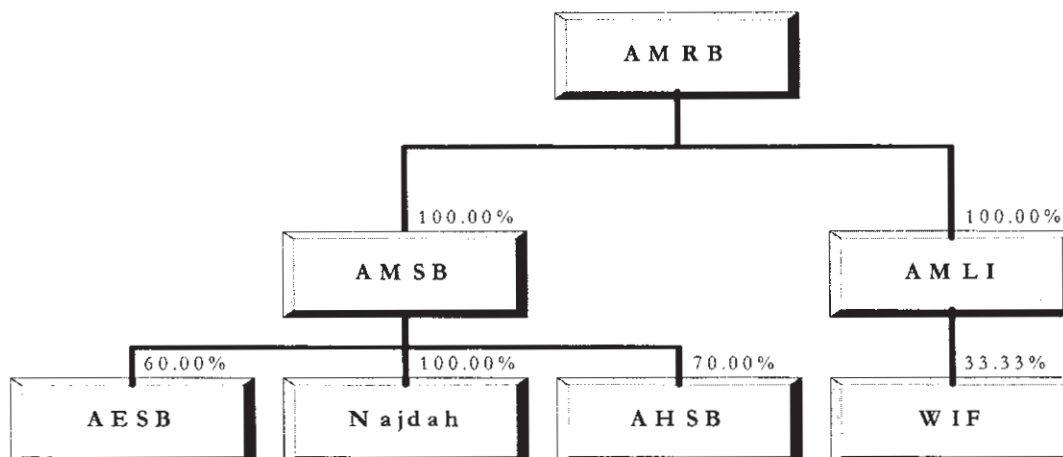


11. BUSINESS

11.1 Overview

Our Company was incorporated as a public limited company in Malaysia under the Act on 23 June 2005. As at the date of this Prospectus, we have an authorised share capital of RM250,000,000 comprising 500,000,000 Shares whilst our issued and paid-up share capital is RM66,558,441 comprising 133,116,882 Shares.

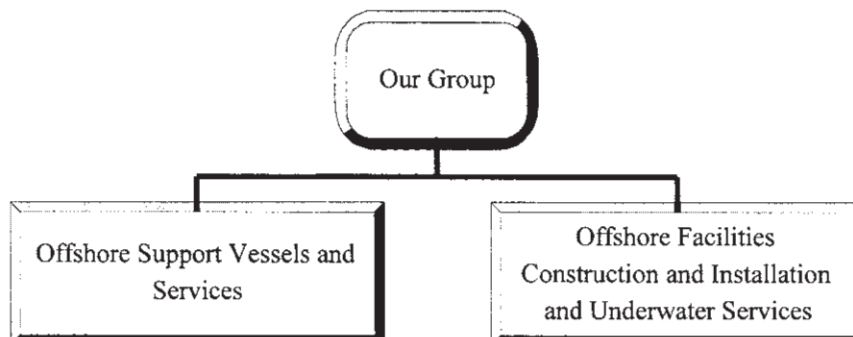
Our Group structure comprises an investment holding company, five (5) subsidiaries and one (1) associated company as illustrated below:



Our Group's business commenced in 1998 when AMSB first started its operations. In the early years, AMSB provided charter services by chartering third party vessels to transport its customers' goods and supplies. Given the significant advantage of owning its own vessels, AMSB acquired its first vessel in 1999. Since then, AMSB began establishing itself as an owner of offshore support services servicing predominantly companies operating in the Malaysian oil and gas industry, whilst at the same time developing its chartering and brokerage skills by acting as manager or operator for third party vessels. Currently, we own fifteen (15) vessels which are all Malaysian-flagged and are in the midst of commissioning another one (1) new vessel scheduled for delivery in July 2006. In addition, we are also planning to utilise part of the proceeds from our IPO to acquire four (4) vessels at the end of 2006 or in 2007. The expansion in our fleet of vessels over the years and in the future is part of our fleet expansion strategy, which we expect will further develop and enhance our operations and business. Please refer to Sections 11.8, 4.11 and 11.3 of this Prospectus for further details on our vessels, our proposed utilisation of proceeds from our IPO and our business strategy respectively.

11. BUSINESS (Cont'd)

As our operations expanded, our subsidiaries were incorporated to venture and specialise into specific areas related to the marine support services such as underwater services, ship owners and/ or ship managers. Currently, our Group's business activities can be divided into two (2) divisions as illustrated below:



- (i) **Offshore Support Vessels and Services.** We provide our own vessels for charter as well as identifying suitable third party vessels based on our customers' needs and requirements, chartering the identified vessels from third parties and re-chartering them to our customers.

We also provide various types of services to our customers such as assisting seismic operators in seismic survey related activities to locate oil and gas reserves in ocean beds; transportation of crew, supplies and cargoes to and from shore to rigs, platforms, offshore facilities or vessels; towing and mooring of rigs offshore; anchor-handling services; providing stand-by duties such as fire-fighting duties for offshore fires and anti-pollution and preventive measures to react to oil slicks; and other support/ repair and maintenance services such as pipe and cable laying, platform commissioning and/ or decommissioning. Please refer to Section 11.5 of this Prospectus for further details on the provision of offshore support vessels and services.

- (ii) **Offshore Facilities Construction and Installation and Underwater Services.** We provide offshore facilities construction and installation services such as marine construction related services; sub-sea engineering services; and offshore pipeline construction related services. We also provide our equipment such as saturation diving system and air diving system for rental to our customers. Please refer to Section 11.6 of this Prospectus for further details on the provision of offshore facilities construction and installation and underwater services.

11. BUSINESS (Cont'd)

11.2 Competitive Strengths

We believe our principal strengths are as follows:

(i) *Experienced, technically sound and dedicated management team*

We have an experienced, technically sound and dedicated management team which is led by our founders who are also our Directors, namely Azmi bin Ahmad (Managing Director), Mohd Abdul Rahman bin Hashim (Technical and Operation Director), Shaharuddin bin Warno @ Rahmad (Finance Director) and Ab. Razak bin Hashim (Project Director). Collectively, our management team have vast working experience and in-depth knowledge of the corporate and commercial working environment, in general, and specifically, of the offshore support services industry in Malaysia as well as extensive experience operating in the Asia Pacific region. Our management's team experience and knowledge have been the key factors in the development and performance of our Group and has enabled our Group to tap the opportunities available in this region and beyond.

(ii) *Young fleet of vessels*

As at the Latest Practicable Date, we own a total of fifteen (15) vessels. The fleet of vessels owned by us is generally young with four (4) of them aged below seven (7) years whilst another seven (7) are newly built vessels. The rest of the vessels that are not as new had undergone their scheduled periodical maintenance and inspections to ensure their seaworthiness.

Our Group have entered into contracts to receive delivery of two (2) new vessels in 2006 to further expand our fleet size. We have received delivery of one (1) of these two (2) vessels in March 2006 and expect to receive delivery of the other vessel in July 2006. We are also planning to utilise part of the proceeds from our IPO to acquire four (4) vessels at the end of 2006 or in 2007.

All of our newer vessels are designed, built, powered and fitted with up-to-date technology and equipment to provide us with the flexibility to meet the changing needs of our customers. Our newer vessels, also enhance our ability to mobilise and deploy our vessels to other parts of the world with harsher environment as we explore further into deeper waters.

(iii)

(iii) *Established track record, good business network and strong customer relationships*

Our Group has been involved in the offshore support services industry since 1998. Owing to our quality service and reliability, our Group has established a good track record which provides us with the edge in retaining our present pool of customers as well as attracting new customers. Over the years, our Group has also established good rapport and business network with our customers, attained through our quality service and reliability as well as the hands-on involvement of our key technical personnel, in particular the founders of our Group who have collectively more than fifty (50) years of experience in the shipping and offshore support services industry. The business network established has also enabled us to secure new businesses.

The awards which we have received from our customers which include amongst others, Certificate of Achievement for no loss of man-hours, Contractor Safety Award and Excellent HSE Performance "Gold Award", are reflective of the quality and reliability of our services, in particular due to our good and sound health and safety management. Please refer to Section 11.12 of this Prospectus for further details of the awards that we have received.

