mprc

malaysia petroleum
resources corporation



2016

CORPORATE REPORT

Mission Statement

- To create a dynamic and progressive oil & gas services and equipment industry in Malaysia where companies can compete and grow
- To promote more vitality in the oil & gas industry via joint ventures, collaboration, strategic partnerships and alliances
- To encourage close cooperation among industry, government and society so that the oil & gas industry in Malaysia anchors the future prosperity of the country
- To ensure a high level of integrity, commitment and professionalism in earning the trust of those with, and for whom, we work
- To enhance and strengthen our oil & gas human capital and technology development to achieve international recognition and demand

Our True North

Position Malaysia as the number one Oil & Gas Services and Equipment (OGSE) hub in the Asia Pacific region



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Message from the Chairman

Malaysia has enjoyed sustained economic growth since independence. Incomes have increased substantially and the economy is now more diversified. Malaysia is currently one of 13 countries identified by the World Bank to have recorded average annual growth of more than 7 percent for the past 25 years.

In the journey to become an upper-middle income economy, Malaysia undertook various initiatives to evolve from being predominantly agrarian into a manufacturing economy. As we move ahead to join the ranks of other high-income economies, it has become ever more important to strengthen our country's resilience and build an economy that is diversified, inclusive and sustainable.

The Government's National Transformation Programme (NTP), launched in 2009, sets out to do just that. Six policy enablers and 12 priority economic sectors, including the oil, gas and energy National Key Economic Areas (NKEAs), were identified.

Hailing from Sarawak, I know just how important the oil & gas industry is to Malaysia. Although reliance on oil & gas has declined, the industry's contribution to national GDP is still significant, at 14.6% or RM189 billion. With the current challenges faced by the oil & gas industry, we have to move beyond a primarily upstream play and increase value at every part of the supply chain for Malaysia.

Under the NTP, the OGE NKEA has two important goals. One, to increase the Oil & Gas Services and Equipment (OGSE) sector's contribution to the economy. The OGSE sector accounts for 5% of OGE's contribution to national GDP. Our target: for OGSE's contribution to reach 20%. Second, we want make Malaysia the preferred hub for OGSE activities in Asia Pacific.

MPRC has been driving important initiatives in Malaysia to ensure that we can achieve this vision we have for the industry—making the country a centre of OGSE activities in Asia Pacific. As a result of MPRC's efforts, I have seen increased collaboration between domestic OGSE companies and the academia in developing innovative solutions for the region's oil and gas value chain. MPRC also facilitated OGSE players' venture to new export markets whilst also strengthening international linkages that will benefit the industry at large.

Also supporting this vision is the effort undertaken by Johor Petroleum Development Corporation Berhad (JPDC), a subsidiary of MPRC. JPDC is tasked with coordinating the development of the Pengerang Integrated Petroleum

Complex (PIPC), an investment behemoth that will house oil refineries, naphtha crackers, petrochemical plants, LNG terminals and a regasification plant. More importantly, this PIPC plays an important role in diversifying our economy and ensuring that the country is not overly reliant on incomes from upstream or natural resources.

"The path toward making Malaysia as an OGSE hub is not easy. Together, I am confident that we can achieve our vision and set the industry on a confident course in the coming years."

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In Appreciation

I would like to take this opportunity to thank my fellow board members Dato' Azman Mahmud, En Muhammad Zamri Jusoh and Dato' Dzulkifli Mahmud for their continued support. On behalf of the Board of Directors, I also wish to convey our sincere appreciation to all our stakeholders for their continued support and confidence in MPRC's pursuit to become Asia Pacific's OGSE hub.



Dato' Sri Idris Jala

Chairman,
Malaysia Petroleum Resources Corporation

Advisor to the Prime Minister,
National Transformation Programme



Message from the President/CEO

Malaysia's Oil & Gas Services and Equipment (OGSE) industry is on the cusp of an extraordinary change. A change that will shape both the sector and the country's economic fortunes in the years to come.

The global rationalisation of the oil and gas industry has seen operators making adjustments—right sizing cost structures and staying fit at USD50 per barrel or less—to survive in the "real" normal. In light of the operators' emphasis on cost and efficiency gains, Malaysian OGSE companies must adjust as well.

For the Government, the competitiveness of our own players in a constantly evolving landscape is crucial. That is why we believe this downturn period to be an opportune time to address systemic issues within the industry, push for collaboration among the OGSE players and support those that bring game-changing solutions or distinctive technologies. Achieving this will take us a step closer towards making Malaysia a thriving hub for OGSE activities, boasting top Malaysian players and world-class infrastructure.

Malaysian OGSE companies are starting from a position of strength in this transformation journey, and I am confident we can chart a rewarding course for the industry.

Our strengths:

- We hold the 4th largest proven oil reserves in Asia Pacific; we are also the 3rd largest natural gas holder in the region
- We are the 2nd largest liquefied natural gas (LNG) exporter in the world
- Our oil & gas industry is one of the most mature in Asia-Pacific
- We are shaping up to be the downstream powerhouse for Asia-Pacific with major developments in Pengerang

Nevertheless, there are areas that Malaysian OGSE companies must address head on. First, the need to deepen our connections with global energy hubs. We must build on our ties with new markets and seek opportunities there. It is also important to strive for deeper collaborations in technology development to harness new ideas and develop competitive solutions.

Next, we must strengthen our domestic capabilities. Local OGSE companies must continuously improve, upgrade and develop new technologies to maintain our competitive edge. Countries in this region are upgrading their hydrocarbon infrastructure, while some are introducing reforms to existing industry policies. We must not sit still, but strive to stay ahead of the curve and strengthen our position as the preferred centre for OGSE activities in Asia Pacific.

Implementing some of the transformative initiatives will mean difficult trade-offs. Our industry is fragmented, and the companies are small in size. Therefore, there is a greater push for OGSE players to combine forces and emerge as stronger, more efficient players. The Government will strive to create an environment that supports market-driven activities and collaboration among players. With this, we invite the industry to be proactive and work with us to contribute to the success of the sector.

"Implementing some of the transformative initiatives will mean difficult trade-offs. Our industry is fragmented, and the companies are small in size... The Government will strive to create an environment that supports market-driven activities and collaboration among players. With this, we invite the industry to be proactive and work with us to contribute to the success of the sector."

In closing, I would like to thank our Board members for their continued support and insights in 2016. I would also like to take this opportunity to accord our deepest appreciation for the cooperation and support of our key stakeholders.

To the MPRC staff, I offer my appreciation for all the hard work and commitment you have put in to ensure Malaysia achieves its vision to become the preferred centre of OGSE activities in this region.





Datuk Shahrol Halmi

President/Chief Executive Officer,
Malaysia Petroleum Resources Corporation

Board of Directors

Malaysia Petroleum Resources Corporation (MPRC) is governed by an active Board; whose members are representatives of the Government, MIDA, MATRADE and PETRONAS. The Board is chaired by Dato' Sri Idris Jala, Chief Executive Officer of PEMANDU.



1 DATO' SRI IDRIS JALA is the Chief Executive Officer of Performance Management and Delivery Unit (PEMANDU). PEMANDU's main role and objective is to oversee the implementation, assess the progress, facilitate as well as support the delivery and drive the progress of the National Transformation Programme (NTP). He was appointed Chairman of MPRC in 2011.

Previously, Idris was Managing Director and CEO of Malaysia Airlines from 2006 and 2008 where he restructured and turned the loss making airline to achieve a record profit of USD260 million in 2007.

Prior to Malaysia Airlines, Idris spent 23 years at Shell in various leadership roles in Malaysia, Sri Lanka and United Kingdom.

Idris holds a Bachelor's degree from Universiti Sains Malaysia and a Masters degree from Warwick University, United Kingdom.

2 DATUK SHAHROL HALMI was appointed President/Chief Executive Officer of Malaysia Petroleum Resources Corporation on May 1, 2013. Previously, he was the founding Managing Director/ Chief Executive Officer of 1Malaysia Development Berhad, a strategic development company wholly owned by the Government of Malaysia, to implement new ideas and develop new sources of growth to help transform Malaysia into a thriving economy. He was previously a Partner of Accenture and Managing Director of the Public Service Group of Accenture Malaysia Sdn. Bhd. with more than 13 years of experience covering the Public Sector, Oil & Gas and Financial Services industries. Shahrol graduated from the Royal Military College, Sg Besi and Stanford University, California.

3 DATO' AZMAN MAHMUD was appointed as Chief Executive Officer of the Malaysian Investment Development Authority (MIDA) in February 2014. He holds a degree in Engineering from the Universiti Putra Malaysia, and has attended several Senior Management Programmes, namely the Harvard Business School and INSEAD. He spent 27 years with MIDA in various leadership positions in the US, Japan and Malaysia covering promotion strategy and manufacturing & services growth where he played a significant role to promote investments into Malaysia.

4 DATO' DZULKIFLI MAHMUD started his career with the Ministry of International Trade and Industry in 1981. Currently he is the Chief Executive Officer of the Malaysia External Trade Development Corporation (MATRADE), the National trade promotion agency, under the Ministry of International Trade and Industry Malaysia. Prior to his appointment in June 2015, he was the Deputy CEO of MATRADE, Senior Director of the Exporters Development Division MATRADE, Senior Trade Commissioner for the Gulf Cooperation Councils based



at MATRADE Dubai, Director of West Asia, Africa, South Asia and CIS Countries MATRADE, Commercial Counselor / Trade Commissioner of MATRADE Rotterdam as well as the Consul and Trade Commissioner of the Consulate of Malaysia (Commercial Section) in Milan, Italy.

He obtained a Bachelor Degree in Economics from University of Malaya and Post Graduate Diploma in Public Management from the Institute of Public Administration (INTAN) Malaysia. He also holds a Diploma in Commercial Policy from GATT / WTO, Geneva. Dato' Dzulkifli also attended the Leadership Programme at Harvard Business School in 2008.

Dato' Dzulkifli has been actively involved in various Committees for the trade and export development in relation to the economic advancement for Malaysia. He has been a speaker in many international seminars and conferences.

5 **MUHAMMAD ZAMRI JUSOH** is the Vice President of Malaysia Petroleum Management, PETRONAS. In his current role, Zamri oversees the overall policy and the management of the domestic petroleum resources and the development of local oil & gas industry to ensure energy security for the country.

