(554)	774
Communication equipment	460	(200)	260
Machinery and equipment	49,559	(19,740)	29,819
Motor vehicles	260	(155)	105
Office equipment	674	(314)	360
Renovation	2,140	(652)	1,488
Capital work-in-progress	207,715	-	207,715
	267,635	(23,450)	244,185
BARAKAH GROUP			
At 30.9.2012			
Freehold land	480	-	480
Leasehold land	1,858	(130)	1,728
Building	1,340	(337)	1,003
Computers	2,242	(1,877)	365
Furniture and fittings	1,472	(696)	776
Communication equipment	577	(255)	322
Machinery and equipment	50,368	(24,694)	25,674
Motor vehicles	260	(197)	63
Office equipment	1,005	(382)	623
Renovation	3,562	(918)	2,644
Barge	286,371	(251)	286,120
	349,535	(29,737)	319,798

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Building	350	300	-	-
Leasehold land	1,785	1,766	1,747	1,728
Freehold land	480	480	480	-
Motor vehicles	146	118	87	58
Capital work-in-progress	78,882	142,071	207,715	286,120
	81,643	144,735	210,029	287,906

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

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Building	350	300	250	201
Leasehold land	1,785	1,766	1,747	1,728
Freehold land	480	480	480	-
Barge	146	-	-	286,120
Capital work-in-progress	78,882	142,071	207,715	-
	81,643	144,617	210,192	288,049

Capital work-in-progress represents cost incurred in the construction of a barge.

Included in capital work-in-progress is a borrowing cost of RM 17,035,783, RM9,382,727, RM6,476,442 and RM2,585,207 for the FYE 2012, FYE 2011, FYE 2010 and FYE 2009 respectively, arising from financing specifically for the construction of the barge which was capitalised as an addition of property, plant and equipment during the Relevant Financial Year.

As at the end of FYE 2012, a piece of freehold land with a total net book value of RM400,000 registered under the name of a director and is held in trust on behalf of Barakah Group. As of the date of this report, Barakah Group is in the midst of disposing of the said land and will lease back from the director.

As at the end of FYE 2012, the building with a net book value of approximately RM201,101 (2011 – RM250,000) which was pledged as security for a banking facility, is in the process of being discharged as the facility granted had been fully settled during the FYE 2011.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.9 TRADE RECEIVABLES

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Trade receivables	51,796	81,897	132,523	48,055
Accrued revenue	-	-	-	3,006
	51,796	81,897	132,523	51,061

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

6.1.10 FIXED DEPOSITS WITH LICENSED BANKS

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Effective interest rates per annum ranging:-				
- from	1.50%	1.60%	2.40%	2.70%
- to	2.80%	2.90%	3.05%	3.30%
Maturity periods ranging:-				
- from	30 days	30 days	30 days	30 days
- to	365 days	365 days	365 days	365 days

The fixed deposits with licensed banks amounting to RM20,774,284, RM17,674,255, RM18,116,704 and RM14,654,185 for FYE 2012, FYE 2011, FYE 2010 and FYE 2009 respectively have been pledged as security for banking facilities granted to Barakah Group.

The fixed deposits with licensed banks amounting to RM2,874,666, RM2,785,899, RM2,743,724 and RM2,737,008 for FYE 2012, FYE 2011, FYE 2010 and FYE 2009 respectively are registered under the name of a director and are held in trust on behalf of Barakah Group. As of the date of this report, the licensed banks for which the said fixed deposits are pledged to, have approved the transfer of the fixed deposits ownership from the director to Barakah Group. The transfer is subject to certain conditions to be met.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.11 SHARE CAPITAL

	AUDITED											
	PBJV Group									Barakah Group		
	FYE 2009			FYE 2010			FYE 2011			FYE 2012		
	Par Value RM	Number Of Shares 'Million	RM'Million	Par Value RM	Number Of Shares 'Million	RM'Million	Par Value RM	Number Of Shares 'Million	RM'Million	Par Value RM	Number Of Shares 'Million	RM'Million
Authorised												
At 1 October/At 1 March 2012 (date of incorporation)	1.00	10	10	1.00	10	10	1.00	25	25	0.10	20,000	2,000
Increase during the financial year	-	-	-	1.00	15	15	1.00	-	-	-	-	-
Share consolidation of every 2 shares of RM0.10 each into 1 share of RM0.20 each	-	-	-	-	-	-	-	-	-	0.20	(10,000)	-
At 30 September	1.00	10	10	1.00	25	25	1.00	25	25	0.20	10,000	2,000
Issued And Fully Paid-Up												
At 1 October/At 1 March 2012 (date of incorporation)	1.00	10	10	1.00	10	10	1.00	25	25	0.10	*	#
Bonus issue	-	-	-	1.00	15	15	-	-	-	-	-	-
Allotment of shares pursuant to acquisition of subsidiary (Section 6.1.27(e))	-	-	-	-	-	-	-	-	-	0.10	969	97
Share consolidation of every 2 shares of RM0.10 each into 1 share of RM0.20 each	-	-	-	-	-	-	-	-	-	0.20	(485)	-
At 30 September	1.00	10	10	1.00	25	25	1.00	25	25	0.20	484	97

Notes:-

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.11 SHARE CAPITAL (CONT'D)

During the FYE 2012,

(a) Barakah increased its issued and paid-up share capital from RM3 to RM96,909,064 in the following manner:-

(i) Acquisition of PBJV

Barakah acquired the entire issued and paid-up share capital in PBJV of RM25,000,000 comprising of 25,000,000 ordinary shares of RM1.00 each for a total consideration of RM96,909,061 satisfied entirely by the issuance of 969,090,610 new ordinary shares of RM0.10 each in Barakah.

All the new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of Barakah;

(b) the consolidation of every 2 existing ordinary shares of RM0.10 each into 1 new ordinary share of RM0.20 each. Arising therefrom, the 969,090,640 ordinary shares of RM0.10 each were consolidated into 484,545,320 new ordinary shares of RM0.20 each.