11. BUSINESS (Cont'd)

11.3 Strategies

Our key objectives are to maintain and leverage on our existing strengths, grow and improve our business, and ultimately create value for our shareholders. In light of the present outlook and future prospects of the industry as set forth in more detail in Section 10 of this prospectus, we intend to implement the following key strategies to achieve our key objectives:

(i) Fleet Expansion

As our business continues to expand and in order to provide better quality services, we plan to expand our fleet size and to maintain a young fleet equipped with the latest technology and capabilities. Between 2003 and 2005 (both years inclusive), we have acquired and received delivery of ten (10) sizeable vessels with an investment value of approximately RM277 million, the latest being the six (6) new vessels received and commissioned in 2005, with an investment value of approximately RM170 million. Out of these ten (10) newly acquired vessels, one (1) has an engine capacity in excess of 8,900 BHP whilst seven (7) others have engine capacities of between 4,750 BHP – 5,150 BHP. The other two (2) vessels have engine capacities of between 3,000 BHP – 3,200 BHP.

In addition, we have received the delivery of one (1) new vessel in March 2006 and we are expecting the delivery of another new vessel in July 2006. Both these vessels have engine capacity of 5,150 BHP each, and the investment in these two (2) new vessels is approximately RM70 million. Moving forward, we are also in the process of identifying another four (4) suitable vessels which we hope to acquire at the end of the year 2006 or in 2007 by utilising part of the proceeds from our IPO.

These vessels have the capabilities to perform various services, amongst others:

- Transport supplies such as fuel oil, fresh water, drill water, liquid mud, base oil, brine, materials and equipment;
- Anchor handling and towing duties; and
- Transport offshore personnel/ project materials from marine supply base to offshore platform.

With an expanded fleet size, our Group hopes to reduce reliance on third party vessels. Concurrently, our expanded fleet size, comprising predominantly of vessels with higher engine capacities, will be able to secure higher yielding contracts that would contribute to a steady and recurring revenue stream. Our fleet expansion strategy is also in tandem with our plan for market expansion which is to tap on opportunities in another geological region.

(ii) Market Expansion

In view of the vast opportunity available in the Middle East region which accounts for approximately 65% of the world crude oil reserves, our Group has started making inroads into the said region as part of its strategies to widen the customer base. To establish our presence in the Middle East region, our Group, together with third parties, has set up an operation in Dubai, UAE in May 2005. This marked our Group's first foray to penetrate the Middle East region. Through this establishment, we have successfully secured two (2) contracts worth approximately RM28 million with one of the petroleum companies in Qatar.

11. BUSINESS (Cont'd)

Apart from our expansion into the Middle East, we have also, successfully secured a two (2)-year contract with an estimated value of RM13 million to provide mooring and unmooring of tankers and hose handling services to a petroleum company in Indonesia, which commenced in November 2004. We will continue our market expansion plan in the Middle East and South East Asian regions with the possibility of penetrating the South African market in the near future.

(iii) *Vertical Expansion*

Our Group envisaged that there will be growing demands for offshore facilities construction and installation and underwater services as Petronas is expected to gradually increase production in the next five (5) years, a move which will in turn translate into potential increase in opportunities in relation to installation and maintenance works. Moving in tandem with the oil and gas industry growth, we aim to become an integrated offshore support services company that is capable in providing a diverse range of offshore facilities construction and installation and underwater services such as installation, inspection and engineering services.

In 2004, our Group acquired a saturation diving system which allows our dive team to venture into deep water diving (between 50 to 200 metres) operations. Total investment incurred for this system is approximately RM7 million. This system allows 24-hour operation and improves the efficiency of divers, and subsequently provides cost efficiencies for our customers. Moving forward, our Group is currently in the midst of acquiring and commissioning a new ROV by third quarter of 2006. ROV is a robotic underwater vehicle used to carry out underwater observation and inspection activities in lieu of divers and is also the latest technology that allows underwater surveys to be carried out and samples to be collected beyond the continental shelf.

The saturation diving system has already generated significant returns for us in 2004 and 2005 and we expect a continuation of this in the future. Likewise, our new ROV is expected to contribute positively to our earnings in 2006 and future years. Our Group intends to further expand our diving services in the future. In this respect, we are constantly on the lookout for opportunities and will evaluate and consider the acquisition of additional diving system and other underwater equipment as and when these opportunities arise.

Our Group is also actively seeking opportunities in the area of providing offshore installation services to the oil and gas operators. Generally, installation works comprise installation of platform, underwater pipelines and offshore facilities. There are many challenges to be encountered during the provision of such works and services. A critical component in overcoming these challenges is technical knowledge and in this respect, our Group has the capabilities of performing such tasks as evidenced by the attainment of the relevant licence(s) from Petronas to provide services such as maintenance and repairs of pipelines and sub-sea structures, underwater engineering, construction and maintenance services.

11. BUSINESS (Cont'd)

11.4 Services

Our services are primarily categorised into two (2) main areas, namely (i) Offshore Support Vessels and Services and (ii) Offshore Facilities Constructions and Installations and Underwater Services. Our Group also derive a very small percentage of revenue from other business activities that relate to marine support services on an ad-hoc basis. The breakdown of our Group's revenue by activity for the financial years ended 31 December 2003, 2004 and 2005 respectively, are set forth below:

	For the financial year ended		
	2003	2004	2005
	RM 000	RM 000	RM 000
Offshore Support Vessels and Services	94,591	116,759	129,251
Underwater Services	133	3,551	7,868
Others	-	56	619
Total	94,724	120,366	137,738

Based on an independent market report issued by Infocredit D&B, the market size for the offshore support vessels and services industry in Malaysia is approximately RM1 billion in 2004. Accordingly, based on our Group's revenue generated in 2004, we garnered approximately 12% of the market share in relation to the provision of offshore support vessels and services to the oil and gas industry in Malaysia.

11.5 Provision of Offshore Support Vessels and Services

Our Group provides offshore support vessels and services to the upstream activities of the oil and gas industry. We own an operationally ready fleet of support and service vessels, which can provide offshore services as set forth in the table below:

Offshore Support Services	Description
Seismic survey activities	Supporting seismic operators in seismic surveys. Seismic surveys are carried out by or on behalf of oil and gas companies to locate oil and gas natural reserves in ocean beds. Our Group's vessels are designed to support seismic survey activities.
Transportation of crew and supplies	Transporting personnel and food provisions from platform to platform as well as to and from shore to rigs, platforms or vessels.
Towing and mooring of rigs	Towing rigs and mooring them offshore to the exact locations of the given co-ordinates.
Anchor handling	Setting anchor for the rigs/derrick barges at offshore locations.
Transportation of cargoes and supplies	Transport bulk cargoes from marine supply bases to offshore facilities.
Diving/ROV support	Provision of maintenance services via the utilisation of ROV and diving services
Support services / repair and maintenance	Support derrick/pipe-laying barge, cable-laying vessels and maintenance of offshore support facilities.

11. BUSINESS (Cont'd)

(i) Seismic survey operations

The utility vessels are commonly used to support the survey activities. Amongst the tasks to be performed by these vessels are fish trap survey, tagging and scouting. Before the actual survey is carried out; the area needs to be cleared from debris such as fish traps, fisherman net and so on. During the survey, the survey equipment which is deployed in the water needs to be protected. The scouting and chasing task is to ensure that no boats will damage the lines. The utility vessels are normally chartered by seismic companies like Petronas Research to carry out survey and soil sampling.

(ii) Transportation of crew and supplies

SSVs are used for supplying goods, equipment and food provisions to the oil rig and platform and as a general purpose vessel to carry out repair and maintenance of the oil rig and platform. The features of the SSV are its long platform deck to carry equipments or winches to support the oil rig and platform. SSVs are also used to transport personnel and necessities inter-rig and inter-platform as well as to and from shore to rigs, platforms or vessels.

(iii) Towing and mooring of rigs

An exploration rig will be hired and towed into the defined precise location. It will then be positioned either through legs or anchored, depending on the water depth. The towing and moving of rigs from one location to another are handled by AHTS vessels. These vessels are equipped with winches capable of towing drilling rigs, lifting and positioning their anchors and other marine equipment. The AHTS vessels range in size and capacity and are usually characterized in terms of horsepower and towing capacity. For the Malaysia service, AHTS vessels typically require between 4,500 horsepower or more to position and service drilling rigs in deep water areas.