His rich and diverse career in PETRONAS began in 1991 when he joined as a Petroleum Engineer, and included stints with various departments and projects. He has held multiple managerial and leadership roles in project development, among which included Garraf, Iraq. He was subsequently appointed as Head of Petroleum Resource Development at Petroleum Management Unit, where he steered several flagship projects and development of game changing petroleum arrangements that included three EOR Production Sharing Contracts and Risk Service Contracts. In 2014 he assumed the position of Head Strategy and Ventures Upstream, where he oversaw several notable acquisitions and strategic alliances.

Zamri also served on various cross-business and regional working committees in the oil & gas industry. He has been active in the Society of Petroleum Engineers' activities in the region and served on various committees for OTC Asia. He also sits on the Board of various PETRONAS subsidiaries as well as Malaysia-Thailand Joint Authority.

Zamri holds a BSc in Mechanical Engineering from Polytechnic School of Engineering, New York University. He has also attended senior management programmes at INSEAD and Advanced Executive Programme at the Kellogg School of Management, Northwestern University.

MPRC Team


Amirah Mazlan
Analyst, Strategic Communications
Wan Muhamad Nazhif Wan Yusoff
Analyst, Promotion and Business Opportunities
Chhin Chee Chwen Canisius
Analyst, Investment and Finance
Jafni Jeremy Jamaluddin
Senior Analyst, Human Capital and Technology
Lim Shie-Lynn
Manager, Strategic Communications
Faharuddin Ibrahim
Manager, Promotion and Business Opportunities
Razwan Zakaria
Manager, Human Capital and Technology
Eric Chua
Manager, Industry and Market Enabler
Dimple Kerisnin
Analyst, Promotion and Business Opportunities
Ir Dr Shahreen Madros
Executive Director
James Chan
Vice President, Investment and Finance
Mohammad Fadhli Jamaluddin
Vice President, Investment and Finance
Datuk Shahrol Halmi
President/ Chief Executive Officer


Muhammad Al-Hakim Abd Razak
Senior Analyst, Human Resource and Corporate Services
Amirah Ismail
Analyst (Finance), Human Resource and Corporate Services
Mas Ayu Fatimah Mohd Hanapi
Reception/Admin Assistant, Human Resource and Corporate Services
Nur Mustika Musa
Analyst, Human Resource and Corporate Services
Adlina Adnan
Senior Analyst, Industry and Market Enabler
Joseph Cheong
Manager, Industry and Market Enabler
Norman Matthieu Vanhaecke
Manager, Industry and Market Enabler
William Goh
Manager, Industry and Market Enabler
Mohd Jefriman Johan Al-Amin Johari
Special Officer to the Chief Executive, JPDC
Mohd Yazid Ja'afar
Executive Director/ Chief Executive, JPDC
Syed Azlan Syed Ibrahim
Senior Vice President, Industry and Market Enabler
Mohammad Azmel Harun Rasheed
Vice President, Human Capital and Technology
Ahmad Azwan Ahmad Shukor
Vice President, Promotion and Business Opportunities

ABOUT MPRC

Malaysia Petroleum Resources Corporation (MPRC), an agency under the Prime Minister's Department, is responsible for growing Malaysian OGSE firms and leveraging on Malaysia's strategic geographical location to enhance its position as the preferred hub for OGSE activities in the region. As the OGSE development agency, MPRC provides policy recommendations to the sector and helps to promote, catalyse and globalise the country's OGSE capabilities in the upstream, midstream, and downstream segments.

Our Stakeholders



Our Mandates



Provide recommendations on policies for the oil & gas services and equipment sector in consultation with industry stakeholders



Propose recommendations on business regulations and the tax regime for the oil & gas services and equipment sector



Develop and share an industrial blueprint for the oil & gas services and equipment sector



Build a database of pertinent information on oil & gas services and equipment companies



Promote Malaysia's oil & gas services and equipment sector and industry players abroad



Leverage on local and international financial institutions to support local companies when applying for foreign contracts



Support oil & gas services and equipment companies to set up operations in Malaysia



Interact with industry stakeholders to ensure industry requirements are met in terms of research and development, talent and financial assistance

Our Strategic Thrusts

Our strategic thrusts cover the upstream, midstream and downstream segments of the oil & gas industry value chain. It focuses on catalysing initiatives and developing existing support services by working closely with industry stakeholders that can contribute towards growing the oil & gas services and equipment focus areas. These partnerships make room for addressing issues faced by the industry players quickly and effectively and help ensure a pro-market regulatory environment.

POSITION MALAYSIA AS THE NUMBER ONE OIL & GAS SERVICES AND EQUIPMENT (OGSE) HUB IN THE ASIA PACIFIC REGION

STRATEGIC THRUSTS

1	2	3	4
Industry & Market Enabler	**Investment & Finance**	**Human Capital & Technology Development**	**Promotion & Business Opportunities**
Create an efficient and competitive market via policies and regulations	Encourage foreign and domestic investments into Malaysia and facilitate industry access to funds	Ensure a pipeline of quality talents for the oil & gas industry and support local technology development	Promote Malaysia and facilitate the regional growth of domestic and foreign oil & gas service companies based in Malaysia

EPP 4	Building a Regional Storage and Trading Hub
EPP 6	Encouraging Investments in the Oil & Gas Services and Equipment Industry
EPP 7	Taking Local Oil & Gas Services and Equipment Companies to the Global Stage
EPP 8	Attracting MNCs to Set Up Operations in Malaysia and Partner with Local Firms
EPP 13	Increase Petrochemical Output

MPRC has been tasked with developing five of the 13 Entry Point Projects (EPPs) identified under the Oil, Gas and Energy (OGE) National Key Economic Area (NKEA) which are also embedded within the initiatives in the strategic thrusts. The EPPs were targeted to generate a GNI of RM131.4 billion and creating an additional 52,300 jobs by 2020.

Our goal is to ultimately position Malaysia as the preferred hub for OGSE activities in Asia Pacific. To realise this, we encourage investments and facilitate industry access to funds while ensuring a good supply of quality human capital and supporting technology development. With these, we actively promote Malaysia and the industry internationally, and we grow the industry by exploring potential business opportunities. Underlying all these efforts, we ensure efficient and competitive market policies and regulatory frameworks are in place to achieve sustainable growth in the long term.

To MPRC, a thriving OGSE hub is defined by:

- global OGSE MNCs establishing their regional bases in Malaysia in order to serve the OGSE requirements in the region.
- local OGSE players growing as part of this initiative and become important regional players.

Our Core Values

MPRC is guided by a set of Core Values that serves as a guide for our decisions and how we conduct ourselves.

W	WIN-WIN	**Mutual Benefit for All Parties** We will generate win-win solutions for our stakeholders that will be sources of national competitiveness and sustainable growth.
I	INTEGRITY	**Be True to Yourself and Honest with Others** We create an environment of trust by saying what we mean and meaning what we say. We are unyielding in our ethics and we take responsibility for our actions.
S	STEWARDSHIP	**Every Task is an Opportunity to Add Value** We embrace every task as an opportunity to improve. We invest in the professional growth of our people. We are relentlessly focused on creating value when delivering on our mandates as nation builders.
H	HUMILITY	**Respect for Others will Empower Us to Shape the Future** We keep an open mind to a diversity of ideas, regardless of origin. We accept the possibility that there are better ideas than ours. We are respectful of others and their views, mindful that we are here to serve.

Our Subsidiary

Johor Petroleum Development Corporation Berhad (JPDC)

Johor Petroleum Development Corporation Berhad or JPDC was incorporated on 9 April 2012 as a federal agency by virtue of being a wholly owned subsidiary of MPRC.

JPDC was formed as a result of The Prime Minister, Dato' Seri Mohd Najib Tun Abdul Razak's announcement at the Economic Council Meeting on 13 February 2012 declaring that the oil & gas development project in Pengerang, Kota Tinggi, Johor as "National Project of Strategic Importance".

JPDC is given the mandate to:

- Plan and develop strategies for the downstream oil & gas development in Johor
- Coordinate and drive the execution of development projects
- Identify and manage funds required for financing the downstream oil & gas development in Johor
- Promote and market Johor's downstream oil & gas industry to potential investors
- Enhance inclusiveness towards an equitable society with more access to economic opportunities in PIPC
- Ensure the availability of industry workforce to drive and sustain PIPC's development growth

JPDC
Johor Petroleum Development Corporation

JPDC's Vision

"To Transform Johor into Sustainable, World-Class Downstream Oil & Gas Hub"

- The vision is in line with the Malaysia Federal Government's bid for Malaysia to become an important hub for oil & gas as set out in the Government's Economic Transformation Programme (ETP)
- JPDC will play a key role in working together with the State of Johor to realise the vision

JPDC's Mission

- To plan and to develop comprehensive strategy for the development of the downstream oil & gas hub in Johor taking into account:
  - Health, Safety, Security & Environment
  - Economic benefit
  - Social fabric
  - Human capital investment and development
  - High quality investment
- To coordinate and drive the execution of development projects
- To identify and manage funds required for development projects
- To facilitate the operational follow through post-development projects



Industry Advisory Panel

Comprising eight industry leaders representing major OGSE companies and business associations in the country, MPRC's Industry Advisory Panel (IAP) plays an important role in fostering a strong relationship with the Government and escalating industry issues in a constantly evolving market.

Some of the Panel's key engagements in 2016 include:

- Serving as sounding board for MPRC's initiatives including university-industry programmes
- Enhancing communications between OGSE industry and the Government
- Providing MPRC with feedbacks and recommendations on talent retention and OGSE financing
- Acting as early adopters and champions for MPRC initiatives, particularly in technology collaboration



The IAP for 2016/2017

Ir. Azhar Zainal Abidin
Managing Director & Founder
ProEight Sdn. Bhd.

Ir. Azman bin Ahmad
Managing Director
Boustead Penang Shipyard Sdn. Bhd.

Group Director
Oil, Gas & Energy, Boustead Group

Haida Shenny Hazri
Chief Executive Officer
Putih Petroleum Sdn. Bhd.

Jamal A. Ainul
Chairman
Schlumberger Group of Companies, Asia Pacific

Executive Director
HiRex Petroleum

Dato' Kamarul Redzuan
Managing Director & CEO
Uzma Bhd.

Ir. Rashid Sidek
Non Executive Director
T7 Global Berhad

President
Malaysian Oil & Gas Engineering Council (MOGEC)

Rohaizad Darus
President
UMW Oil & Gas Corporation Bhd.