6.1.12 RETAINED PROFITS

Subject to agreement with the tax authorities, at the end of the reporting period, PBJV/Barakah has the following tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its retained profits:-

	AUDITED			
	PBJV			Barakah
	FYE 2009	FYE 2010	FYE 2011	FYE 2012
	RM'000	RM'000	RM'000	RM'000
Tax credits under Section 108 of the Income Tax Act 1967	11,153	11,153	11,153	-

If the balance of the retained profits were to be distributed as dividends, Barakah may distribute such dividend under the single tier tax system.

At the end of the FYE 2012, PBJV/Barakah has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, PBJV/Barakah will automatically move to the single tier tax system. Under the single tier tax system, tax on PBJV/Barakah's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.13 MERGER DEFICIT

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

6.1.14 DEFERRED TAX LIABILITIES

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
At 1 October	2,276	4,626	6,564	4,509
Recognised in profit or loss (Section 6.1.7)	2,350	1,938	(2,055)	569
At 30 September	4,626	6,564	4,509	5,078

The deferred taxation relates to temporary differences arising from accelerated capital allowances on qualifying capital expenditure.

6.1.15 LONG-TERM BORROWINGS

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Hire purchase payables (Section 6.1.16)	-	106	94	75
Term loans (Section 6.1.17)	95,351	153,694	185,278	220,388
	95,351	153,800	185,372	220,463

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.16 HIRE PURCHASE PAYABLES

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Minimum hire purchase payments:				
- not later than one year	-	24	24	24
- later than one year and not later than five years	-	96	96	84
- later than five years	-	35	11	-
	-	155	131	108
Less: Future finance charges	-	(30)	(20)	(14)
Present value of hire purchase payables	-	125	111	94

The net hire purchase payables are repayable as follows:-

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Current:				
- not later than one year (Section 6.1.20)	-	19	17	19
Non-current (Section 6.1.15):				
- later than one year and not later than five years	-	77	82	75
- later than five years	-	29	12	-
	-	106	94	75
	-	125	111	94

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.17 TERM LOANS

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Current portion (Section 6.1.20):				
- not later than one year	3,347	14,663	14,335	11,793
Non-current portion (Section 6.1.15):				
- later than one year and not later than five years	95,351	69,086	123,310	92,738
- later than five years	-	84,608	61,968	127,650
	95,351	153,694	185,278	220,388
	98,698	168,357	199,613	232,181

Details of the repayment terms are as follows:-

Term Loans	Monthly Instalments RM	Number of Monthly Instalment	Yearly Interest Rate	Date of Commencement of Repayment	Amount Outstanding PBJV Group FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	Barakah Group FYE 2012 RM'000
1	59,312	60	8.10%	20/9/2007	1,822	1,116	632	-
2	4,114	180	8.10%	31/7/2003	307	257	257	228
3	125,346	36	7.80%	31/5/2008	2,252	895	-	-
4	102,133	60	8.75%	31/1/2008	3,486	2,813	1,640	401
5	5,504	120	4.80%	27/9/2009	550	496	449	400
6	1,283,396	84	8.10%	1/3/2013	-	-	46,767	79,704
7	1,809,524	84	8.10%	25/3/2013	90,107	150,818	149,868	148,086
8	4,000,000	1	8.25%	21/5/2008	-	4,000	-	-
9	1,420,830	7	2.75%	15/11/2010	-	7,962	-	-
10	53,192	84	7.60%	19/6/2012	174	-	-	3,362
					98,698	168,357	199,613	232,181

At the end of the FYE 2012, the term loans are secured by:-

(i) a first legal charge over certain freehold land, leasehold land and buildings as disclosed in Section 6.1.8 in this report;

(ii) a joint and several guarantee by a director of Barakah Group and a third party;

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.17 TERM LOANS (CONT'D)

At the end of the FYE 2012, the term loans are secured by (Cont'd):-

(iii) a legal debenture on equipment financed by certain banks;

(iv) a third party legal charge over the proposed new multi-purpose PLB-101-Kota Laksamana ("PBL"), a vessel, for RM152,000,000 throughout the financing period upon Barakah Group taking delivery of the Barge;

(v) a third party charge over 90% of its subsidiary shares for which the PLB is registered to;

(vi) a charge over the designated account by way of memorandum of deposit together with letter of setoff;

(vii) a debenture for the amount of RM185,000,000 over Barakah Group's fixed and floating current and future assets;

(viii) a third party debenture for the amount of RM185,000,000 over its subsidiary fixed and floating, current and future assets. This debenture is to be released once the legal charge over PLB has been perfected;

(ix) an assignment of charter proceeds to a licensed financial institution or irrevocable notice of payment instruction at the sole and absolute discretion of a licensed finance institution. Charter proceeds are to be credited into a designated Escrow Account to be created;

(x) a charge and assignment incorporating a Power of Attorney for its subsidiary over:-
- all applicable insurance in respect of PLB;
- receivables account;
- designated escrow accounts; and
- general investment account.