(iv) Anchor handling

As mentioned above, the AHTS vessels are used in positioning anchors and other marine equipment. These vessels are equipped with a winch and a total engine power of 4,500 horsepower or more and are used for anchor handling activities. Apart from setting anchor, these vessels can additionally be used as SSVs/tugboats.

(v) Transportation of cargoes

The SSVs serve to support the exploration and production as well as offshore and maintenance work. These vessels are used in the carriage of cargoes and equipment from supply base to offshore facilities. The deck load offer capabilities to transport large and long cargoes such as pipes. In addition to deck cargo, such as pipe or drummed materials on pallets, SSVs also transport liquid mud, potable and drill water, diesel fuel and dry bulk cement.

(vi) Diving/ROV support activities

Old and new platforms need to be maintained on regular basis. The maintenance of the structures can be above or underwater. For this purpose we employ DSV and at the same time provide diving services. The main purpose of DSV is to provide platform for divers in performing underwater task. These vessels can accommodate up to 40 to 100 persons at any one time. Big crane may be one of the equipment required for the operation on the DSV. These vessels more often are also equipped with saturation diving system which enables divers to dive from 25 m to 200 m.

The ROV operation may also be conducted on board of these vessels. In addition to this, these vessels are also capable of providing standby duties such as carrying out fire-fighting duties and anti-pollution and prevention measures to react to oil slicks and offshore fires.

11. BUSINESS (Cont'd)

(vii) Support services/ repair and maintenance

Large fields are likely to be provided with platforms piled into the seabed with pipelines to some suitable point on the main land. One of our support services provided is to assist in pipe-laying. Repair and maintenance services are also provided for both old and new platforms on a regular basis. The maintenance of the structures can be above or underwater.

11.6 Provision of Offshore Facilities Constructions and Installations and Underwater Services

As part of the strategy to vertically integrate the Group's operations, our Group has ventured into the provision of offshore facilities construction and installation and underwater services. These services are carried out through AHSB. AHSB is a registered member of the Association of Diving Contractors International, USA.

With its established network and experiences coupled with its range of equipment, AHSB is able to provide the following offshore facilities construction and installation and underwater services to its existing/potential customers in the oil and gas industry:

Services	Description
(i) Underwater services	<ul style="list-style-type: none"> • Saturation set diving • Surface air diving • Surface mix gas • Offshore / onshore underwater construction • Underwater video and photography • Underwater welding and cutting • Water blasting / hull cleaning • Underwater painting • Maintenance and cleaning of seawater intake structures • Submarine pipeline and cable laying • Civil and marine engineering inspections • Non-destructive testing • Salvage • ROV inspection
(ii) Offshore construction and installation and related services	<ul style="list-style-type: none"> • Offshore pipeline and structural installation works • Telecommunication and power cable installation • Offshore platform and pipeline abandonment and decommissioning • Pipeline End Manifolds and Single Buoy Mooring installations
(iii) Sub sea engineering services	<ul style="list-style-type: none"> • Underwater Inspection In Lieu of Drydocking ("UWILD") for DNV and ABS • Underwater inspection • Repair and maintenance of offshore platforms and sub sea pipelines (both air and saturation diving) • Port jetties and wharves • Cooling water intakes for refinery, petrochemical and power plants as well as marine and artefacts salvage
(iv) Offshore pipeline construction and installation and related services	<ul style="list-style-type: none"> • Cofferdam construction • Pipeline installation including Horizontal Directional Drilling, pipe-jacking and hot-tapping

11. BUSINESS (Cont'd)

11.7 Operational Process

Our involvement in providing marine transportation services and underwater services occur at various stages of the oil and gas exploration and production activities, from seismic exploration in virgin seabed to the final production of oil from offshore installation in brown fields as well as the decommissioning of pipelines and platforms.

Twelve (12) of our Group's fifteen (15) vessels are at present being deployed domestically, covering offshore activities both in West and East Malaysia. On the West Malaysia side, these vessels are mainly operating from the Kemaman Supply Base, Terengganu to support the E&P activities in the high seas of Terengganu, providing offshore marine support services to oil majors that are operating in concession blocks such as PM-3 CAA by Talisman, PM-9 by Petronas Carigali, and PM5 and PM8 by Exxon Mobil. On the East Malaysia side, the operations are carried out from the Asia Supply Base, Labuan. Currently, we provide marine support services mostly to oil majors operating in concession blocks such as Blocks 309, 311, P and H by Murphy, and Blocks 301, 302, 306 and 307 by Petronas Carigali Sdn Bhd.

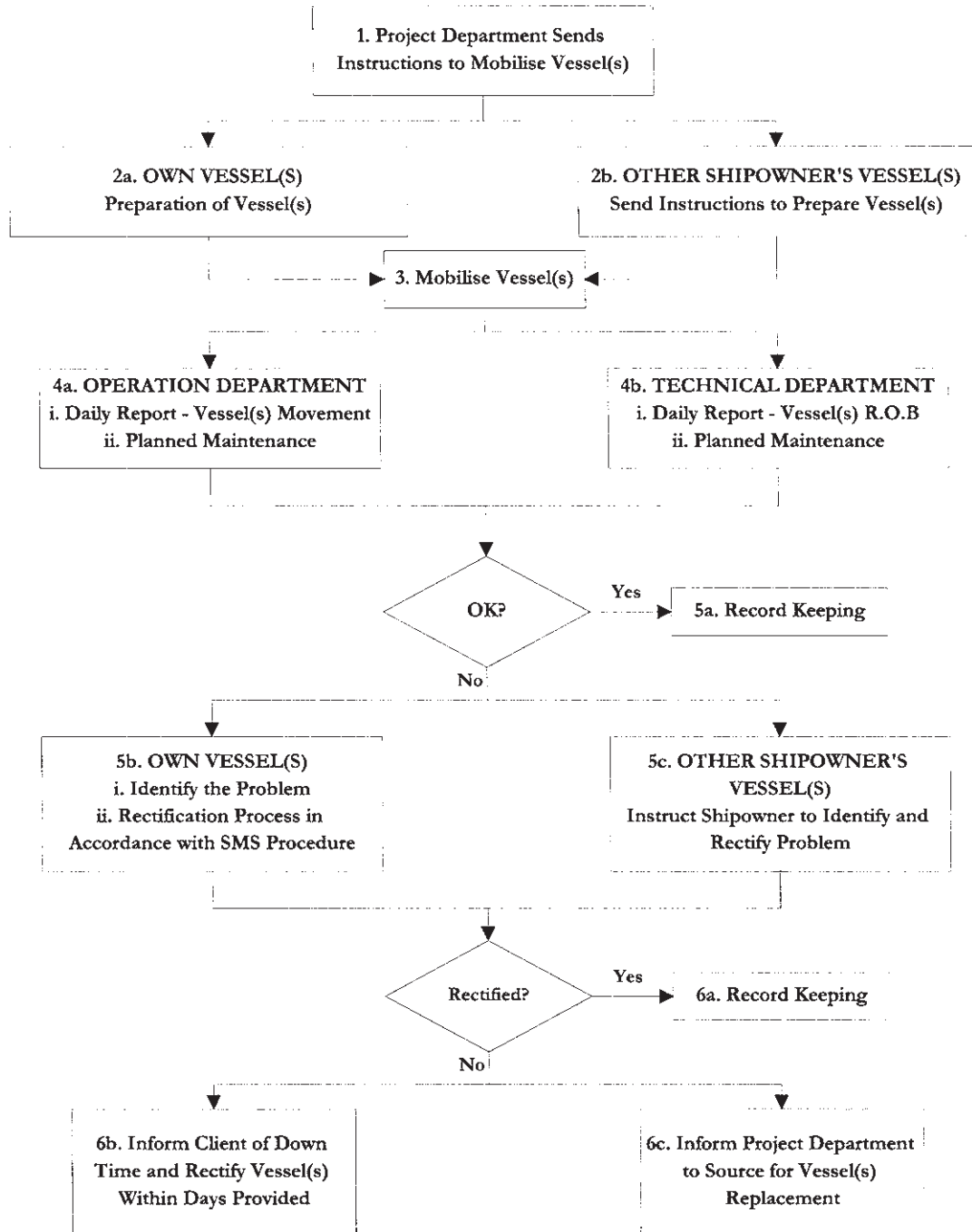
Apart from domestic deployments, our Group also operates in overseas venture. We have successfully operated in Russian waters in 2005 and at present, we are operating in offshore Middle East and Indonesia. Two (2) of the Group's vessels are operating in Qatar servicing RasGas whilst one (1) vessel is currently servicing ConocoPhillips at the Natuna Field in Indonesia. We have also in 2004 and 2005 successfully mobilised our underwater facilities and equipment to operate in Thailand, India, Japan and Australia. Currently, are preparing the equipment for our next job in Indonesia.