Sofiyan Yahya
Executive Chairman
Cekap Technical Services Sdn. Bhd.

Chief Executive Officer
SEAMOG Group Sdn. Bhd.



MPRC Board of Directors and Management with IAPs

(Top row from left) Ahmad Azwan Ahmad Shukor, MPRC; Mohammad Azmel Harun Rasheed, MPRC; Syed Azlan Syed Ibrahim, MPRC; Ir Abd Rashid, President of MOGEC; Sofiyan Yahya, Chief Executive Officer, SEAMOG Group Sdn Bhd; Mohammad Fadhli Jamaluddin, MPRC; and James Chan, MPRC

(Bottom row from left) Haida Shenny Hazri, Chief Executive Officer of Putih Petroleum Sdn Bhd; Zamri Jusoh, Petronas' Vice President of Malaysia Petroleum Management (Upstream); Datuk Shahrol Halmi, MPRC President/Chief Executive Officer; Dato' Sri Idris Jala, Chairman of MPRC & Chief Executive Officer of PEMANDU; Wan Latiff Wan Musa, Deputy CEO of MATRADE; and Ir Azhar Zainal Abidin, Managing Director of ProEight



OUR COMMITMENT IN DELIVERING VALUE





2016 Year in Review

13-15 JAN



API Exhibition on International Standards, AXIS 2016

20 JAN



Oman delegation visit to MPRC

25 FEB



Knowledge-Insight sharing session with Senior Government Officers from Sri Lanka

24 MAR



MPRC Industry-Student Programme

12 APR



MPRC Oil & Gas Innovation Forum (OGIF) 2016

15 APR



1st MPRC Industry Networking and Talk 2016

Topic: OGSE Landscape and Business Opportunities in Brazil

25 AUG – 4 SEP



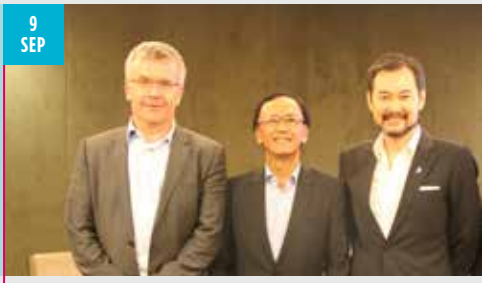
Recce Mission and participation in Offshore Northern Seas (ONS) 2016

4-8 SEP



Recce Mission and participation in Oil & Gas Thailand and Petrochemical Asia (OGET) 2016

9 SEP



3rd MPRC Industry Networking and Talk 2016

Topic: Statoil's Long-Term Energy Outlook and What it Means for Us

29 SEP



Industry-Academia Collaboration for R&D

officiated by Bacho Pilong, Head of Production and Operations Management, PETRONAS

30 OCT – 2 NOV



WECP AGM in Cape Town, South Africa

7-10 NOV



The Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC) 2016

14-15 NOV



MPRC Productive Getaway 2016



22-25 MAR

OFFSHORE TECHNOLOGY CONFERENCE ASIA SM

OTC Asia 2016



23 MAR

MPRC's Business Forum

Topic: Bahrain and Middle East



23 MAR

MoU Exchange with Bahrain Economic Development Board (EDB)



2-5 MAY



OTC Houston 2016



3 MAY

Malaysia Pavilion

Launched by Zamri Jusoh, Vice-President, Malaysia Petroleum Management, PETRONAS



3-9 MAY

SMM Oil & Gas to Iran

in conjunction with Iran's 21st International Oil & Gas, Refining & Petrochemical Exhibition



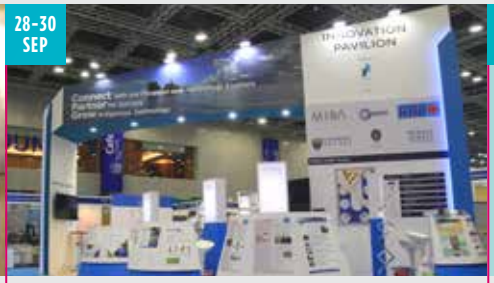
26 MAY

2nd MPRC Industry Networking and Talk 2016

Topic: Enabling SME Growth for Future Success



28-30 SEP



3rd Malaysian Oil & Gas Services Exhibition and Conference (MOGSEC)

28 SEP

MOGSEC



Official launch of Innovation Pavilion and MPRC's trio of publications—SMEGROW FY2014, Financing Schemes for OGSE Companies and Doing Business in Southeast Asia 2016-2017

by Datuk Wan Zulkiflee Wan Ariffin, President & Group Chief Executive Officer, PETRONAS



28 NOV



Sabah Contractor Forum

by PETRONAS



1 DEC

4th MPRC Industry Networking and Talk 2016

Topic: Oil & Gas Business Opportunities in Kazakhstan

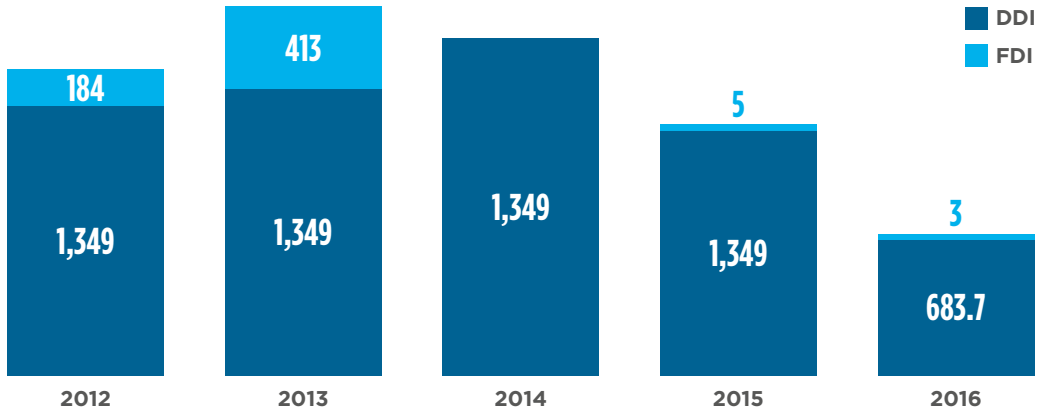
5-7 DEC



Recce Mission to Indonesia

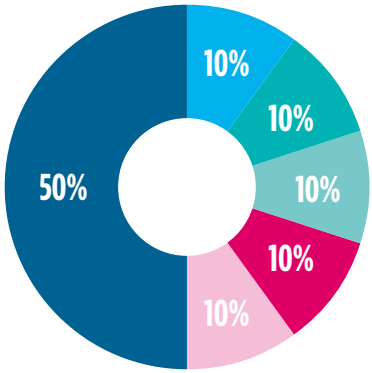
Summary of Highlights

EPP 6: OGSE Investments



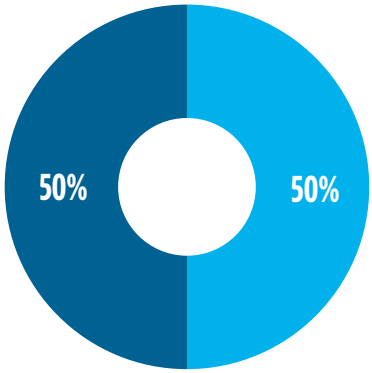
Companies
Watt Euro-Drive (M) Sdn. Bhd.
Asian Supply Base Sdn. Bhd.
Dialog Group Berhad
Sabah Oil & Gas Development Corporation Sdn. Bhd.
Labuan Corporation

EPP 7: Ten (10) Local OGSE Companies Venturing into International Markets



Category	Description
Bahrain	1 Company - Local setup via engagement in OTC Asia 2016
Kazakhstan	1 Company - Local setup via engagement in SMM to Azerbaijan
Thailand	1 Company - Registered as principal-agent via Oil & Gas Thailand
Timor-Leste	1 Company - Registered with international company via SMM Jakarta-Dili 2015
USA	1 Company - Registered with international company via OTC Houston 2015
Vietnam	3 Companies - Registered with international company (SMM Vietnam 2015) 2 Companies - Secured local partners for market expansion (SMM Vietnam 2015)

EPP 8: Joint Ventures and MNCs Expansion into Malaysia



Category	Description
Joint Ventures, Mergers & Acquisitions	1. SNC Lavelin & Bizworth – Providing modular gas services equipment 2. JE Hall & Rasma – Providing specialist refrigeration solutions 3. Onyx Engineering & Green Imaging Technologies – Providing advance core analysis and Nuclear Magnetic Resource (NMR) services
MNCs Setting Up in Malaysia	1. WEG – Setting up regional base & centralised warehouse in Malaysia 2. McDermott – Setting up regional office in Malaysia 3. Fulkrum Technical Resources – Setting up office in Malaysia

Description
Setting up South East Asia central warehouse & regional base in Malaysia
Expansion - purchase of equipment for proposed new quay wharf
Dialog's Sungai Rengit Industrial Park Phase 1 development within the PIPC development area
SOGIP internal infrastructure development to support SAMUR project (roads, drainage, telecommunication
Rancha-Rancha Industrial Zone - upgrading infrastructures & utilities

MOGSEC 2016

2nd MPRC Innovation Pavilion at MOGSEC 2016



MPRC Publications











OGSE Industry Awareness Programmes

4 MPRC Industry Networking and Talk Events



1st Oil and Gas Innovation Forum 2016



Oil & Gas Innovation and Technology Clusters

5 local industry-university technology projects

Continue to grow local industry-academia collaboration in technology development



2016 IN RETROSPECT

Two consecutive years of low oil brought on swift and significant changes to the global oil & gas landscape. Oil majors around the world have made painful adjustments, reshaping business models and cost structures, to survive in the new normal.

"For Malaysia to move forward, developments in the country's oil and gas industry must be strengthened. This is in line with the National Transformation Programme where oil, gas and energy were identified as one of the National Key Economic Areas. PETRONAS and MPRC have been working hand in hand to build a more efficient and resilient OGSE industry. We envision this partnership will further enhance the competitiveness of our nation's OGSE sector in the years to come." ***— Adif Zulkifli, Senior Vice President of Corporate Strategy, PETRONAS***

On the domestic front, exploration activity in Malaysia slowed down during the 2015-2016 period as PETRONAS trimmed its capital expenditure by RM15 billion to RM50 billion in 2016 in response to low oil prices.

This has led to a decline in the utilisation of maritime, fabrication and engineering assets. At the same time, asset-heavy companies likely experienced the burden of borrowings that were drawn-down in boom times. And capital, has become scarce and more expensive.