(xi) an assignment of shipbuilding contract signed between its subsidiary and a third party, Grand One Marine Shipyard Sdn. Bhd., with all absolute rights contain in the Contract to a licensed finance institution and subject to a licensed financial institution satisfaction;

(xii) a negative pledge from Barakah Group not to pledge its existing asset to any bank without a licensed financial institution's consent;

(xiii) a security deposit of RM912,000 pledged under General Investment Account in lieu of the stamping fees; and

(xiv) an undertaking from the current shareholders of Barakah Group that they will not relinquish their shareholdings without a licensed financial institution's prior written approval so long as the facility remains outstanding.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.18 TRADE PAYABLES

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Trade payables	55,085	25,241	38,691	25,526
Related parties	18,580	18,981	36,585	263
	73,665	44,222	75,276	25,789

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

6.1.19 AMOUNT OWING TO A DIRECTOR

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

6.1.20 SHORT-TERM BORROWINGS

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Hire purchase payables (Section 6.1.16)	-	19	17	19
Term loans (Section 6.1.17)	3,347	14,663	14,335	11,793
	3,347	14,682	14,352	11,812

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.21 BANK OVERDRAFTS

The bank overdrafts at the end of the reporting period bore the following effective interest rates:-

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Effective interest rate (per annum)	7.00%	7.80%	8.10%	8.17%

At the end of the FYE 2012, the bank overdraft is secured by:-

(i) a pledge of the fixed deposits of Barakah Group as disclosed in Section 6.1.10 in this report;
(ii) a joint and several guarantee by a director of Barakah Group and a third party;
(iii) an irrevocable letter of instruction from Barakah Group to the main contractor and their agreement to remit payment to the bank; and
(iv) a placement of a half yearly sinking fund of RM100,000

6.1.22 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Cost of property, plant and equipment	67,051	66,134	74,055	81,832
Amount financed through hire purchase	-	(136)	-	-
Amount financed through term loans	(48,897)	(54,266)	(46,766)	(37,016)
Cash disbursed for purchase of property, plant and equipment	18,154	11,732	27,289	44,816

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.23 CASH AND CASH EQUIVALENTS

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

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Fixed deposits with licensed banks	28,309	19,285	21,589	31,038
Cash and bank balances	22,499	11,260	8,370	9,208
Bank overdraft	(1,444)	(3,546)	(17,649)	(6,604)
	49,364	26,999	12,310	33,642

6.1.24 CAPITAL COMMITMENTS

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Approved and contracted for:-				
- Property, plant and equipment	-	90,000	69,165	-
- Others	18,154	-	-	-

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.25 RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

(b) In addition to the information detailed elsewhere in the financial statements, Barakah Group carried out the following significant transactions with the related parties during the financial year:-

	AUDITED			
	PBJV Group			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Parties connected to Directors				
Purchases	22,012	7,236	14,009	26,900
Company in which certain Directors have interests				
Purchases	32,230	47,884	33,415	11,788
Donations	-	-	346	580
Key management personnel compensation:-				
- short-term employee benefits	669	1,114	1,571	2,294

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

Barakah Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Singapore Dollar, United States Dollar and Saudi Riyal. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure

During the FYE 2009 and FYE 2010, PBJV Group does not have material foreign currency transactions, assets or liabilities and hence is not exposed to any significant or material foreign currency risk.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure

	Singapore Dollar RM'000	United States Dollar RM'000	Pound Sterling RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
PBJV GROUP						
FYE 2011						
Financial asset						
Other receivables and deposits	-	-	-	-	791	791
Fixed deposit with licensed banks	-	-	-	-	21,589	21,589
Cash and bank balances	-	74	-	22	8,274	8,370
	-	74	-	22	30,654	30,750
Financial liability						
Trade payables	(2)	(11,410)	(1,139)	-	(62,725)	(75,276)
Other payables and accruals	-	-	-	-	(4,105)	(4,105)
Amount owing to a director	-	-	-	-	(20)	(20)
Term loans	-	-	-	-	(199,613)	(199,613)
Hire purchase payables	-	-	-	-	(111)	(111)
Bank overdrafts	-	-	-	-	(17,649)	(17,649)
	(2)	(11,410)	(1,139)	-	(284,223)	(296,774)

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure(Cont'd)

	Singapore Dollar RM'000	United States Dollar RM'000	Pound Sterling RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
PBJV GROUP						
FYE 2011						
Net financial asset/(liabilities)	(2)	(11,336)	(1,139)	22	(253,569)	(266,024)
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	#	-	-	253,569	253,569
Currency exposure	(2)	(11,336)	(1,139)	22	-	(12,455)

Note:-
 # - Denotes RM667.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

	Singapore Dollar RM'000	United States Dollar RM'000	Pound Sterling RM'000	Euro RM'000	Saudi Riyal RM'000	Ringgit Malaysia RM'000	Total RM'000
BARAKAH GROUP							
FYE 2012							
Financial asset							
Other receivables and deposits	-	-	-	-	4	1,077	1,081
Fixed deposit with licensed banks	-	-	-	-	-	31,038	31,038
Cash and bank balances	2	121	^	20	818	8,247	9,208
	2	121	^	20	822	40,362	41,327
Financial liability							
Trade payables	(841)	(5,970)	-	-	-	(18,978)	(25,789)
Other payables and accruals	-	-	-	-	(11)	(14,351)	(14,362)
Amount owing to a director	-	-	-	-	-	(42)	(42)
Term loans	-	-	-	-	-	(232,181)	(232,181)
Hire purchase payables	-	-	-	-	-	(94)	(94)
Bank overdrafts	-	-	-	-	-	(6,604)	(6,604)
	(841)	(5,970)	-	-	(11)	(272,250)	(279,072)

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

	Singapore Dollar RM'000	United States Dollar RM'000	Pound Sterling RM'000	Euro RM'000	Saudi Riyal RM'000	Ringgit Malaysia RM'000	Total RM'000
BARAKAH GROUP							
FYE 2012							
Net financial assets/(liabilities)	(839)	(5,849)	^	20	811	(231,888)	(237,745)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	-	*	-	-	(811)	231,888	231,077
Currency exposure	(839)	(5,849)	^	20	-	-	(6,668)

Notes:-
* - *Denotes RM640.*
^ - *Denotes RM19*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

During the FYE 2009 and FYE 2010, PBJV Group was not exposed to any significant or material foreign currency risk and as such, the foreign currency risk sensitivity analysis is not presented for FYE 2009 and FYE 2010.