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11. BUSINESS (Cont'd)

Our daily operation of vessel(s) process is illustrated in the diagram below:

Operational Overview



11. BUSINESS (Cont'd)

Notes:

1. **Project Department sends instructions to mobilise vessel(s)**
Once our Group receives the Letter of Award from our client, the Project Department would send out instructions to the Operation and Technical Departments to mobilise the vessel(s) chosen, at the specific time period stated in the tender.
- 2a. **Own vessel(s)**
If the vessel(s) is owned by us, the Project Department would prepare the vessel(s) and check that all mandatory criteria set out in the tender are met. If required, the vessel(s) would be sent to the shipyard to undergo the necessary modifications. This would be conducted as per the mobilisation plan in the tender documents.
- 2b. **Other shipowner's vessel(s)**
If the vessel(s) is not owned by us, the Operation and Technical Departments would send instructions to the vessel(s)' shipowner to prepare the vessel(s) as per all mandatory criteria set out in the tender.
3. **Mobilise vessel(s)**
Once all criteria are met, the vessel(s) would be mobilised to the location set out in the tender.
- 4a. **Operation Department**
The Operation Department would be responsible for preparing daily reports on the vessel(s)' movement and ensuring that the vessel(s) is maintained as per its planned maintenance schedule.
- 4b. **Technical Department**
Meanwhile, the Technical Department would be responsible for preparing daily reports on the items remaining on board ("R.O.B") of the vessel(s), including water and petrol. Similar to the Operation Department, the Technical Department would also ensure that the vessel(s) undergo its planned maintenance.
- 5a. **Record keeping**
If there are no problems, both the Operation and Technical Departments would keep daily reports on the movement of the vessel(s) and vessel(s)' R.O.B respectively.
- 5b. **Own vessel(s)**
However, if a problem is discovered, the Operation and Technical Departments would be responsible for identifying and rectifying the problem in accordance with the Safety Management System ("SMS") procedure.
- 5c. **Other shipowner's vessel(s)**
If a problem is discovered on the vessel(s) owned by another shipowner, the Operation and Technical Departments would send instructions to the shipowner to identify and rectify the problem.
- 6a. **Record keeping**
Once the problem is rectified, the Operation and Technical Department would keep a record of the rectification.
- 6b. **Inform client of down time and rectify vessel(s) within days provided**
However, if the problem cannot be rectified immediately, the Operation and Technical Department would inform the client of the down time and rectify the vessel(s) owned by our Group within the days provided. Vessel(s) owned by another shipowner, would be rectified by its own owner.
- 6c. **Inform Project Department to source for vessel(s) replacement**
If the vessel(s)' problem cannot be rectified, the Operation and Technical Department would inform the Project Department, which is responsible for finding a replacement vessel(s).

11. BUSINESS (Cont'd)

11.8 Our Vessels

11.8.1 Our existing vessels as at 31 December 2005

Set-forth below are the details of the fourteen (14) vessels that we own as at 31 December 2005:

Vessel	Registered owner	Description by function	Registration	Classification	Year of construction/acquisition	Horse power (BHP)	NT/ GRT/ DWT (MT)	NBVs at 31 December 2005 (RM 000)	Market value ^(b) (RM 000)	Surplus ^(b) (RM 000)
MV Setia Abadi ^{(b)(iii)}	AMSB	UV/ SV/ General Purpose Vessel	Malaysia	DNV	1980/ 1999	1,040	76/ 254/ 150	173	750	577
MV Setia Bakti ^{(b)(iii)}	AESB	PSV/ Towing Vessel/ SSV	Malaysia	ABS	1982/ 2001	3,000	286/ 955/ 1,226	2,511	4,000	1,489
MV Setia Cekal ^{(b)(iii)}	AMSB	DSV/ Four (4) point mooring	Malaysia	SCM	1975 (rebuilt 1996)/ 2002	4,400	299/ 994/ 750	7,902	9,500	1,598
MV Setia Damai ^{(b)(iii)}	AMSB	UV/ SV/ Buoy Maintenance Vessel	Malaysia	SCM	1985/ 2002	804	83/ 278/ 150	275	850	575
MV Setia Gagah ^{(b)(iv)}	AMSB	PSV/ SSV/ Towing Vessel	Malaysia	ABS	2002/ 2003	4,750	356/ 1,188/ 860	19,258	25,000	5,742
MV Setia Handal ^{(b)(iv)}	AMSB	PSV/ SSV	Malaysia	ABS	2002/ 2003	3,000	204/ 681/ 390	12,556	19,000	6,444
MV Setia Jaguh ^{(b)(iv)}	AMSB	AHTS	Malaysia	BV	1999/ 2003	8,920	609/ 2,032/ 1,800	42,955	46,000	3,045

11. BUSINESS (Cont'd)

Vessel	Registered owner	Description by function	Registration	Classification	Year of construction/acquisition	Horse power (BHP)	NT/GRI/DWT (MT)	NBVs at 31 December 2005 (RM 000)	Market value ⁽ⁱ⁾ (RM 000)	Surplus ⁽ⁱⁱ⁾ (RM 000)
MV Setia Emas ^{(i)(iv)}	AMSB	AHT/ Terminal/ Multipurpose Tug	Malaysia	BV	2004/ 2004	4,750	289/ 964/ 750	24,212	27,000	2,788
MV Setia Fajar ^(iv)	AMLI	AHTS	Malaysia	BV	2004/ 2005	5,150	441/ 1,470/ 1,250	31,630	-	-
MV Setia Indah ^(iv)	AMLI	PSV/ SSV	Malaysia	BV	2005/ 2005	4,750	401/ 1,200/ 1,158	28,774	-	-
MV Setia Lestari ^(iv)	AMSB	AHTS	Malaysia	BV	2005/ 2005	4,750	441/ 1,470/ 1,250	32,009	-	-
MV Setia Nurani ^(iv)	AMSB	AHTS	Malaysia	ABS	2004/ 2005	5,150	457/ 1,523/ 1,350	36,905	-	-
MV Setia Kasturi ^{(iv)(v)}	AMLI	PSV/ SSV	Malaysia	ABS	2005/ 2005	4,750	479/ 1,450/ 1,150	25,460 ^(v)	-	-
MV Setia Mega ^{(iv)(v)}	AMLI	AHT/ UV	Malaysia	NKK	2003/ 2005	3,200	149/ 496/ 307	13,300 ^(v)	-	-

Notes:

(i) In relation to our IPO, a valuation of the eight (8) vessels which we owned as at 31 December 2004 was conducted by a registered independent valuer, Messrs. Raine & Horne International Zaki + Partners Sdn Bhd. The valuations of the vessels have been approved by the SC for the purpose of our IPO. Please refer to Section 16 of this Prospectus for further information on the valuation of these vessels.

(ii) The surplus represents the difference between the market value and the net book value of the vessel as at 31 December 2005 (before adjusting for deferred tax and minority interest's share of the difference between the market value and the net book value of the vessel as at 31 December 2005).