Yet, some relief may be in sight for the industry. After declining to a 13-year low of US$26 a barrel in February 2016, oil has since recovered. The commodity ended 2016 over US$50 a barrel weeks after OPEC struck an agreement to cut production and support the recovery in oil prices. Regardless, the cyclical OGSE industry has entered a "new normal", with players bracing for an extended period of lower activity.

Against this backdrop, MPRC sets forth a vision. A vision to make Malaysia the regional hub for OGSE activities.

It is therefore more important than ever to develop and strengthen the OGSE industry to become even more competitive and be fit at US$50/bbl.

Malaysia has built up the experience and expertise over the last 40 years in OGSE industry, making it the natural leader in the region's OGSE value chain. However, we are cognisant that the industry in Malaysia must adapt to meet current challenges.

Toward this end, MPRC identified the following focus areas that are important to drive forward MPRC's true north of positioning Malaysia as the centre of OGSE activities in Asia-Pacific: Connect Malaysia to global OGSE hubs, increase OGSE technology content, facilitate export-ready companies in new markets and attract OGSE investments to Malaysia.

To achieve our goals, MPRC will also adopt these key levers: promoting information transparency and supporting market-driven policies.

These focus areas frame our initiatives and approach to shape a sustainable future for the industry.

Progress of Entry Point Projects (EPPs) under the National Transformation Programme

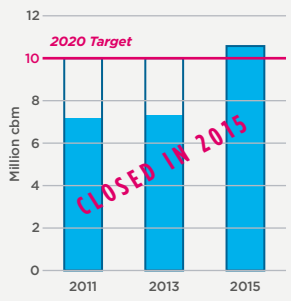
The EPPs under the Oil, Gas and Energy NKEAs are designed to be robust over various business cycles, with the view of propelling the nation from middle-income to high-income status. Thus, the current climate serves as the perfect platform for the OGSE industry to reshape and rebalance to emerge stronger.

As the agency entrusted with the development of the OGSE industry, MPRC has pursued the EPPs aggressively over the last five years. As a result, we are well-placed to meet the respective EPP targets by 2020. Further details of the OGE NKEA EPPs can be found within Pemandu's National Transformation Programme Report 2016.

EPP 4
Storage & Trading

10.4 mil cbm
Cumulative committed storage capacity

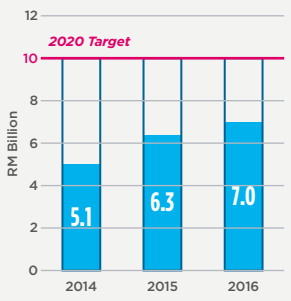
2020 Target vs Achieved



EPP 6
Amount of investments made by OGSE companies (FDI & DDI)

RM7.0 billion
Cumulative committed investment

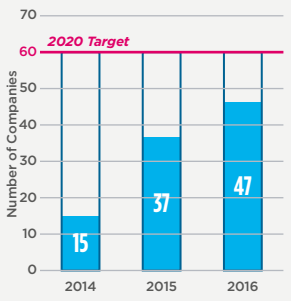
2020 Target vs Achieved



EPP 7
First time bidders for international projects in new market segment

47
Companies penetrating international markets

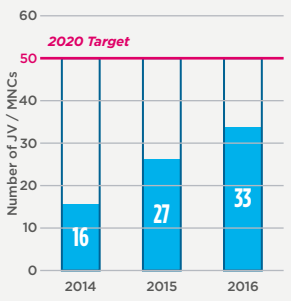
2020 Target vs Achieved



EPP 8
MNCs bringing their global operations to Malaysia, or mergers/JVs between local OGSE companies with global MNCs

26 Joint Ventures
7 MNCs setting up in Malaysia

2020 Target vs Achieved





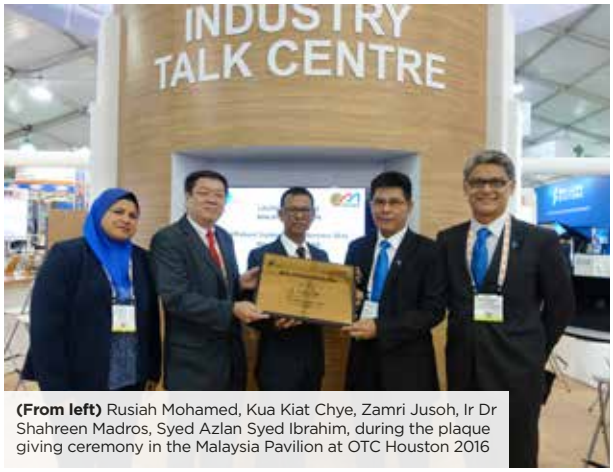
CONNECTING MALAYSIA TO GLOBAL OGSE HUBS

Becoming the preferred hub for OGSE activities in Southeast Asia opens up opportunities for Malaysia's OGSE firms and will create sustained growth to the nation. Thus, various initiatives were undertaken to deepen Malaysia's ties to international OGSE markets as well as other recognised energy hubs.

Even in a challenging climate for OGSE industry, there remains opportunities in international markets. That is why MPRC increased its presence and participation in regional and international platforms throughout 2016 to actively promote Malaysian OGSE capabilities.

OTC Houston 2016

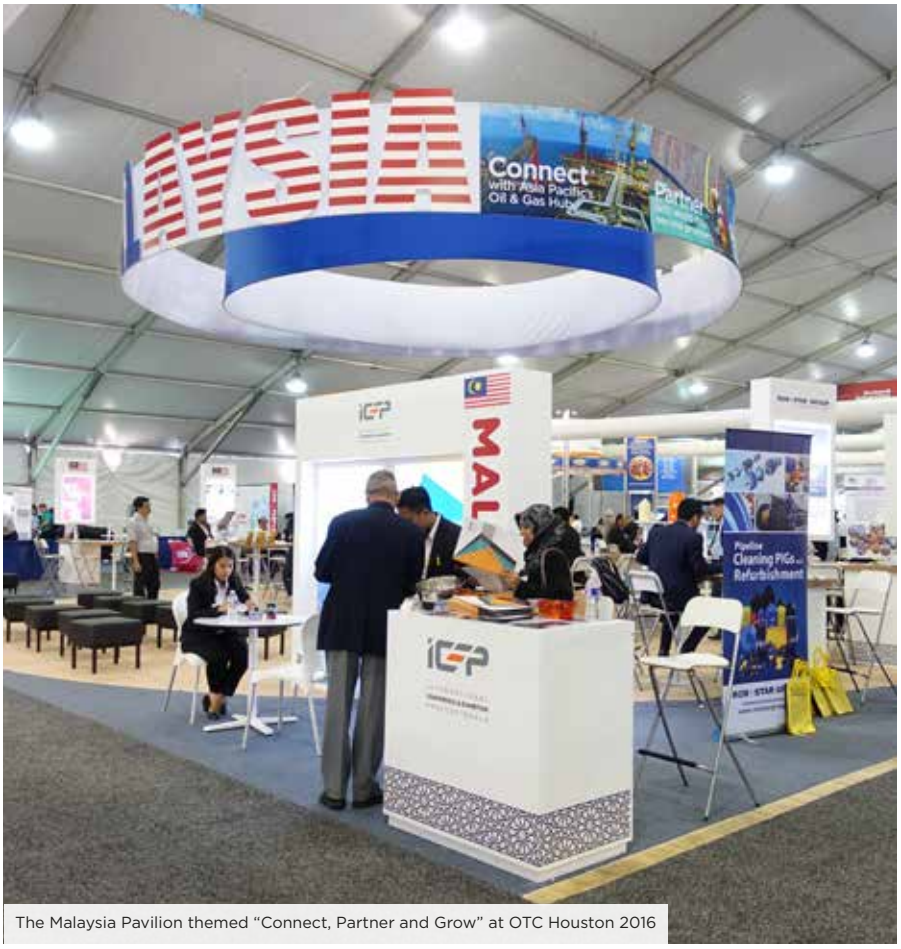
On the global stage, MPRC co-organised with MATRADE the 5th edition of the Malaysia Pavilion at OTC Houston in May. At the Malaysia Pavilion, a total of 12 OGSE companies showcased their expertise and capabilities at the conference, which saw participation from over 2,600 exhibitors and welcomed some 68,000 attendees from 120 countries. The Malaysia Industry Talk, held for the second consecutive year at the national pavilion, provided a platform for 10 international and Malaysian speakers to share their respective areas of expertise.



(From left) Rusiah Mohamed, Kua Kiat Chye, Zamri Jusoh, Ir Dr Shahreen Madros, Syed Azlan Syed Ibrahim, during the plaque giving ceremony in the Malaysia Pavilion at OTC Houston 2016



Sid Vinyard, speaker from Houston Technology Centre, Asia & Middle East delivering his talk on Houston Technology Centre (HTC)-US and programmes by HTC - Asia at the Malaysia Pavilion Industry Talk Centre area



The Malaysia Pavilion themed "Connect, Partner and Grow" at OTC Houston 2016

Malaysia Pavilion at OTC Houston

OTC Houston: Facts & Figures

2,600 Exhibitors

68,000 Attendees

120 Countries

125 Business Matching

United States of America, United Kingdom, South Korea and the Middle East

12 OGSE Companies Participated

Malaysia Industry Talk

10 Malaysian and International Speakers

Abu Dhabi International Petroleum Exhibition and Conference

The Abu Dhabi International Petroleum Exhibition and Conference or ADIPEC, is a critical platform to forge business links and access the broader Middle East market.

Even though energy prices remained under pressure in the past year, some Middle Eastern nations went ahead with projects, thereby ensuring the Middle East as an attractive destination for OGSE jobs and investments. As part of MPRC's mission to assist OGSE companies gain access to new markets, we facilitated 10 companies to participate MATRADE's Malaysia Pavilion at ADIPEC.

Strengthening Kuala Lumpur's Position In WECP

Following Kuala Lumpur's admission into the World Energy Cities Partnership (WECP) in 2014, MPRC made further strides in strengthening the nation's position as the gateway to the development of the region's oil, gas and energy sectors in Asia Pacific. Toward this, we worked together with Kuala Lumpur City Hall and announced our interest to host the WECP annual meeting in 2018.

Hosting the WECP annual meeting will allow Malaysia to play a key role in addressing challenges faced by other energy cities in responses to changes in the oil and gas industry.