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the FYE 2011 and FYE 2012, with all other variables held constant:-

	PBJV Group FYE 2011 Increase/ (Decrease) RM'000	Barakah Group FYE 2012 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity		
Singapore Dollar		
- strengthened by 10%	(^)	(63)
- weakened by 10%	^	63
United States Dollar:		
- strengthened by 10%	(850)	(439)
- weakened by 10%	850	439
Pound Sterling:		
- strengthened by 10%	(85)	(#)
- weakened by 10%	85	(#)
Euro		
- strengthened by 10%	2	2
- weakened by 10%	(2)	(2)

Notes:-
^ - *Denotes RM163.*
# - *Denotes RM1.*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Barakah Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. Barakah Group's policy is to obtain the most favourable interest rates available. Any surplus funds of Barakah Group will be placed with licensed financial institutions to generate interest income.

Information relating to Barakah Group's exposure to the interest rate risk of the financial liabilities is disclosed in Section 6.1.26(a)(iii) to this report.

Interest rate risk sensitivity analysis

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

	PBJV Group			Barakah Group
	FYE 2009 Increase/ (Decrease) RM'000	**FYE 2010 Increase/ (Decrease) RM'000**	**FYE 2011 Increase/ (Decrease) RM'000**	**FYE 2012 Increase/ (Decrease) RM'000**
Effects on profit after taxation				
Increase of 100 basis points (bp)	(751)	(1,289)	(1,629)	(1,791)
Decrease of 100 bp	751	1,289	1,629	1,791
Effects on equity				
Increase of 100 bp	(751)	(1,289)	(1,629)	(1,791)
Decrease of 100 bp	751	1,289	1,629	1,791

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

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

(ii) Credit Risk

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

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

Credit risk concentration profile

Barakah Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 69% of its trade receivables for the FYE 2012.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Exposure to credit risk

As Barakah Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing analysis

The ageing analysis of Barakah Group's trade receivables for the FYE 2012 is as follows:-

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2012				
Not past due	40,758	-	-	40,758
Past due:-				
- less than 2 months	7,771	-	-	7,771
- 2 to 6 months	2,316	-	-	2,316
- over 6 months	216	-	-	216
	51,061	-	-	51,061

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

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

Trade receivables that are past due but not impaired

Barakah Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with Barakah Group. Barakah Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

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

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

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

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
PBJV GROUP						
FYE 2009						
Term loans	7.16	98,698	126,229	2,040	48,627	75,562
Trade payables	-	73,665	73,665	-	-	-
Other payables and accruals	-	2,491	2,491	-	-	-
Bank overdrafts	7.05	1,444	1,444	-	-	-
		176,298	203,829	2,040	48,627	75,562

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
PBJV GROUP						
FYE 2010						
Hire purchase Payables	6.28	125	155	24	96	35
Term loans	8.21	168,357	271,511	15,301	154,872	101,338
Trade payables	-	44,222	44,222	44,222	-	-
Other payables and accruals	-	3,308	3,308	3,308	-	-
Bank Overdrafts	7.93	3,546	3,546	3,546	-	-
		219,558	322,742	66,401	154,968	101,373

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
PBJV GROUP						
FYE 2011						
Hire purchase Payables	6.28	111	131	24	96	11
Term loans	8.21	199,613	214,072	22,490	179,790	11,792
Trade payables	-	75,276	75,276	75,276	-	-
Amount owing to a director	-	20	20	20	-	-
Other payables and accruals	-	4,105	4,105	4,105	-	-
Bank Overdrafts	8.10	17,649	17,649	17,649	-	-
		296,774	311,253	119,564	179,886	11,803

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
BARAKAH GROUP						
FYE 2012						
Hire purchase Payables	6.28	94	108	24	84	-
Term loans	8.09	232,181	327,153	22,622	150,164	154,367
Trade payables	-	25,789	25,789	25,789	-	-
Amount owing to a director	-	42	42	42	-	-
Other payables and accruals	-	14,362	14,362	14,362	-	-
Bank Overdrafts	8.17	6,604	6,604	6,604	-	-
		279,072	374,058	69,443	150,248	154,367

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

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

Barakah Group manages its capital based on debt-to-equity ratio. Barakah Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of Barakah Group as at the end of the reporting period was as follows:-

	← PBJV Group		→	Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Hire purchase payables	-	125	111	94
Term loans	98,698	168,357	199,613	232,181
Trade payables	73,665	44,222	75,276	25,789
Amount owing to a director	-	-	20	42
Other payables and accruals	2,491	3,308	4,105	14,362
Bank overdrafts	1,444	3,546	17,649	6,604
	176,298	219,558	296,774	279,072
Less: Fixed deposits with licensed banks	(28,309)	(19,285)	(21,589)	(31,038)
Less: Cash and bank balances	(22,499)	(11,260)	(8,370)	(9,208)
Net debt	125,490	189,013	266,815	238,826
Total equity	41,212	63,675	97,584	130,918
Debt-to-equity ratio	3.04	2.97	2.73	1.82

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.26 FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	← PBJV Group →			Barakah Group
	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000
Financial assets				
Loans and receivables financial assets				
Trade receivables	51,796	81,897	132,523	51,061
Other receivables and deposits	515	490	791	1,081
Fixed deposits with licensed banks	28,309	19,285	21,589	31,038
Cash and bank balances	22,499	11,260	8,370	9,208
	103,119	112,932	163,273	92,388
Financial liabilities				
Other financial liabilities				
Hire purchase payables	-	125	111	94
Term loans	98,698	168,357	199,613	232,181
Trade payables	73,665	44,222	75,276	25,789
Other payables and accruals	2,491	3,308	4,105	14,362
Amount owing to a director	-	-	20	42
Bank overdrafts	1,444	3,546	17,649	6,604
	176,298	219,558	296,774	279,072

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6. **AUDITED FINANCIAL STATEMENTS (CONT'D)**

6.1 **PBJV GROUP/BARAKAH GROUP (CONT'D)**

6.1.26 **FINANCIAL INSTRUMENTS (CONT'D)**

(d) **Fair Values Of Financial Instruments**

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	PBJV Group						Barakah Group	
	FYE 2009		FYE 2010		FYE 2011		FYE 2012	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payables	-	-	125	135	111	117	94	95