11. BUSINESS (Cont'd)

- (iii) *As at the Latest Practicable Date, the vessel is free from any encumbrances.*
- (iv) *As at the Latest Practicable Date, the vessel is held as collateral by the financier for the financing facility provided to our Group to acquire the respective vessel.*
- (v) *We received delivery of the vessels towards the end of the year 2005. The financing to acquire vessels were only finalised in 2006. The value disclosed represents the cost of the vessels.*

11.8.2 Our new vessels in 2006

In addition to our existing vessels, we have taken delivery of one (1) new vessel for the period up to the Latest Practicable Date, with one (1) more vessel due to be delivered in July 2006. The details of the two (2) new vessels are set forth below:

Vessel	Registered owner	Description	Registration	Classification	Year of construction/acquisition	Horse power (BHP)	NT/GRT/DWT (MT)	Cost of vessel (RM 000)
MV Setia Padu ^{(i), (iii)}	AMLI	AHTS	Malaysia	BV	2006/ 2006	5,150	450/ 1,500/ 1,350	34,770
MV Setia Rentas ⁽ⁱⁱ⁾	AMLI	AHTS	Malaysia	BV	2006/ 2006	5,150	450/ 1,500/ 1,350	34,770

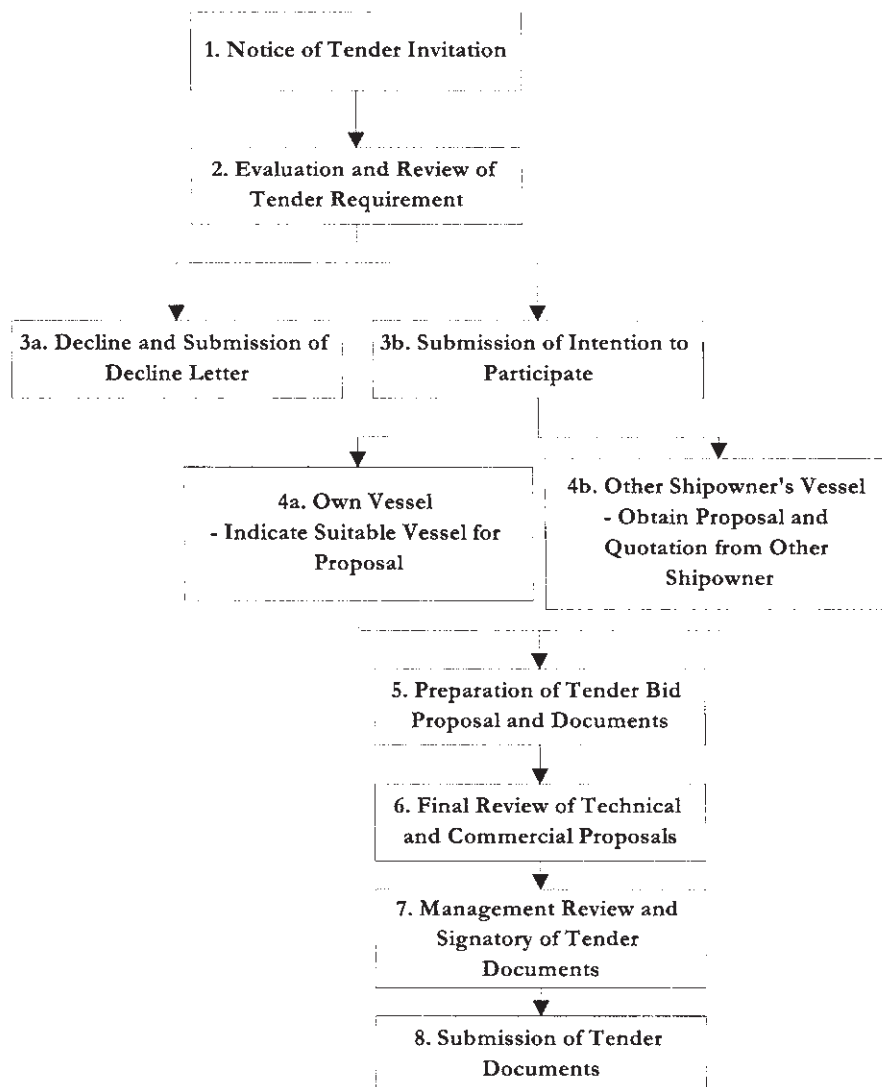
Notes:

- (i) *We have received delivery of the vessel in March 2006.*
- (ii) *As at the Latest Practicable Date, the vessel is still in the process of being commissioned and we expect delivery of the vessel in mid 2006. The registration, classification, NT, GRT and DWT will only be finalised upon completion of the construction of the vessel. Similarly, the financing facility for the vessel will only be executed on or about the point of delivery of the vessel. The registration and classification of the vessel are based on Management's intention whilst the NT, GRT and DWT are based on Management's computation and estimates based upon the blue print and design of the vessel.*
- (iii) *As at the Latest Practicable Date, the vessel is held as collateral by the financier for the financing facility provided to our Group to acquire the respective vessel.*

11. BUSINESS (Cont'd)

11.9 Process Flow of Chartering Vessels

Set out below is our typical process flow chart of chartering vessels:



Notes:

1. **Notice of tender invitation**
Tender invitations are issued to Ship Owners/ Operators in the bidders' list provided by Petronas Licensing Department, based on vessel categories registered under the Petronas Licence.
2. **Evaluation and review of tender requirement**
Upon receipt of the tender documents, the management of our Group would evaluate and review the tender requirements and decide if we will participate in the tender.

Our Group would then confirm receipt of the tender documents by completing a tender acknowledgement and forwarding it within seven (7) days via telex, fax or by hand delivery to the company that issued the tender invitation.
- 3a. **Decline and submission of decline letter**
Should the management decide not to submit a tender, our Group would need to provide valid reasons in the tender acknowledgement and return this tender acknowledgment to the company that issued the tender invitation.

11. BUSINESS (Cont'd)**3b. Submission of intention to participate**

If the management decides to participate in the tender, our Group would indicate its intention to submit a tender within the tender acknowledgement. This tender acknowledgement would then be returned to the company that issued the tender invitation ("potential client").

4a. Indicate suitable vessel for proposal

Tenderers are allowed to propose more than one (1) vessel. Our Group may propose its own vessel if this vessel meets the criteria set by the potential client.

4b. Obtain proposal and quotation from other shipowner

On the other hand, if our vessels do not meet the criteria in the tender invitation, we would obtain a proposal and quotation from another shipowner. Once a suitable vessel is found, a letter of authorisation would be obtained from the vessel's shipowner and submitted together with the tender.

5. Preparation of tender bid proposal and documents

A tender bid proposal and documents would then be prepared according to instructions provided in the tender invitation. A tender usually encompasses technical and commercial bid proposals. Information contained in these proposals is set forth in the table below:

Information Required	Proposal		Description
	Technical	Commercial	
Form of tender letter	√	√	Registered address of our Group and signature of its principal officer, including his/her full name and position.
Schedules of prices and rates		√	Rates quotation as per instructions provided in the tender invitation. May include daily charter rate, mobilisation and demobilisation fee as well as messing rates (e.g. for meal and laundry expenses).
Qualifications to tender and contract conditions	√	Prices only, if any	<p>Technical Proposal: Should not contain any details on prices. To indicate if there are any qualifications. If yes, details on the qualifications, alternative wordings and reasons why we cannot comply with any requirements stated in the tender invitation are provided.</p> <p>Commercial Proposal: Contain any qualifications that may have commercial (i.e. price) impacts/ aspects.</p>
Proposed alternatives	√	Prices only, if any	<p>Technical Proposal: To indicate if there are any proposed alternative(s) that will improve the services required by the potential client. If yes, precise details on original requirement(s), proposed alternative(s) and reasons for the proposed alternative(s) are provided.</p> <p>Commercial Proposal: To indicate if there are any proposed alternative(s) that will reduce the rates and prices. If yes, details on price impact are provided.</p>

11. BUSINESS (Cont'd)

Information Required	Proposal		Description
	Technical	Commercial	
Specifications of tenderer's proposed vessel(s)	√		Vessel(s)' classification (e.g. ABS, DNV, etc.), licence, auxiliaries (i.e. generators), performance (i.e. speed), propulsion, deck fittings and equipment, deck space and safety, amongst others. Delivery date of the vessel(s). Vessel(s) chosen must be available to commence services at the specific period stated in the tender invitation. Letter of authorisation from shipowner, if the vessel(s) is not owned by our Group.
Summary of mandatory criteria	√		To complete a questionnaire that contains criteria that must be complied in full. Failure to comply with any of the mandatory criteria would result in the disqualification of the tender bid. Examples of criteria that must be met are vessel(s) availability during required service period, vessel(s) classification, auxiliaries and performance.
Drawings	√		General arrangement plan and photographs of the proposed vessel(s).
Resumes of personnel	√		Names, functions and full curriculum vitae of all key personnel that will be involved in the vessel(s) operation. The curriculum vitae would include relevant personal information, full work history, experience and levels of responsibility held to date.
Tenderer's mobilisation plan	√		In the event that the offered vessel(s) requires modification, a programme endorsed by our Group's proposed shipyard would be submitted. The programme would include the various stages of modification of the proposed vessel(s) on a time plan basis.
Tenderer's relevant experience with similar projects	√		Details on past experiences in executing works of similar nature, which may include name of contracts, description of work performed, contract start date and duration, client, total value of contract and name of referees for each contract.
Bid panel questionnaire	√		To complete a questionnaire set by the bid panel. Information required are details on our Group, including address, shareholders, capital, loan repayment as well as equipment owned or leased, amongst others.
Financial information	√		Evidence of our Group's credit worthiness and financial soundness, including a banker's reference relating to the tender invitation and certified copies of our Group's audited accounts (i.e. financial statement, profit and loss account and letter of credit worthiness from banker).