What is WECP?

WECP
WORLD ENERGY CITIES PARTNERSHIP

Established in 1995, the WECP network consists of 19 member cities that are globally recognised as international energy capitals.

Through the network, energy cities actively seek and develop opportunities to learn from each other. This gives Kuala Lumpur the opportunity to take advantage of the experience gained in other energy cities and region that have largely the same challenges as Kuala Lumpur and the country at large.

The partnership also enables exchange beyond the energy industry, and look at opportunities for mutual development in strategic areas such as education, environmental technology and medicine, among others.



Country representatives posed for group photo at WECP AGM 2016

OTC Asia 2016



OTC Asia 2016 Industry-Student Programme: Students listening to case studies presented by Malaysian innovators



Ahmed Tahoun speaking at the Middle East business forum

With Asia's growing relevance in the global oil & gas landscape, OTC Asia has grown to become an important platform for Malaysia.

MPRC's involvement at OTC Asia also include:

20 New leads on Malaysian companies looking to venture into ASEAN

2 Business Forum on Middle East

Speakers shared key learnings that are essential to Malaysian OGSE companies looking to expand to the region.

Formalised MOU with Bahrain EDB

280 Students participated in Industry-Student Programme



Objectives:

To promote the industry to future talents, inspire future innovators and foster industry-academia collaboration.

To better understand the nature of the OGSE industry and necessary skillset to carve a successful career in the field.

Offshore Northern Seas

In MPRC's mission to Offshore Northern Seas in Norway, which focuses mainly on ground-breaking, technical solutions for the future, MPRC successfully identified 9 technology companies that have expressed interest in expanding in Asia Pacific. This exposure also allows Malaysian companies to think differently about how technological advances can deliver cost savings and help transition to the new normal.

MPRC achieved two key objectives in its August 2016 mission to ONS:

- Promote Malaysia as the gateway to OGSE activities in Asia Pacific
- Attract top OGSE technology companies to the region

MOGSEC 2016



Group photo: Bacho Pilong, Head of Production & Operations Management, PETRONAS, MPRC's representatives, OGITeC Cluster Lead and respective Industry-Academia partners at the Innovation Pavilion



UTP's Dr Fawnizu Azmadi Hussin speaking at the Meet-The-Experts session at the Innovation Pavilion

At Malaysia Oil & Gas Services Exhibition and Conference 2016 (MOGSEC), MPRC's Innovation Pavilion was aimed at facilitating OGSE companies' journey in technology development.

MPRC's Innovation Pavilion served as a vital bridge between OGSE businesses, the best in academia, financial institution and agencies.

6 Financial Providers and Universities
Exhibited under the Innovation Pavilion

3 New Publications:
- SME Grow FY2014
- Doing Business in Southeast Asia 2016-2017
- Financing Schemes for OGSE Companies 2016

13 Meet-The-Expert Talk at Innovation Pavilion

Innovation Pavilion and Publications Launch
by Datuk Wan Zulkiflee Wan Ariffin, President & Group Chief Executive Officer, PETRONAS

Industry-Academia Collaboration Recognition Ceremony
by Bacho Pilong, Head of Production & Operations Management, PETRONAS (6 collaborations acknowledged)

The Pavilion also served to emphasise the need for continuous linkage between the industry, financial institution, government agencies and universities in order to forge an industry that will be recognised globally for its expertise.

"The decision to move to Malaysia was influenced by several factors: we have a strong client base in Kuala Lumpur and we want to work very closely with our clients; we also see that Kuala Lumpur is increasingly seen as the centre of OGSE activities for the region. McDermott's move to Kuala Lumpur was also strongly supported by Malaysia Petroleum Resources Corporation." ***— Hugh Cuthbertson, Vice President and General Manager for Asia Pacific, McDermott International***

Attracting OGSE Investments to Malaysia

During the year, MPRC facilitated RM683.7 million worth of investments in 2016—exceeding an earlier target of RM650 million—in both upstream and downstream segments of the oil & gas segments. These companies have either acquired assets or upgraded facilities and infrastructure to improve competitiveness.

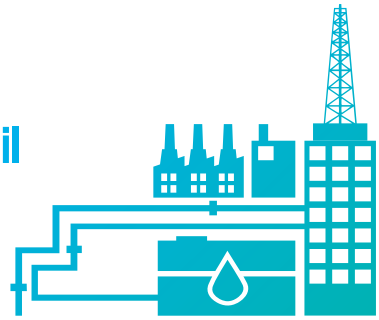
MPRC also focused on spurring joint-ventures or partnerships between domestic OGSE companies and MNCs. These alliances between domestic and foreign firms provide a platform for knowledge transfer, technology and management know-how, thereby helping to build up Malaysia's own OGSE capabilities.

Some of the investments facilitated by MPRC during the year:

RM194mil
Infrastructure development
within Sipitang Oil and Gas Industrial Park

RM370mil
Development
of Sungai Rengit Industrial Estate

RM106.7mil
Infrastructure and Utilities upgrade
in Rancha-Rancha Industrial Zone



Malaysia increasingly seen as the preferred location for regional HQs

Malaysia's competitive advantages in terms of its strategic location, stability, cost-competitiveness, world-class infrastructure, a mature OGSE supply chain and growing multi-lingual talent saw a rising number of MNCs setting up their regional headquarters in the country.

During the year MPRC facilitated the following MNCs looking to expand presence across Asia Pacific, one of the fastest growing region and an increasingly important area in the global energy landscape. The presence of these MNCs help create a vibrant OGSE ecosystem, further enhancing Malaysia's OGSE hub status.

McDERMOTT

FTR Fulkrum Technical Resources

weg

MPRC identified a viable local partner for Canada-based Green Imaging Technologies Inc (GIT), which specialises in nuclear magnetic resonance (NMR) solutions for special core analysis in petroleum sector.

In the scope of collaboration with GIT, technical consultancy firm Onyx Engineering Sdn. Bhd. will provide core analysis services with value-added features (advance core analysis and NMR technology) by GIT.

GIT GREEN IMAGING TECHNOLOGIES, INC. www.greenimaging.com

onyx Engineering Sdn Bhd

SNC-Lavalin and Bizworth Sdn Bhd

MPRC provided assistance and identified suitable partners to Canada-headquartered SNC-Lavalin (SNCL), a leading EPCC provider in oil & gas, mining and metallurgy, infrastructure and power.

In the scope of collaboration with Bizworth Oil & Gas Sdn. Bhd., Bizworth will serve as the distributor of SNCL's modular gas processing equipment in Malaysia.

SNC·LAVALIN

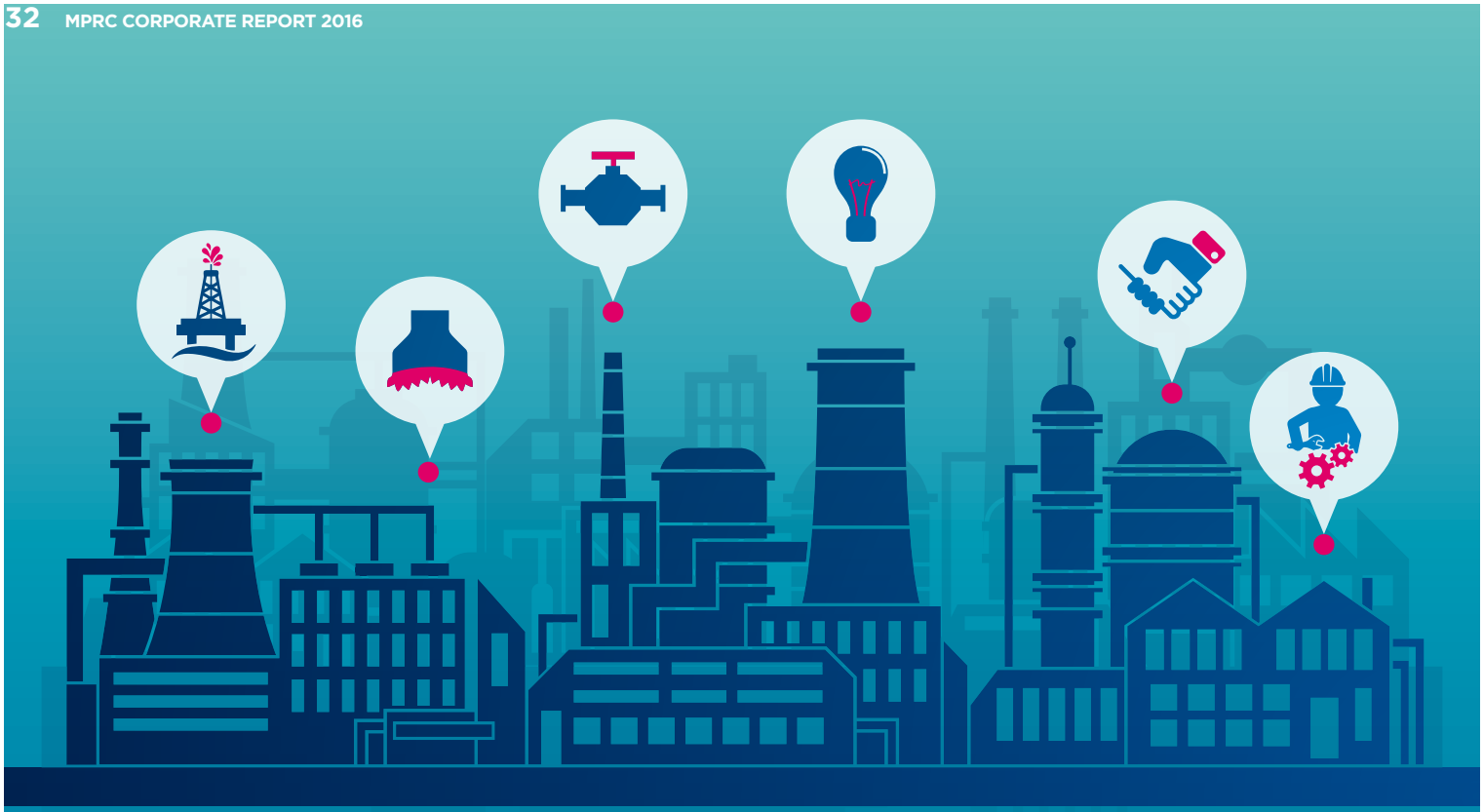
Bizworth Oil & Gas

MPRC facilitated refrigeration solution provider J&E Hall's venture into Malaysia's oil and gas industry with Rasma Corporation. The scope of collaboration entails the provision of specialist refrigeration solutions or HVAC –heating, ventilation, and air conditioning activities—to the oil and gas industry.