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	PBJV Group			Barakah Group
	FYE 2009 %	FYE 2010 %	FYE 2011 %	FYE 2012 %
Hire purchase payables	-	4.78	4.78	6.44

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.27 SIGNIFICANT EVENTS DURING THE FYE 2012

The following are the significant events during the FYE 2012:-

(a) On 6 March 2012, Barakah had entered into a Restructuring Agreement with VEB, a public company limited by shares, to undertake a Restructuring Scheme which would involve Barakah assuming the listing status of VEB. Details of each exercise leading to the assumption of the listing status are as follows:

(i) Share Exchange

The Share Exchange involves the exchange of the entire issued and paid-up share capital of VEB of RM51,560,000 comprising 206,240,000 VEB Shares for 9,518,769 Barakah Shares on the basis of three (3) new Barakah Shares for every sixty five (65) VEB Shares held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots) at an entitlement date, together with an offer from Barakah to the Entitled Shareholders to subscribe for a total of 3,172,923 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Barakah Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots). Upon completion of the Share Exchange, VEB will become a wholly-owned subsidiary of Barakah.

(ii) Issuance of Shares

The Issuance of Shares involves the issuance of up to 130,000,000 Issue Shares to investors to be identified at an issue price of RM0.65 per share, together with an offer from Barakah to the same investors to be identified to subscribe for up to 43,333,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Issue Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots).

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.27 SIGNIFICANT EVENTS DURING THE FYE 2012 (CONT'D)

The following are the significant events during the FYE 2012 (Cont'd):-

(a) On 6 March 2012, Barakah had entered into a Restructuring Agreement with VEB, a public company limited by shares, to undertake a Restructuring Scheme which would involve Barakah assuming the listing status of VEB. Details of each exercise leading to the assumption of the listing status are as follows (Cont'd):

(iii) Offer for Sale

The Offer for Sale involves an offer for sale of up to 98,500,000 Offer Shares by the Offerors to investors to be identified at an offer price of RM0.65 per Offer Share, together with an offer from the Offerors to the same investors to be identified to subscribe for up to 32,833,334 RCULS at an issue price of RM0.20 per RCULS on the basis of one (1) RCULS for every three (3) Offer Shares to be held (with any fractional entitlements disregarded and to be dealt with by the Board of Barakah to minimise the incidence of odd lots).

(iv) Transfer of Listing Status

The Transfer of Listing Status involves the delisting of the entire issued and paid-up share capital of VEB from the Official List of the Main Market of Bursa Securities and the admission of the entire enlarged issued and paid-up share capital of Barakah to the Official List of the Main Market of Bursa Securities upon the completion of the Share Exchange, Issuance of Shares and Offer for Sale.

(v) Disposal of VEB

Upon the completion of the Share Exchange, VEB will become a wholly-owned subsidiary of Barakah. As part of the Restructuring Scheme, Barakah had entered into the Disposal SSA with Squid Ink Sdn. Bhd. for the disposal of its entire equity interests in VEB for a nominal cash consideration of RM1.00.

Barakah will not assume any liabilities (including contingent liabilities and guarantees) of VEB under the Disposal of VEB. Such liabilities and guarantees (if any) of VEB will be settled by VEB.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.27 SIGNIFICANT EVENTS DURING THE FYE 2012 (CONT'D)

The following are the significant events during the FYE 2012 (Cont'd):-

(b) On 6 March 2012, Barakah also entered into a conditional share sale agreement with the shareholders of PBJV for the acquisition of the entire issued and paid-up share capital in PBJV of RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM96,909,061 to be wholly satisfied by the issuance of 969,090,610 new ordinary shares of RM0.10 each in Barakah.

The acquisition of PBJV was completed on 22 May 2012.

(c) On 22 May 2012, Barakah had undertaken a share consolidation involving the consolidation of every two (2) existing ordinary shares of RM0.10 each in Barakah into one (1) new ordinary share of RM0.20 each. Arising therefrom, the 969,090,640 ordinary shares of RM0.10 each were consolidated into 484,545,320 new ordinary shares of RM0.20 each.

(d) Employees' Share Option Scheme

In conjunction with the Restructuring Scheme as disclosed in Note 6.1.27(a) to this report, the Board of Barakah has resolved to undertake the ESOS. The option granted under the ESOS shall entitle the Eligible Persons to subscribe for new shares in Barakah at a pre-determined price ("ESOS Options").

The Board of Barakah have proposed to grant up to 9,358,000 ESOS Options to the Eligible Persons prior to the Transfer of Listing Status ("Initial Grants"). The exercise price of the Initial Grants is RM0.65 per ESOS Options, which is the issue price of the Issue Shares.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PBJV GROUP/BARAKAH GROUP (CONT'D)

6.1.28 COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of FYE 2012:-

	FYE 2009		FYE 2010		FYE 2011	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Financial Position (Extract):-						
Other investment	-	*	-	*	N/A	N/A
Investment in portfolio management account	-	20,003	-	6,827	N/A	N/A
Cash and bank balances	22,499	2,496	11,260	4,433	N/A	N/A
Statements of Comprehensive Income (Extract):-						
Revenue	N/A	N/A	179,850	179,994	N/A	N/A
Cost of sales	N/A	N/A	(123,415)	(123,559)	N/A	N/A
Statements of Cash Flows (Extract):-						
Net cash (for)/from investing activities	(18,154)	(28,799)	(9,473)	3,703	N/A	N/A
Cash and cash equivalents at beginning of the financial year	21,910	11,265	49,364	29,360	N/A	N/A
Cash and cash equivalents at end of the financial year	49,364	29,360	26,999	20,171	N/A	N/A
Notes to the Financial Statements:-						
Revenue:-						
- Pre-commissioning, commissioning and de-commissioning services	N/A	N/A	111,866	167,045	117,673	117,706
- Pipeline construction	N/A	N/A	67,984	12,805	59,510	59,477

Remarks:-
* - Negligible
N/A - Not applicable

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7. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 3 May 2013, the Securities Commission Malaysia ("SC") had approved the Restructuring Scheme as disclosed in Note 6.1.27(a) to this report, under Subsection 214(1) of the Capital Markets and Services Act 2007 ("CMSA").