11. BUSINESS (Cont'd)

Information Required	Proposal		Description
	Technical	Commercial	
Vessel's maintenance schedule	√		Sample copy of daily, weekly, fortnightly, monthly, quarter-yearly, half (½)-yearly and two (2)-yearly maintenance programme for the proposed vessel(s) and all equipment and machinery on board.
Contractor safety assessment questionnaire	√		To complete a health, safety and environmental evaluation questionnaire and provide additional information where necessary. Example, if our Group answers "Yes" to having a Health, Safety and Environmental policy statement, then it needs to attach a copy of this policy statement for the potential client's review.

6. Final review of technical and commercial proposals

A final review of both the technical and commercial proposals would be conducted to ensure that they contain full responses to questions and requirements set in the tender invitation.

Furthermore, the technical proposal would be checked to ensure that it does not contain any pricing or other statements of cost impact. Should prices or rates be quoted in the technical proposal, the tender submission may be disqualified.

7. Management review and signatory of tender documents

Once both technical and commercial proposals have gone through a final review, the management would review and sign on the tender documents.

8. Submission of tender documents

These documents would then be submitted to the client by post, courier service or delivered by hand, before the closing date and time stated in the letter of invitation to tender. Successful bidder would receive Letter of Award by client after technical and commercial evaluation of all proposals.

11.10 Licenses and Certifications

We have complied with the conditions of all licenses and approvals applicable to us. We believe that our licenses and approvals are in good standing and expect to be able to fulfil our licenses and approval terms to the satisfaction of the relevant authorities. We are required to renew such licenses and approvals from time to time and may be required by our clients to apply for additional licenses and approvals. While we believe that we will be able to renew our licenses and approvals, there can be no assurance that the relevant authorities/ parties will issue such licenses within the time frame required, or at all, the failure of which may adversely affect our business and results of operations.

11. BUSINESS (Cont'd)**11.10.1 Licenses Approved by Petronas**

Our Group currently holds a Petronas licence (license no.: L-394243-P) under the code and category as set forth in the table below:

Code	Approved Licence Categories
L SM3 Marine Vessels	01 Anchor Handling Vessel / Tug Boat / Supply Vessel 02 Accommodation Barge / Vessel 03 Crew Boats 04 Safety Standby Vessel 05 Straight Supply Vessel 08 Survey Vessel 09 General Purpose Vessel 11 Dumb / Flat Top Barge 12 Diving Support Vessel 13 Utility Vessel
L SU1 Underwater services	01 Underwater Engineering, Construction & Maintenance Services 02 Surface Diving Services 03 Saturation and Surface Diving Services
L SO2 Offshore Construction	01 Transportation and Installation of Structure & Pipelines 02 Maintenance & Repairs of Pipelines & Subsea Structure

11.10.2 Licenses and certifications pertaining to our business and operations

The following are all our licenses and certifications that are significant for our business and operations:

Authority	Date Issued/ Expiry Date	Type of Licence
Petronas	10 May 2006/ 30 April 2008	<p>Licence to supply equipment/ provide services to exploration companies and oil/ gas producers in Malaysia pursuant to Regulation 3, Petroleum Regulations and Section 7 of the Petroleum Development Act for the following categories:</p> <ul style="list-style-type: none"> • Surface diving services; • Saturation & Surface diving services; • Anchor Handling Vessel/Tug Boat/Supply Vessel; • Accommodation Barge/Vessel; • Crew Boats; • Safety Standby Vessel; • Straight Supply Vessel; • Survey Vessel; • General Purpose Vessel; • Dumb/Flat Top Barge; • Diving Support Vessel; and • Utility Vessel.

11. BUSINESS (Cont'd)

<u>Authority</u>	<u>Date Issued/ Expiry Date</u>	<u>Type of Licence</u>
Petronas	10 May 2006/ 30 April 2008	<p>Licence to supply equipment/ provide services to exploration companies and oil/ gas producers in Malaysia pursuant to Regulation 3, Petroleum Regulations and Section 7 of the Petroleum Development Act for the following categories:</p> <ul style="list-style-type: none"> • L S02 (01) Offshore Construction-Self Operated: <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Transportation and installation of structure & pipelines • L S02 (02) Offshore Construction-Self Operated: <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Maintenance & repairs of pipelines & subsea structure • L SU1 (01) Underwater Services-Self Operated: <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Underwater engineering construction & maintenance services
Petronas	10 May 2006/ 30 April 2008	<p>Licence to supply equipment/ provide services to exploration companies and oil/ gas producers in Malaysia pursuant to Regulation 3, Petroleum Regulations and Section 7 of the Petroleum Development Act for the following categories:</p> <ul style="list-style-type: none"> • L SU1 (02) Underwater Services-Self Operated: <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Surface diving services • L SU1 (03) Underwater Services-Self Operated: <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Saturation & surface diving services
Petronas	10 May 2006/ 30 April 2008	<p>Licence to supply equipment/ provide services to exploration companies and oil/ gas producers in Malaysia pursuant to Regulation 3, Petroleum Regulations and Section 7 of the Petroleum Development Act for the following categories:</p> <ul style="list-style-type: none"> • L SM3 (01) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Anchor handling vessel/tug boat/ supply vessel - <u>Registered name of the vessel:</u> MV Setia Jaguh, MV Setia Gagah and MV Setia Handal • L SM3 (02) Marine Vessels (vessel operator): <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Accommodation barge/ vessel - <u>Registered name of the vessel:</u> MV Jaya Installer • L SM3 (03) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> - <u>Services/ Suppliers:</u> Crew Boats - <u>Registered name of the vessel:</u> MV Setia Damai

11. BUSINESS (Cont'd)

Authority	Date Issued/ Expiry Date	Type of Licence
Petronas	10 May 2006/ 30 April 2008	<ul style="list-style-type: none"> • L SM3 (04) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> – <u>Services/Suppliers:</u> Safety standby vessel – <u>Registered name of the vessel:</u> MV Setia Abadi and MV Setia Handal • L SM3 (05) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> – <u>Services/Suppliers:</u> Straight supply vessel – <u>Registered name of the vessel:</u> MV Setia Bakti, MV Setia Handal and MV Setia Gagah • L SM3 (08) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> – <u>Services/Suppliers:</u> Survey vessel – <u>Registered name of the vessel:</u> MV Setia Abadi and MV Setia Damai <p>Licence to supply equipment/ provide services to exploration companies and oil/ gas producers in Malaysia pursuant to Regulation 3, Petroleum Regulations and Section 7 of the Petroleum Development Act for the following categories:</p> <ul style="list-style-type: none"> • L SM3 (09) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> – <u>Services/ Suppliers:</u> General purpose vessel – <u>Registered name of the vessels:</u> MV Setia Abadi and MV Setia Damai • L SM3 (11) Marine Vessels (vessel operator): <ul style="list-style-type: none"> – <u>Services/ Suppliers:</u> Dumb/ Flat top barge – <u>Registered name of the vessels:</u> Jaya 281, Jaya 256, Jaya 282 and Power Barge 5 • L SM3 (12) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> – <u>Services/ Suppliers:</u> Diving support vessel – <u>Registered name of the vessels:</u> MV Setia Cekal and MV Setia Damai • L SM3 (13) Marine Vessels (vessel owner-operator): <ul style="list-style-type: none"> – <u>Services/ Suppliers:</u> Utility vessel – <u>Registered name of the vessels:</u> MV Setia Cekal and MV Setia Abadi