J&E Hall also outlined plans for a manufacturing facility and service centre in Malaysia.

J&E Hall International

RASMA



INCREASING OGSE TECHNOLOGY CONTENT IN MALAYSIA

Technology will play a key role in addressing hydrocarbon exploration and production challenges faced by the oil & gas industry in Asia Pacific and around the world. To ensure Malaysia remains at the forefront of technology innovation in OGSE, MPRC works towards stimulating dialogue and innovation across the entire OGSE supply chain to address challenges not only in Malaysia but in Asia Pacific as well.

In steering the nation's vision to become a hub for OGSE in Asia Pacific, there is a growing need for Malaysian players to develop home-grown technologies and ensure competitiveness in both domestic and global markets. To achieve this, MPRC takes a platform approach to stimulate collaboration and dialogue between the industry and academia.

Through our engagements with the industry, we know that the best ideas are often derived from collaborative work and continuous dialogue. This led to MPRC's inaugural Oil and Gas Innovation Forum (OGIF) in April 2016, which bridged operators, Malaysian OGSE firms, academia and government agencies.

OGIF 2016

8 additional companies identified for technology development projects

4 OGSE companies matched to collaborate with an international oil company

13 OGSE companies linked to NanoMalaysia, SIRIM and PlatCom

3 companies linked to OGITeC cluster universities UTP and UTM





(From Left) Azlee Ahmad (Murphy), Rahimi Abdul Wahab (PETRONAS) with moderator Keith Collins (Vestigo)



(From Left) Ir Dr Shahreen Madros (MPRC), Vickneswaran Veloo (Scomi) and Zulkiflee Idrus (Solar Alert) with moderator Ir Megat Zariman Abdul Rahim (Bumi Armada)



(From Left) Ir Dr Shahreen Madros (MPRC), Ahmed Tahoun (MIT Technologies), Mohd Razali Mohd Nazir (Romstar), moderator Sharifah Zaida Nurlisha Syed Ibrahim (MMC Oil & Gas Engineering)



Participants at OGIF 2016 networking session

During the year, MPRC continued to leverage on its industry-academia platform, O&G Innovation and Technology Clusters (OGITeC) that was formed in November 2015 to bridge industry-academia collaborations in subsurface technologies, marine systems and topside engineering. In 2016, there were five projects formed under OGITeC and was launched during MOGSEC 2016.

MPRC's continued advocacy and facilitation resulted in five Industry-Academia technology collaborations:

Development of Geomatic Positioning Tool		**Universiti Teknologi Malaysia**
Hurricane Geo Inspection Survey Sdn. Bhd.		
Development of Drilling Tool		**University of Malaya**
MIT Technologies Sdn. Bhd.		
Development of Desander		**Universiti Teknologi Malaysia**
Integrated Well Services Sdn. Bhd.		
Development of Drilling Fluid & EOR Surfactant		**University of Malaya**
Scomi Oiltools Sdn. Bhd.		
Development of high-temperature gelling agent		**Universiti Malaysia Pahang**
Neu Dimension Sdn. Bhd.		

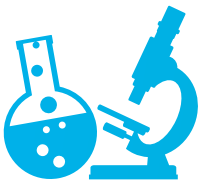
"MPRC plays an important role in bridging the academia and the OGSE industry. The platforms that MPRC created has sparked interesting collaborations between University of Malaya and the industry. We envision these collaborations will lead to innovative solutions that can solve challenges faced by OGSE players in Malaysia and Asia Pacific."

— Prof. Dr. Noorsaadah Abd. Rahman, Deputy Vice-Chancellor (Research and Innovation), University of Malaya

What is OGITeC?

Formed in 2015, the O&G Innovation and Technology Clusters (OGITeC)—comprising senior leadership from UM, UTM and UTP, three industry technopreneurs and chaired by MPRC—aims to bridge and increase industry-academia collaborations in the oil & gas industry. The technology clusters include subsurface technologies, marine systems and topside engineering.

It is envisioned that this platform will help to:



Spur industry-driven R&D and support development of domestic technology



Nurture subject matter experts in OGSE



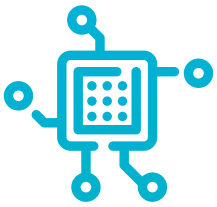
Create new OGSE technology companies

OGITeC TECHNOLOGY CLUSTERS

Subsurface Technologies	Marine Systems	Topside Engineering
University of Malaya	Universiti Teknologi Malaysia	Universiti Teknologi PETRONAS



Local Subject Matter Experts



Home-grown technologies and technological capabilities



Competitive local technology companies and institutions



PROMOTING EXPORT-READY COMPANIES TO INTERNATIONAL MARKETS

Decades of vendor development initiatives spearheaded by PETRONAS have equipped Malaysian OGSE companies with the experience and expertise to serve the global oil & gas value chain. However, the number of Malaysian OGSE companies venturing into regional and international markets remains concentrated in a small number of entities.

To encourage Malaysian OGSE firms, in particular mid-tiers and SMEs to broaden their scope beyond Malaysia, MPRC promotes export-ready companies abroad.

We do this by identifying business opportunities and facilitating engagements with potential partners on specialised marketing missions to key energy markets in the region.

Export Acceleration Mission to Iran

MPRC participated in MATRADE's export acceleration mission to Iran, which is stepping up its oil production and exports after four years of economic embargoes.

The mission, which coincided with Iran's 21st International Oil, Gas Refining & Petrochemical Exhibition saw MPRC facilitating 74 business meetings with key players in the Iranian oil & gas landscape: National Iranian Oil Company, Association of Petroleum Industry Engineering & Construction Companies, Iran Chamber of Commerce, Industries, Mines and Agriculture, and Iranian Oil, Gas & Petrochemical Products Exporters' Association, among others.

Government-to-Government Relationships



MPRC also built on its G-2-G relationships, having formalised two MoUs with Kazakhstan's export and investment agency KazNex Invest and Bahrain EDB in 2015 and 2016, respectively.

These MoUs underscore MPRC's commitment in supporting Malaysian OGSE firms in their business expansion to the new nations whilst also facilitating growing interest from Bahraini and Kazakh companies.

Marketing Missions



MPRC and MATRADE Business Facilitation

For 2016, MPRC, together with MATRADE, facilitated 9 companies to bid for oil and gas jobs in Asia Pacific and beyond.

The 9 companies (and the countries they ventured into):

1. **Innoveam Sdn. Bhd. (Timor Leste)**
2. **Blackgold Oil & Gas Sdn. Bhd. (Vietnam)**
3. **ESSEM Corporation (Vietnam)**
4. **Flytech Engineering Sdn. Bhd. (Vietnam and USA)**
5. **Innochems Technologies Sdn. Bhd. (Thailand)**
6. **Innovative Fluid Process Sdn. Bhd. (Kazakhstan)**
7. **MALKO Flanges & Fittings (M) Sdn. Bhd. (Vietnam)**
8. **Romstar Sdn. Bhd. (Vietnam)**
9. **SIRIM QAS International Sdn. Bhd. (Bahrain)**

"In our vision to steer the country towards a developed nation status, MATRADE and MPRC have collaborated to support OGSE companies' venture into new markets. To further support the companies' expansion into ASEAN, MPRC collaborated with MATRADE to produce Doing Business In Southeast Asia: Guide for Malaysian OGSE Companies, which outlines the O&G landscape and market entry strategies to Vietnam, Indonesia, Myanmar and Thailand. Other collaborations with MPRC also resulted in notable success, namely the Specialised Marketing Missions to Iran and OTC Houston, which brought more Malaysian OGSE companies to these markets." ***— Kua Kiat Chye, MATRADE Director of Oil and Gas, Chemical and Plastic Unit/Product and Services Promotion Division***



FACILITATING OUTSOURCING JOBS

FROM MNCs TO DOMESTIC OGSEs

The government's role in developing local capabilities in the OGSE sphere in the past four decades has enabled the Malaysian OGSE industry to become the most mature and established in Asia Pacific. As such, foreign investors continue to show confidence in Malaysia through new investments, expansions or increasing their scope of activities in the country.

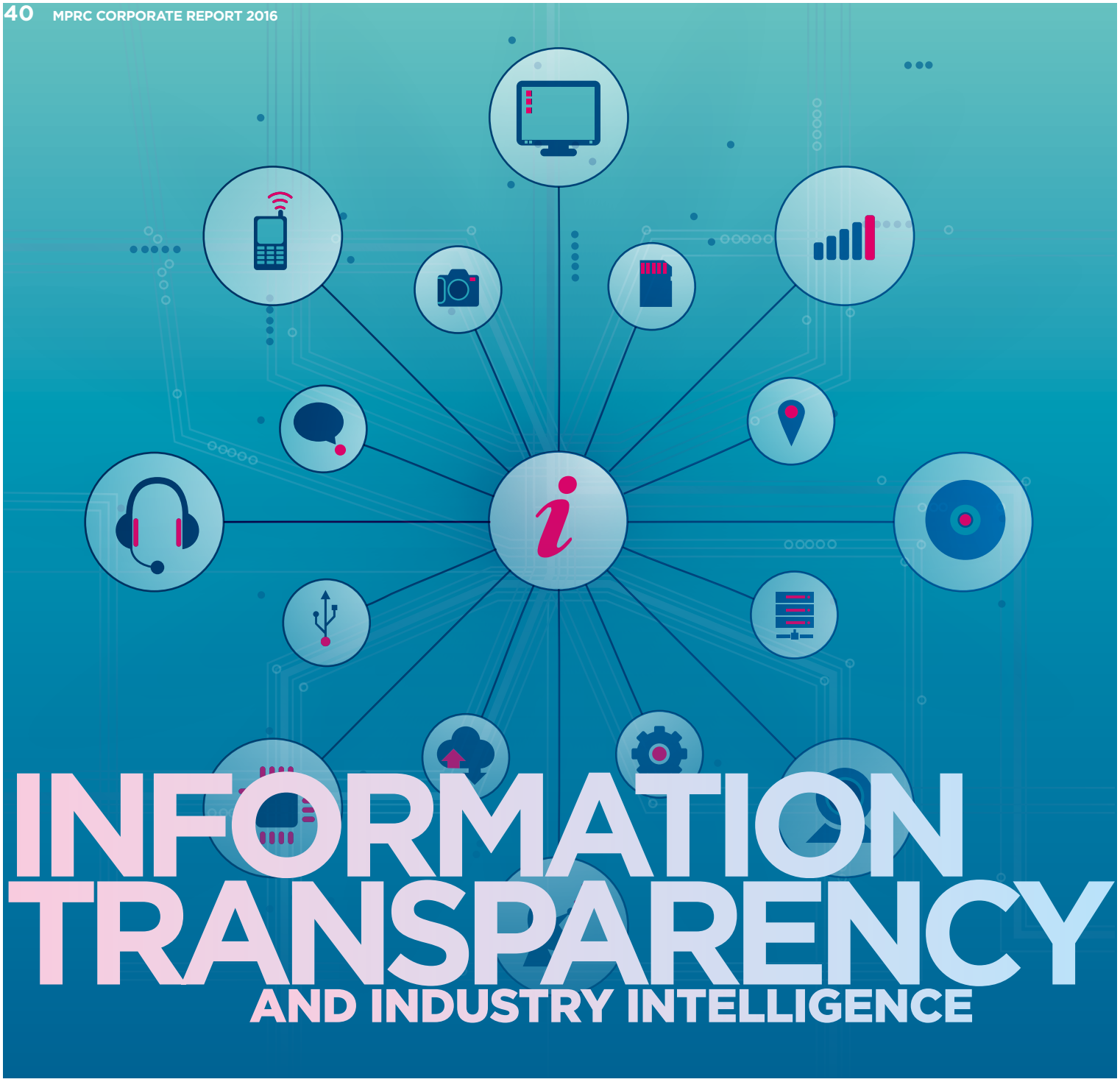
Malaysia's OGSE industry today has moved from the basic production of crude for export to the various facets of the industry, from engineering design of production facilities for oil & gas to the design and construction of petrochemical plants. Its success, world class infrastructure and availability of skilled talent have also made Malaysia one of the preferred destinations for MNCs to establish their regional headquarters, manufacturing facilities and their location of choice to grow in the Asia Pacific region.