The approval by the SC is subject to the following conditions:

(i) Prior to the issuance of the RCULS, Barakah to submit a checklist of compliance with the standard approval conditions and continuing obligations as stipulated in the SC's Private Debt Securities Guidelines, and any other condition imposed in any other letter issued in connection with the proposal for issuance of the RCULS; and

(ii) Kenanga Investment Bank Berhad and VEB/Barakah to fully comply with the relevant requirements under the SC's Equity Guidelines and Prospectus Guidelines - Equity pertaining to the implementation of the Restructuring Scheme.

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8. AUDITED FINANCIAL STATEMENTS

As of the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 30 September 2012 for Barakah Group.

Yours faithfully

Crowe Horwath

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

BARAKAH
OFFSHORE PETROLEUM
(980542-H)

Registered Office:

Lot 6.05, Level 6, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan

24 SEP 2013

The Shareholders of Vastalux Energy Berhad

Dear Sir/ Madam,

On behalf of the Board of Directors of Barakah Offshore Petroleum Berhad ("**Barakah**"), I wish to report after due enquiry that during the period from 30 September 2012 (being the date to which the last audited financial statements of Barakah and its subsidiaries ("**Barakah Group**") have been made up) to the date herein (being a date not earlier than 14 days before the issuance of this Abridged Prospectus), that:

(a) the business of Barakah Group has, in the opinion of the Directors, been satisfactorily maintained;

(b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited financial statements of Barakah Group which have adversely affected the trading or value of the assets of Barakah Group;

(c) the current assets of Barakah Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no contingent liabilities by reason of any guarantees or indemnities given by Barakah Group;

(e) there has been, since the last audited financial statements of Barakah Group, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in respect of any borrowings; and

(f) there has been, since the last audited financial statements of Barakah Group, no material changes in the published reserves or any unusual factors affecting the profits of Barakah Group.

Yours faithfully,
for and on behalf of the Board of Directors
BARAKAH OFFSHORE PETROLEUM BERHAD

NIK HAMDAN BIN DAUD
Deputy Executive Chairman

BARAKAH OFFSHORE PETROLEUM BERHAD
No. 28 Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
T +603 - 6141 8832 F +603 - 6141 8845 www.bop.com.my

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENTS

The Board has seen and approved this Abridged Prospectus, together with the NPO and OAF, and they, collectively and individually, accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

KIBB, being the Principal Adviser for the Offer of RCULS, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Offer of RCULS.

2. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.

(ii) As at the LPD, there is only one (1) class of shares in the Company, namely ordinary shares of RM0.20 each, all of which rank *pari passu* with one another.

(iii) Save as disclosed under section 9 of this Abridged Prospectus, no securities of the Company have been issued or are proposed or intended to be issued as fully or partially paid-up in cash or as at the date of this Abridged Prospectus.

(iv) Save for the Offer of RCULS and the options to be granted under the ESOS to Eligible Persons, no person has been or is entitled to be granted an option to subscribe for securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus. The principal terms and conditions of the RCULS are set out in Appendix III of this Abridged Prospectus. The salient terms of the ESOS are as follows:

Maximum number of shares	The maximum number of new Barakah Shares that may be offered under the ESOS shall not exceed in aggregate 5%, or such higher maximum percentage as may from time to time be permitted by the relevant authorities and approved by ordinary resolution of the shareholders of Barakah, of the total issued and paid-up share capital of Barakah (excluding treasury shares) at any point in time during the existence of the ESOS
Eligible Person	Employee(s) or Director(s) of any company comprised in the Barakah Group (which is not a dormant company) who meets the criteria of eligibility for participation in the ESOS in accordance with By-Law 4
Option period	A period of five (5) years from the date of full compliance with all relevant requirements pursuant to the Listing Requirement, when the ESOS comes into force. The ESOS may be extended or renewed, as the case may be, for a further period of up to five (5) years.

Exercise price of ESOS Options	Subject to any adjustments made under By-Law 10, the subscription price to which an Eligible Person is entitled to take up the new Barakah Shares pursuant to the ESOS Option shall be the higher of: (a) the 5-day weighted average market price of Barakah Shares immediately preceding the date of offer, with a discount of not more than 10% at the ESOS committee's discretion; or (b) par value of Barakah Shares.

3. ARTICLES OF ASSOCIATION

The provisions in the Company's Articles of Association in relation to the remuneration of the Directors are reproduced as follows:

Article 94 – Directors' fee

The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that:-

(a) fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover;

(b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(c) any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 95 – Reimbursement

The Directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration.

Article 96 – Special remuneration

If by arrangement with the Directors, any Director shall perform or render any special duties outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged provided that the special remuneration payable to non-executive directors shall not by way of a commission on or percentage of profits or turnover."

4. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts or agreements (not being contracts entered into in the ordinary course of business) which have been entered into by Barakah Group during the two (2) years preceding the date of this Abridged Prospectus:

(i) Underwriting Agreement dated 24 September 2013 between Barakah, KIBB and Maybank IB for the several but not joint underwriting of RM41,604,273 nominal value of RCULS, being 208,021,365 RCULS to be created and offered.

(ii) Placement Agreement dated 24 September 2013 between Barakah, KIBB, Maybank IB, Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria where, pursuant to the Issuance of Shares by Barakah and Offer for Sale undertaken by Nik Hamdan Bin Daud and Azman Shah Bin Mohd Zakaria, KIBB and Maybank IB have agreed to act as the placement agent, severally and not jointly, to procure subscriptions for the Issue Shares and Offer Shares, or failing which, to subscribe and to pay for, up to 142,000,000 Barakah Shares.