11. BUSINESS (Cont'd)

Authority	Date Issued/ Expiry Date	Type of Licence
MOF	7 October 2003/ 29 September 2006	Certificate of Registration as Bumiputera Contractor ^(j) under the following categories: <ul style="list-style-type: none"> • Spare parts and boat/ ship accessories; • Marine equipment; • Sand blasting and ship painting; • Tow boat/ ferry/ boat/ pilot boat; • Photography; • Ship owner; • Ship brokerage; • Boat/ ship salvage; • Mooring; and • Diving services.
MOF	7 October 2003/ 29 September 2006	Certificate of Registration as Contractor for the supply of equipment/ services under the following categories: <ul style="list-style-type: none"> • Spare parts and boat/ ship accessories; • Marine equipment; • Sand blasting and ship painting; • Photography; • Ship owner; • Boat/ ship salvage; • Mooring; and • Diving services.
MOF	7 January 2005/ 29 September 2006	Certificate of Registration for supply/ new services under the following categories: <ul style="list-style-type: none"> • Teaching aid equipment; • Chemical laboratory; • Hospital/ laboratory equipment; and • Building of 'tukun tiruan'.
ABS	8 October 2003/ Perpetual	Certificate of Service Approval for in-water surveys
DNV	26 March 2004/ 25 March 2007	Certificate for In-water Survey of Ships, HSLC and MOU's classed by the Society in accordance with Approved Programme No 404/01 and IACS, UR, Z17 as amended
TNB	21 October 2003/ 29 September 2006	Certificate of Registration as Supplier and Service Contractor for the supply of equipment/ services under the categories specified
Royal Malaysia Customs	16 September 2004/ 9 September 2006	Forwarding Agent Licence in Terengganu for Najdah
CIDB	26 May 2006/ 30 June 2008	Certificate of Registration with CIDB (Grade G7-CE21) to undertake general civil engineering works of unlimited value

11. BUSINESS (Cont'd)

Note:

- (i) *A Bumiputera company for this purpose means that at least 51% of the company's shares are held by Bumiputera. The company shall notify the Ministry of Finance Malaysia of any changes in shareholdings.*

11.11 Regulations

We are regulated, amongst others, by the national maritime regulations and as well as other national laws, regulations and acts in terms of our involvement in the oil and gas industry in Malaysia. Our industry is also regulated by various industry-specific international codes and standards, established in some instances by way of international treaties in which Malaysia is a treaty member. In some instances, the international codes and standards, and the Malaysian legislation require us or our vessels to be licensed and/ or certified by the relevant authority in order for us to operate. Some of the Malaysian legislation and international codes and standards that are relevant to us are set forth below. However, the following does not purport to be an exhaustive description of all the relevant codes, standards, legislation, rules and regulations governing us.

- Petronas licence;
- MOF Licence;
- the Malaysian Shipping Ordinance 1952;
- the United Nations Convention on the Law of the Sea;
- the SOLAS Convention;
- the ISM Code 2002; and
- the ISPS Code.

Please refer to Sections 10.9.1 and 10.9.2 of this Prospectus for further information on the Malaysian legislation and international codes and standards mentioned above.

11.12 List of Awards

We were conferred safety awards as listed below through AMSB, by our clients for the recognition of our effort in complying with various safety standards for a specific period of time.

Year	Awards	Awarded by
2001	Contractor Safety Award Programme Excellent Safety Performance	ExxonMobil Exploration and Production Malaysia Inc.
2002	Contractor Safety Award Programme	ExxonMobil Exploration and Production Malaysia Inc.
2003	Certificate of Achievement of 2.4 million man-hours without loss time injury	TL Offshore Sdn Bhd
2003/ 2004	Contractor Safety Recognition "Gold Award"	ExxonMobil Exploration and Production Malaysia Inc.
2005	Contractor Safety Award Programme	ExxonMobil Exploration and Production Malaysia Inc.
2004/ 2005	Excellent HSE Performance "Gold Award"	Petronas Carigali Sdn Bhd

11. BUSINESS (Cont'd)**11.13 Major Suppliers**

We have a wide supplier base comprising of local and foreign companies. The main component in our cost of sales comprise of charter hire of vessels in respect of third (3rd) party vessels and crew costs and related vessel expenses (such as depreciation, amortisation, and other vessel-running expenses) for the vessels that we own. For the financial year ended 31 December 2005, approximately 58.7% of our cost of sales were sourced locally, whilst 41.3% were imported.

Apart from the charter hire expenses in respect of third (3rd) party vessels, none of our direct cost components are deemed volatile. Our charter hire expenses in respect of the other vessels are subject to the demand and supply conditions for vessels in our industry. Notwithstanding the above, we are able to transfer, all or part of the increase in our charter hire expenses in respect of third (3rd) party vessels, to our customer. Hence, we are able to mitigate, in entirety or partially the increase in our charter hire expenses in respect of third (3rd) party vessels.

Throughout the years of operations, we have established and maintained good rapport and reputation with our suppliers and have not experienced difficulties in obtaining their services.

None of our suppliers individually contribute to 10% or more of our cost of sales for each of the past three (3) financial years ended 31 December 2005.

11.14 Major Customers

We have a wide customer base comprising of local and foreign companies. The main component in our revenue is the revenue derived from the charter hire of vessels. For the financial year ended 31 December 2005, approximately 87.6% of our revenue were derived locally, whilst 12.4% were from overseas.

Set-forth below are the principal market for our services for the financial year ended 31 December 2005.

Principal Market	Revenue Contribution	
	(RM 000)	(%)
Malaysia	120,576	87.6
Overseas		
Indonesia	7,026	5.1
Russia	6,585	4.8
UAE	2,530	1.8
Australia	1,021	0.7
Total	137,738	100.0

11. BUSINESS (Cont'd)

Our major customers, being customers who individually contribute to 10% or more to our revenue for each of the past three (3) financial years ended 31 December 2005 are as follows.

Name of Customer	Country of origin	Length of relationship Years	Services provided	Revenue Contribution					
				2003		2004		2005	
				(RM million)	(%)	(RM million)	(%)	(RM million)	(%)
Petronas Carigali Sdn Bhd – DDR	Malaysia	6	Charter hire of vessels	15.9	16.7	30.9	25.6	37.9	30.1

As we have a wide base of other customers, most of which are located in Malaysia as well as a few who are located overseas, we are of the view that we are not over dependent on any single customer. In addition, in the event that the contracts from Petronas Carigali Sdn Bhd – DDR expires or we no longer receive any contract from them, our vessels that are currently used to service Petronas Carigali Sdn Bhd – DDR contracts can be easily utilised to service our other customers without any significant impact on our business operations or results.

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11. BUSINESS (Cont'd)**11.15 Location of Operations**

Our Group primarily operates from our headquarters, three (3) local offices/ branch offices and one (1) overseas branch office. In addition, we also have two (2) local unit which is used as a storage area/crew lodging. Save for our headquarters which we own, all of our other offices/ branch offices and storage area are rented by us. The details of our rented offices/ branch offices and storage area is set forth below, whilst the details of our headquarters is disclosed in Section 11.16 of this Prospectus.

Postal address	Lessor	Tenure of lease/ Expiry date of lease	Approximate age of the building/ Date of Certificate of Fitness	Existing use	Built-up area sq. meters	Monthly rental RM
Door 10, 1 st Floor Admin Building A Pangkalan Bekalan Kemaman 24007 Kemaman, Terengganu	Pangkalan Bekalan Kemaman	1 year/ 2007	25 years/ N/A	Branch office for AMSB	18.6	402
No. 68, Ground Floor Persiaran Venice Sutera Satu 32200 Lumut, Perak	Ceai Ein	5 years/ 2008	5 years/ N/A	Branch office for AMSB	130.1	500
Door 6 & 8, 1 st Floor Admin Building A Pangkalan Bekalan Kemaman 24007 Kemaman, Terengganu	Pangkalan Bekalan Kemaman	1 year/ 9 June 2007	25 years/ N/A	Office for Najdah	122.0	803
Office 203 Matar Al Tayer Building Al Karama, P.O. Box 119181 Dubai, United Arab Emirates	Rocky Real Estate L.L.C	1 year/ 2007	12 years/ N/A	Branch office for WJF	83.6	5,000
Warehouse 12, Door 12 P.O. Box 17 Admin Building B Pangkalan Bekalan Kemaman 24007 Kemaman, Terengganu	Pangkalan Bekalan Kemaman	1 year/ 2007	25 years/ N/A	Warehouse for AMSB	139.4	1,589
PT 6867, Pusat Perniagaan Bukit Kuang 24000 Kemaman, Terengganu	Ahmad Hafez bin Hussain	2 years/ 2007	2 years/ N/A	Crew lodging/store for AMSB	278.7	3,000