Building on this, MPRC stepped up efforts to facilitate OGSE companies to participate in MNC's global supply chain, via its new outsourcing and contract manufacturing initiative. The main focus of this initiative is the enable local OGSE companies to diversify income streams and reduce their reliance on domestic upstream jobs.

During the year, MPRC assisted two MNCs that were looking to source Malaysian OGSE companies for manufacturing operations such as the fabrication of subsea manifolds, material testing and equipment calibration. In view of the current trend among Malaysia-based MNCs to outsource some of their operations, MPRC aims to leverage on this development and link OGSE firms that can provide contract manufacturing services to interested MNCs.

"Asia Pacific is one of the fastest growing region for the oil & gas services and equipment (OGSE) industry and this is just the start of an exciting journey of growth to come for WEG Group. Malaysia is a leading OGSE hub in the region and it has one of the most mature OGSE workforce, presenting partnership opportunities with the local players as we move to serve our customers better." ***— Carol Ong, Chief Operating Officer, WEG South East Asia Sdn. Bhd.***





INFORMATION TRANSPARENCY AND INDUSTRY INTELLIGENCE

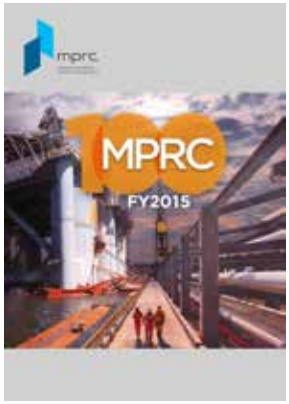
Increased transparency, particularly in OGSE industry is vital for achieving accountability and sustainable economic development. Equally important, the combination of information transparency and industry intelligence increases confidence in the effectiveness of the public sector and facilitates a more efficient market.

The OGSE industry as a whole is undergoing a significant transformation, with industry leaders focused on optimising costs and improving performance. In light of evolving market conditions, it is crucial to expedite data into impactful initiatives and insights for OGSE players and stakeholders.

Toward this end, MPRC continued to build upon its comprehensive database of OGSE companies, detailing the respective companies' financial information, assets and export capabilities, among others. This database led to the following MPRC's signature publications during the year:

MPRC100

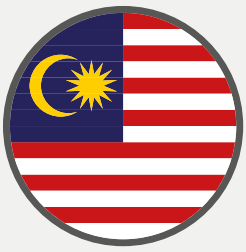
Published since 2014, the MPRC100 ranks both public-listed and privately held OGSE companies that are based in Malaysia. The ranking, based on the respective companies' revenues seek to highlight the growth of Malaysian OGSE companies and to provide a point of reference for industry players, potential investors and other stakeholders.



TOP 10 OGSE Companies in Malaysia

1. MISC Bhd
2. SapuraKencana Petroleum Berhad
3. Dialog Group Bhd
4. Bumi Armada Bhd
5. Wah Seong Corporation Bhd
6. KNM Group Bhd
7. Muhibbah Engineering (M) Bhd
8. Scomi Energy Services Bhd
9. Halliburton Energy Services (M) Sdn Bhd
10. Schulumberger WTA (M) Sdn Bhd

TOP 20 OGSE Companies in the region


9


1


8

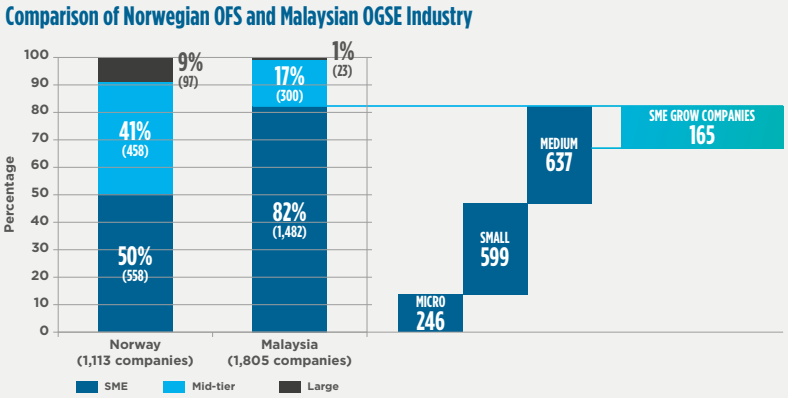

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SME Grow

SME GROW is a follow-up publication to MPRC100. While the MPRC100 highlights the top-100 OGSE companies in Malaysia, the inaugural SME GROW that was published in 2016, lists active OGSE SMEs—taking into account both revenue growth and profitability—with the potential to grow into mid-tier firms.

The aim for the publication is to serve as a point of reference for government agencies that support the development of SMEs in Malaysia, multinational companies seeking to expand outsourcing activities to Malaysian OGSE SMEs and for Malaysian companies looking to invest in SMEs.





Definition for Norwegian company size
Large: Sales turnover ≥ NOK 1bil (RM488mil)
Mid-tier: Sales turnover NOK 100mil (RM49mil) and < NOK 1bil (RM488mil)
SME: Sales turnover < NOK 100mil (RM49mil)
Note: NOK/MYR: 0.49 as at 29 Aug 2016

OGSE Catalogue

This catalogue summarises the background and project experiences of 154 Malaysian OGSE companies. It also maps the capabilities of the OGSE companies to complement the 13 major segments of the oil & gas value chain. MPRC's aim for the publication is to promote Malaysian oil & gas capabilities in international markets and as reference point for international oil companies, national oil companies and contractors looking to partner with Malaysian players.

Over 1000 copies of this publication were distributed to potential investors, international OGSE companies and IOCs at international events such as ONS, ADIPEC, OTC Asia, OTC Houston and more.



154
Malaysian OGSE Companies

13
Major Segments of the Oil & Gas Value Chain

Companies Capability Matrix
Petronas' Standardised Work and Equipment Categories (SWEC)

Doing Business in Southeast Asia: Guide for Malaysian OGSE Companies

Produced in collaboration with MATRADE, this publication sheds light on the various business opportunities the region has to offer. It also outlines key contacts, MATRADE's export assistance programmes and market entry strategies for OGSE companies interested in expanding their businesses to Thailand, Indonesia, Vietnam and Myanmar.



Market information on 4 COUNTRIES



The guide also features a pager on the Export Assistance Programmes by MATRADE on:

Grants and Funds



Advisory and Training



Among the key features of the guide book:



O&G Landscape



Business Insights



OGSE Opportunities



8 Industry Personalities Interviews



List of Key Contacts



Directory of Regional Events

Financing Schemes for OGSE Companies

This publication is a compilation of grants, loans and tax incentives provided by Malaysian government agencies and development finance institutions (DFIs) that are relevant to OGSE players.

Whilst MPRC focuses on the various initiatives to help grow OGSE capabilities, it is cognisant of the awareness gap in the various financing provided by the government to industry players. MPRC believes that it is important for these companies to be aware and leverage on these assistance in order to become more competitive and position for any future growth in domestic and regional markets.