(iii) A Trust Deed dated 28 August 2013 between Barakah and the Trustee where, pursuant to the Offer of RCULS, the Trustee has agreed to hold the benefit of up to RM41,604,273 nominal value of RCULS for the interest of the holders of the RCULS. The principal terms and conditions of the Trust Deed and the RCULS are set out in Appendix III of this Abridged Prospectus.

(iv) Sale and Purchase Agreement dated 15 January 2013 between PBJV and Kota Laksamana 101 Ltd, a wholly owned subsidiary of Barakah, for the sale and purchase of Kota Laksamana 101 barge on an "as is, where is" basis for a total consideration of RM291,454,534. The sale and purchase was completed on 25 March 2013.

(v) Revocation of Trust dated 23 October 2012 between PBJV and Nik Hamdan Bin Daud, whereby PBJV will revoke the trust created over the piece of land held under GM2723, Lot No. 198, Mukim Kuala Paka, Tempat Nisan Tinggi, K. Paka, District of Dungun, Terengganu ("**Paka Land**") which was created in favour of PBJV under a Trust Deed between PBJV and Nik Hamdan Bin Daud dated 1 January 2009 to vest both legal and beneficial ownership of the Paka Land in Nik Hamdan Bin Daud upon payment of a cash consideration of RM700,000 being the market valuation of the Paka Land by Henry Butcher Sdn Bhd (Terengganu Branch) on 21 October 2012.

The Revocation of Trust is conditional upon all the requisite approvals for the Restructuring Scheme being obtained, and consents from the relevant financial institutions (i.e. Kuwait Finance House (Malaysia) Berhad, Maybank Islamic Berhad, Malayan Banking Berhad, CIMB Bank Berhad and Bank Muamalat Malaysia Berhad) for the revocation. Completion of the Revocation of Trust will take place within thirty (30) days from the date of listing of Barakah on Bursa Securities.

Simultaneous with the completion of the Revocation of Trust, PBJV and Nik Hamdan Bin Daud will execute the tenancy agreement, as annexed to the Revocation of Trust, for the rental of the Paka Land by PBJV for a period of three (3) years. The tenancy is renewable at the option of PBJV for two (2) further terms of three (3) years subject to the rental rate being mutually agreed between the parties. For the purpose of the tenancy, PBJV had issued a notification letter dated 8 October 2012 to the Dungun Land Office of PBJV's intention to rent the Paka Land ("**Notification Letter**"). In the Notification Letter, a period of one (1) month from the date of the Notification Letter was given for the Dungun Land Office to object to the said tenancy, which expired on 8 November 2012. As at the LPD, PBJV has not received any objection from the Dungun Land Office.

(vi) Sale and Purchase Agreement dated 23 October 2012 between PBJV and Nik Hamdan Bin Daud, whereby PBJV has agreed to sell the piece of agricultural land held under the title GM 250, Lot No. 2620, Mukim Sungai Karang, Sungai Ular, District of Kuantan, Pahang to Nik Hamdan Bin Daud for a total cash consideration of RM110,000 being the market valuation of the said land by CH Williams Talhar & Wong on 16 October 2012. The sale and purchase is conditional upon all the requisite approvals for the Restructuring Scheme being obtained, and consents from the relevant financial institutions (i.e. Kuwait Finance House (Malaysia) Berhad, Maybank Islamic Berhad, Malayan Banking Berhad, CIMB Bank Berhad and Bank Muamalat Malaysia Berhad) for the disposal. Completion of the sale and purchase will take place on the day following completion of the Transfer of Listing Status;

(vii) Two (2) Sale and Purchase Agreements dated 23 October 2012 between PBJV and Dynamic Curve Sdn Bhd ("**DCSB**"), whereby PBJV has agreed to sell and assign its ownership interests in two (2) units of duplex apartments which are currently under construction distinguished as Parcel No. 1801 and 1811 in a housing development known as Sri Harmonis forming part of the land held under Master Title PM 751, Lot 19077, Mukim Setapak, Kampung Tengah Gombak, Daerah Gombak, Selangor Darul Ehsan for a total cash consideration of RM900,000 (i.e. RM450,000 each) being the book value of the properties. The current market value of the properties as estimated by Kumpulan Jurunilai Sdn Bhd is RM400,000 each in a valuation dated 23 October 2012. The sale and purchase is conditional upon all the Requisite Approvals for the Restructuring Scheme being obtained, and consents from the relevant financial institutions (i.e. Kuwait Finance House (Malaysia) Berhad, Maybank Islamic Berhad, Malayan Banking Berhad, CIMB Bank Berhad and Bank Muamalat Malaysia Berhad) for the disposal. Completion of the sale and purchase will take place on the day following completion of the Transfer of Listing Status.

(viii) Share sale agreement dated 25 May 2012 between Barakah and Squid Ink pursuant to which, and as part of the Restructuring Scheme, Barakah agrees to dispose and Squid Ink agrees to purchase the entire issued and paid-up share capital of VEB for a nominal cash consideration of RM1.00.

(ix) Share Sale Agreement dated 6 March 2012 ("**Acquisition SSA**") between Barakah and the Vendors pursuant to which the Vendors agree to sell and Barakah agrees to purchase the entire issued and paid-up share capital of PBJV for a total consideration of RM96,909,061, and that such purchase price shall be payable and settled by the allotment and issuance of 484,545,305 Barakah Shares to the Vendors. The Acquisition SSA was completed on 22 May 2012.

(x) Restructuring Agreements dated 6 March 2012, 24 May 2012, 12 December 2012 and 10 June 2013 between Barakah, VEB and the Vendors where, subject to the Requisite Approvals being obtained from relevant authorities, the parties agree to undertake the Restructuring Scheme which will effectively result in a reverse take-over of VEB, where Barakah will ultimately assume the listing status of VEB and that the Vendors will emerge as the largest group of shareholders.