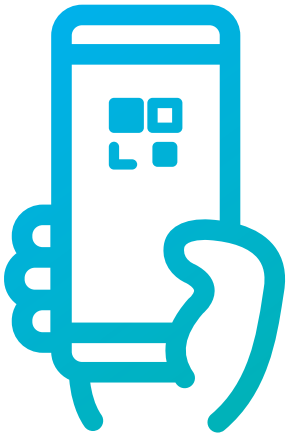


3 Government Tax Incentives by MIDA

MIDA
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

Special Feature: QR Code

for each schemes that directs users to the respective websites



Financing Schemes for OGSE Companies

- **General Financing Schemes**
  - 7 Grants
  - 13 Loans
- **SME Financing Schemes**
  - 7 Grants
  - 16 Loans

12 Grants/Loans Providers

MTDC · Cradle · TERAJU · MATRADE · MDV · EXIM BANK MALAYSIA · midf · PlaTCOM Ventures · MOSTI · Credit Guarantee Corporation CGC Powering Malaysian SMEs · SME BANK · Bank Negara Malaysia

MPRC Industry Networking and Talks

MPRC INDUSTRY NETWORKING TALK

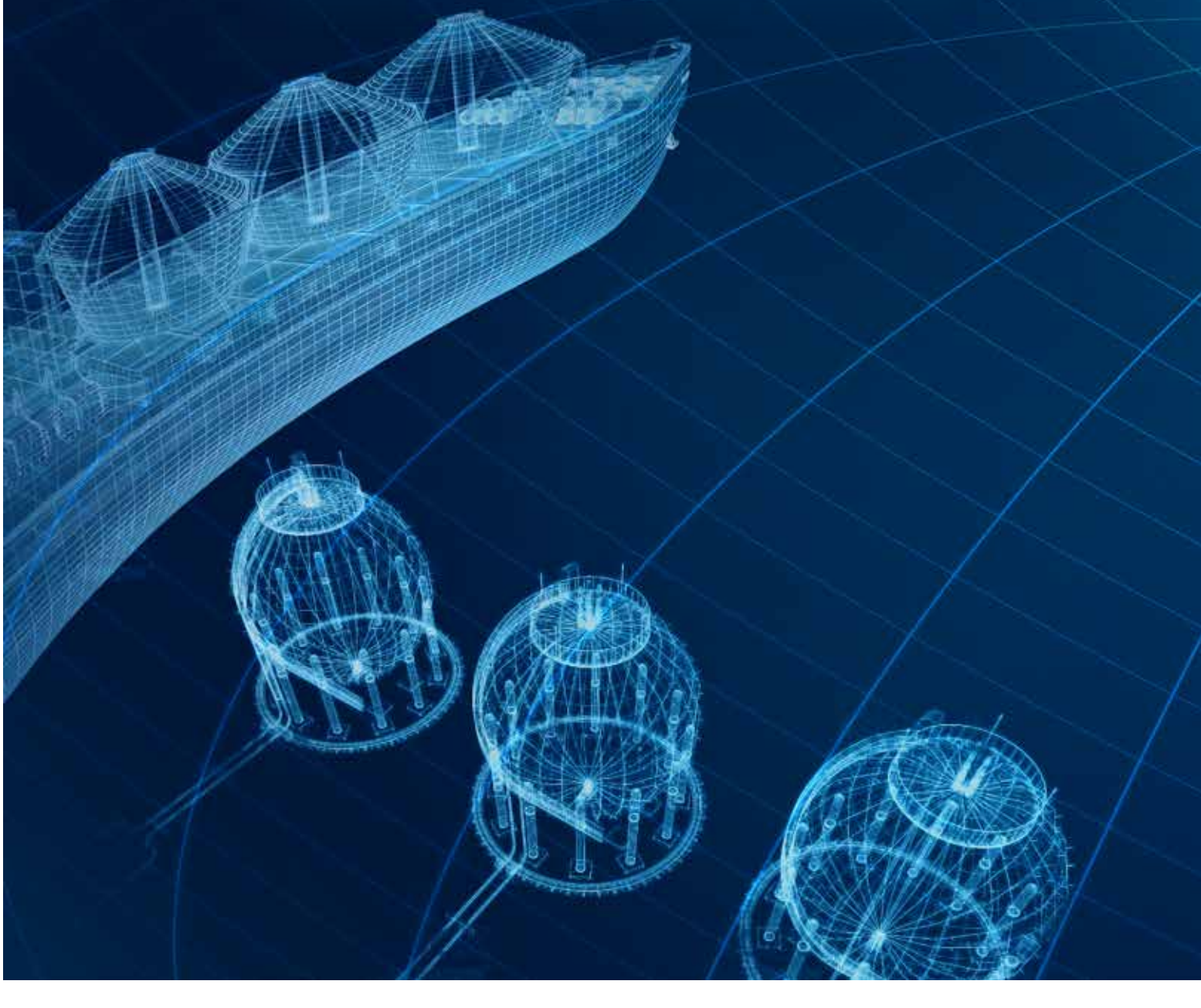
MPRC Industry Networking and Talk (MINT) is a series of industry talks and networking sessions that was created as a platform where latest developments and best practices in the industry are shared.

MPRC MINTs in 2016 include:

MINT	Topic	Speakers	Attendees
1	**OGSE Landscape And Business Opportunities In Brazil** First MINT included insights on Brazil's deepwater opportunities, current political developments and the country's local content obligations in its oil & gas industry.	**Sergio Farias Ferreira** Brazilian Trade and Investment Agency **Aloisio Nobrega** National Organization of the Petroleum Industry, Brazil	**Over 80 industry players and representatives from trade organisations**
2	**Enabling SME Growth For Future Success** Participating OGSE SMEs learnt about the various initiatives and programmes that are in place to facilitate growth and contribution of SMEs to the Malaysian economy.	**Ghazali Bin Hamzah** Senior Manager, Business Advisory & Support Division, SME Corp **Mohd Azhar Mohd Yusof** Head, Business Banking Department, SME Bank **Azhar Kasan** Head, Specialised Banking Department, SME Bank	**Over 30 participating OGSE SMEs**
3	**Statoil's Long Term Energy Outlook and What It Means For Us** Discussion points revolved around Statoil's perspective on global energy landscape in view of the rising importance of renewable energy as well as short- to medium-term imperatives for the industry to weather low oil and Norway's success in creating world class oil and gas companies and the lessons Malaysia can learn.	**Rick Ramli** Partner & Managing Director The Boston Consulting Group **Eirik Waerness** Senior Vice President and Chief Economist, STATOIL **Dato' Wee Yiaw Hin** Former Executive Vice President & CEO of Upstream Business, PETRONAS	**Over 120 attendees**
4	**Oil & Gas Business Opportunities In Kazakhstan** To end the year, MPRC's industry networking and talk focused on oil & gas opportunities in Kazakhstan.	**Anuar Bin Ismail** Technical Consultant Lead, Hadid Engineering (M) Sdn. Bhd. **Ir Shahul Hamid** Managing Director, Reach Energy Berhad **Jason Waldie** Associate Director (Singapore), Douglas-Westwood Pte. Ltd.	**150 representatives from OGSE companies**

2017: THE ROAD AHEAD

Since the 2014 decline in oil prices, OGSE companies have worked to reshape their business models and implement strategies to weather the storm. Their strategies to become more resilient and competitive tie closely to MPRC's continuous efforts in developing the capabilities of the OGSE industry. Thus, for the year ahead, MPRC will intensify local OGSE development for global competitiveness whilst capitalising on global energy's shift to Asia to enhance Malaysia's position as OGSE gateway to the region.





With growing global interest in the region's oil & gas, MPRC will step up its efforts in attracting top 50 OGSE multinational firms to establish their regional headquarters in Malaysia in 2017.

Complementing our efforts in attracting global OGSE MNCs to Malaysia, MPRC will also leverage on established platforms such as OTC Houston to further enhance Malaysia's appeal as the ideal gateway to OGSE opportunities in Asia Pacific. We believe these efforts will further attest to Malaysia's stature as an OGSE thought leader in Asia.

The agency will also continue to play a key role in supporting the growth of domestic capabilities by encouraging strategic in-country and regional investments, and technology. MPRC will build on its government-to-government linkages that are required in order to better facilitate OGSE companies in new markets. Along with our partners in OGITeC, we will continue to foster industry-academia collaboration to drive innovation in this industry, with focus on subsurface technologies, marine systems and topside engineering.

MPRC will also sustain efforts to ensure that the incentives and grants available from Malaysian Investment Development Authority (MIDA), SME Corporation, Malaysian Technology Development Corporation (MTDC) and other agencies are channelled towards developing technology champions.

The outsourcing contract manufacturing initiative will continue to be carried out, where MPRC will play an important role in linking multinational firms to the domestic OGSE companies to be key contributors to the MNC's supply chain. This is pertinent particularly for SMEs that may not have visibility to the MNCs and require assistance to grow their businesses.

MPRC will also continue to work closely with PETRONAS on structural reforms that are necessary to transform our domestic OGSE industry in the long run. These reforms, albeit painful, will pave the way for a more competitive and resilient OGSE industry.

The OGSE landscape is on the mend after a tumultuous period. It is imperative for OGSE players to be fit at US$50, be prepared for any weak hydrocarbon pricing environment and position for future upcycles. This will pave the way for Malaysia to become the preferred centre of OGSE activities in the region.

Acknowledgements

MPRC would like to acknowledge the support of the following organisations for their time and contribution in our various engagements which in turn has brought us one step closer in fulfilling our mandates in 2016.

- Bank Negara Malaysia
- Bahrain Economic Development Board (Bahrain EDB)
- Construction Industry Development Board (CIDB)
- Dewan Bandaraya Kuala Lumpur (DBKL)
- Economic Planning Unit (EPU)
- Greater Stavanger Economic Development
- Innovation Norway
- Institute of Materials Malaysia (IMM)
- International Conference & Exhibition Professionals (ICEP)
- InvestKL
- Johor Petroleum Development Corporation Berhad (JPDC)
- Johor State Government
- Kazakhstan's export and investment agency (KazNex Invest)
- Labuan Corporation
- Labuan Financial Services Authority
- Labuan International Business Financial Centre
- Lembaga Hasil Dalam Negeri (LHDN)
- Majlis Amanah Rakyat (MARA)
- Majlis Profesor Negara
- Malaysia External Trade Development Corporation (MATRADE)
- Malaysian Industry-Government Group for High Technology (MIGHT)
- Malaysian Investment Development Authority (MIDA)
- Malaysian Offshore Contractors Association (MOCA)
- Malaysia Offshore Support Vessels Owners' Association (OSV Malaysia)
- Malaysian Oil & Gas Engineering Council (MOGEC)
- Malaysian Oil & Gas Services Council (MOGSC)
- Malaysian Technology Development Corporation (MTDC)
- Ministry of Education (MOE)
- Ministry of Finance (MOF)
- Ministry of Human Resource (MOHR)
- Ministry of International Trade and Industry (MITI)
- Ministry of Science, Technology & Innovation (MOSTI)
- Multimedia Development Corporation (MDEC)
- Performance Management & Delivery Unit (PEMANDU)
- Petroliam Nasional Berhad (PETRONAS)
- Prime Minister's Department
- Sabah State Government
- Scottish Development International (SDI)
- Selangor State Investment Centre (SSIC)
- Sipitang Oil & Gas Development Corporation (SOGDC)
- SIRIM Berhad
- SME Corporation Malaysia
- Society of Petroleum Engineers (SPE)
- Suruhanjaya Syarikat Malaysia (SSM)
- Talent Corporation Malaysia Bhd (TalentCorp)
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- Unit Peneraju Agenda Bumiputera (TERAJU)
- Universiti Malaya (UM)
- Universiti Teknologi Malaysia (UTM)
- Universiti Teknologi PETRONAS (UTP)

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