(xi) Joint Venture Agreement dated 25 July 2011 between Energy Development Co Ltd ("**EDC**") and PBJV to incorporate a joint venture company, PBJV Gulf Co. Ltd, in the Kingdom of Saudi Arabia. The term of the joint venture company is ten (10) years effective from the date of the commercial registration of the company, subject to renewal with the commercial register. The business of the joint venture company shall include offshore pipeline installation, offshore pipeline/topside maintenance, pipeline pre-commissioning and commissioning, hook up and commissioning, supply of specialised chemicals and related services, marine support serves and other types of related offshore services. Initial share capital of the joint venture company of One million Saudi Riyals shall be 85% to PBJV and 15% to EDC. EDC shall have the right to buy additional shares of up to 49% of the joint venture company for the first five (5) years from the effective date. If EDC exercises the right during the first two (2) years, the shares shall be sold at par, and thereafter at the fair market value. The board of directors shall consist of two (2) nominees from PBJV and one (1) nominee of EDC. The joint venture company has been incorporated as PBJV Gulf Co. Limited (Registration Number 2051048242). As at the LPD, PBJV Gulf Co. Limited has not commenced business.

(xii) Settlement Agreement dated 15 June 2011 between PBJV and Kemuncak Laksana Sdn Bhd ("**KLSB**") for the settlement of a legal suit brought by PBJV against KLSB for the sum of RM1,039,801 in respect of works completed by PBJV for an 18½ storey building construction project. Under the terms of the Settlement Agreement, KLSB shall assign and transfer to PBJV two duplex apartments in a housing development known as Sri Harmonis in Setapak, Selangor. In respect thereof, Nik Hamdan Bin Daud has signed a Sale and Purchase Agreement dated 13 July 2011 for the transfer of the two (2) duplex apartments to Nik Hamdan Bin Daud. By a Trust Deed dated 13 July 2011, Nik Hamdan Bin Daud declared the two (2) properties are held in trust on behalf of PBJV. Nik Hamdan Bin Daud has, on 23 May 2012, signed the deeds of assignment for the transfer of the two (2) duplex apartments back into the name of PBJV. Pursuant to the Sale and Purchase Agreements dated 23 May 2012 referred to in (vii) above, PBJV has sold the two (2) duplex apartments to DCSB conditional upon all the requisite approvals for the Restructuring Scheme being obtained, and consents from the relevant financial institutions being obtained for the disposal.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, Barakah Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which have or may have a material effect on its financial position and the Board of Barakah do not have any knowledge of any proceedings, pending or threatened against Barakah Group or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Barakah Group:

(i) On 10 April 2013, PBJV filed a claim (Suit No. 22NCC-334-05/2013) against Target Resources Corporation Sdn Bhd and Target Energy Co. (M) Sdn Bhd for an amount of RM4,757,940.71 plus interest and costs in respect of pipeline pre-commissioning works done in accordance with the contract work awarded to PBJV. The Order 14 Application for Summary Judgment filed by PBJV was dismissed by the court. PBJV has filed in an appeal against the Order 14 Application in the Court of Appeal and a Notice of Interrogation in the High Court of Kuala Lumpur. The full trial dates have been fixed on 27 – 28 January 2014. As at the LPD, the amount outstanding is RM3,747,343.81.

6. GENERAL

(i) There are no existing or proposed service contracts between the Directors and the Company or its subsidiaries, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of the Board, the financial conditions and operations of Barakah Group are not affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease Barakah Group's liquidity;

(b) any material commitments for capital expenditure of Barakah Group;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations; and

(d) known trends or uncertainties which have had, or that Barakah Group reasonably expects will have, a material favourable or unfavourable impact on revenues or operating income.

(iii) Save as disclosed in this Abridged Prospectus, the Board is not aware of any material information including specific trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of Barakah Group.

7. CONSENTS

(i) The Principal Adviser, Joint Underwriters and Joint Placement Agents, Facility Agent Company Secretaries, Share Registrar and Paying Agent, Solicitors, Principal Bankers and Trustee have given and have not subsequently withdrawn their written consents to the inclusion of their name and all references thereto in the form and context in which they appear in this Abridged Prospectus.

(ii) Messrs. Crowe Horwath, the Auditors and Reporting Accountants, has given and has not subsequently withdrawn its written consent for the inclusion of its name, the accountants' report on Barakah Group, the letter on the pro forma consolidated statements of financial position of Barakah Group and all references thereto in the form and context in which they appear in this Abridged Prospectus.

8. CONFLICT OF INTEREST

There is no conflict of interest or potential conflict of interest in KIBB's capacity to act as the Principal Adviser, Joint Underwriter and Joint Placement Agent and Facility Agent for the Offer of RCULS.

There is no conflict of interest or potential conflict of interest in Maybank IB's capacity to act as the Joint Underwriter and Joint Placement Agent for the Offer of RCULS.

There is no conflict of interest or potential conflict of interest in Christopher & Lee Ong's capacity to act as the Solicitors for the Offer of RCULS.

There is no conflict of interest or potential conflict of interest in Crowe Horwath's capacity to act as the Auditors and Reporting Accountants for the Offer of RCULS.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) Memorandum and Articles of Association of Barakah;

(ii) the By-Laws of the ESOS;

(iii) Material contracts referred to in Section 4 of this Appendix;

(iv) Pro forma Consolidated Statements of Financial Position of Barakah Group as at 30 September 2012 together with the Reporting Accountants' letter thereto as set out in Appendix IV of this Abridged Prospectus;

(v) Accountants' Report on Barakah Group as set out in Appendix V of this Abridged Prospectus;

(vi) Directors' Report of Barakah as set out in Appendix VI of this Abridged Prospectus;

(vii) Writs and relevant cause papers in respect of the material litigation referred to in Section 5 of this Appendix; and

(viii) Letters of consent referred to in Section 7 of this Appendix.