11. BUSINESS (Cont'd)**11.16 Properties**

We, through our wholly-owned subsidiary, AMSB, own two (2) office units. The details of the properties we own are set out in the table below:

Location	Postal address	Beneficial owner	Existing use/ Restriction-in-interest	Tenure	Approximate age of building/ Date of Certificate of Fitness	Built-up area sq. meters	NBV as at 31.12.05 RM
Parcel No. 38E-2 (held under H.S. (M) 5823 - 5833 Lot No. 24333 - 24343 Mukim of Petaling, Kuala Lumpur)	No. 38E-2, Level 2 Jalan Radin Anum Bandar Baru Sri Petaling 57000 Kuala Lumpur	AMSB ^{(i), (ii)}	Office/None	The land upon which the property is erected is a 99-year leasehold expiring 5 April 2078	2.33 years/ 28 August 2003 ⁽ⁱⁱⁱ⁾	330	545,197 ^(iv)
Parcel No. 38F-2 (held under H.S. (M) 2067-2069 Lot No. 24261 - 24263, Mukim of Petaling, Kuala Lumpur)	No. 38F-2, Level 2 Jalan Radin Anum Bandar Baru Sri Petaling 57000 Kuala Lumpur	AMSB ^{(i), (ii)}	Office/None	The land upon which the property is erected is a 99-year leasehold expiring 5 April 2078	2.33 years/ 28 August 2003 ⁽ⁱⁱⁱ⁾	517	885,986 ^(iv)

Notes:

- (i) Charged to Malayan Banking Berhad via a Deed of Assignment dated 19 April 2004 pursuant to a facility agreement between AMSB and Malayan Banking Berhad dated 19 April 2004.
- (ii) Date of issuance of the Certificate of Fitness for Occupation by Kuala Lumpur City Hall.
- (iii) As at the Latest Practicable Date, the sub-divided strata title of the properties has yet to be issued by the land office. As such, the master title of the properties is registered in the name of Petaling Garden Berhad (the developer of the properties) whilst AMSB is the legal and beneficial owner of the properties.
- (iv) No valuation exercise has been carried out on the property since its acquisition on 6 November 2003.

We wish to highlight that, to the best of our knowledge and belief, the properties stated in Sections 11.15 and 11.16 above; (i) have not breached any of the land-use conditions/permissible land use; and (ii) where buildings are involved, there has not been any material non-compliance with current statutory requirements, land rules or building regulations.

None of our properties was acquired during the two (2) years preceding the Latest Practicable Date.

In order to minimise the potential damage caused by a breakout of fire, we have ensured that our physical assets have adequate insurance coverage and that proper fire safety procedures are implemented and practiced at our premises.

11. BUSINESS (Cont'd)**11.17 Employees**

As at the Latest Practicable Date, we had 228 employees. Set forth below is the breakdown of our employees by category and their respective years of service:

Employee Category	Number of years in service			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Directors	-	-	4	4
Managerial	4	10	1	15
Executive	10	6	-	16
Technical & Supervisory	3	2	-	5
Admin & Clerical	-	10	2	12
Crew	176	-	-	176
Total	193	28	7	228

Employees who have worked for our Group for more than five (5) years are mainly our Directors. Meanwhile, our crews who are employed on three (3)-months' renewable contract terms accounted for approximately 77.2% of our Group's total workforce. The other employees under our Group are employed on a permanent basis.

None of our employees is a member of any union and there has not been any industrial dispute in the past involving our employees.

We emphasise the importance of providing training for our employees. As such, from 2003 to 2005, we have provided the following training and development programmes as set out in the table below:

Training Programmes	Required By	Date	Consultant
Company Security Officer	IMO	04.06.2003	Class - ABS
Internal Safety Management System	AMSB	15.10.2003	Designated Person Ashore
Ship Security Officer	IMO	26.01.2004	Centre of Marine Excellence ("CME")
Ship Security Officer	IMO	17.03.2004	CME
Basic Rigging and Slings	Charterers	20.03.2004	Competency Centre, Kuala Lumpur
Basic Safety Training	Charterers	21.03.2004	Construction and Industrial Safety Training Centre Sdn Bhd ("CONSIST"), Kuala Lumpur
Ship Security Officer	IMO	28.04.2004	CME
Job Safety Analysis	Charterers	06.04.2004	CME
Internal Auditor	IMO	15.12.2004	Midland Consultants
Safety Management System	IMO	30.01.2005	Designated Person Ashore

11. BUSINESS (Cont'd)

<u>Training Programmes</u>	<u>Required By</u>	<u>Date</u>	<u>Consultant</u>
Shipboard Management	Standard of Training and Certification for Watchkeepers ("STCW")	04.04.2005	Malaysian Maritime Academy Sdn Bhd

Apart from the training programmes disclosed in the previous table, we plan to provide additional training for 2006 as set out in the table below:

<u>Training Programmes</u>	<u>Required By</u>	<u>Budget Cost</u>	<u>Training Institution</u>
Ship Security Officer	IMO	RM7,440	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, Pelorus Intelligence & Tech Academy Sdn Bhd ("PELORUS") and Classification Body
Job Safety Analysis	Charterer	RM3,990	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Effective Safety Committee Operations	Charterer	RM6,190	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Hazard Identification	Charterer	RM5,030	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Accident Investigation Course	Charterer	RM2,560	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Effective Safety Supervision	Charterer	RM9,480	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Marine Hull Insurance Level 1	Charterer	RM3,700	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Marine Hull Insurance Level 2	Charterer	RM4,000	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body
Tripod Beta Management	Charterer	RM2,870	Malaysian Maritime Academy Sdn Bhd, CONSIST, CME, PELORUS and Classification Body

11.18 Employees' Share Option Scheme

The number of Shares comprised in the Options offered and to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of AMRB at any one time. Based on the enlarged issued and paid-up share capital of AMRB, upon completion of the IPO, of RM81,168,041 comprising 162,336,082 Shares, the number of new Shares to be issued pursuant to the ESOS is 24,350,412.

11. BUSINESS (Cont'd)

When Options are granted before the Company is listed on Bursa Securities (“Initial Grant”), the exercise price shall be as follows:

	Exercise Period				
	Year 1	Year 2	Year 3	Year 4	Year 5
Exercise Price	RM1.65	RM1.65	RM1.82	RM1.82	RM2.00

Where the Options are granted on or after our Listing on Bursa Securities, the exercise price shall be at the higher of (i) the weighted average market price of the Shares for the five (5) market days immediately preceding the date at which Options are granted (subject to a discount of up to 10%); or (ii) the par value of the Shares, whichever is the higher.

The eligible directors and employees of AMRB Group will only be allowed to exercise the Options subject to the following limits:

	Exercise Period				
	Year 1	Year 2	Year 3	Year 4	Year 5
Maximum percentage of Options exercisable in each year commencing from date of acceptance	5%	10%	20%	30%	35%

Shares issued upon the exercise of an Option shall rank *pari passu* in all respects with the then existing issued Shares save that they will not entitle the holders thereof to any dividends, rights, allotments and/or other distributions declared, made or paid to the shareholders of our Company, the entitlement date of which precedes the date of allotment of the new Shares that may be issued upon the exercise of the Option and will be subject to all the provisions of the articles of association of our Company.

Please see Section 21 of this Prospectus for further information on the bye-laws of our ESOS.

11.19 Health, Safety and Environmental Policy

The health, safety and environmental policy in relation to the Malaysian legislations are as follows:

11.19.1 Health and Safety

The Occupational Safety and Health Act, 1984 (“OSHA”) provides that we must ensure, so far as is practicable, the safety, health and welfare at work of all their employees; and must prepare and revise a written statement of general policy on safety and health at work of their employees and the organisation and arrangements for implementing such policies. The Occupational Safety and Health (Safety and Health Committee) Regulations 1996 also requires us to establish a Safety and Health Committee at the workplace if there are 40 or more employees or as directed by the Malaysian Government. The employer must consult the Safety and Health Committee with a view to making and maintaining health and safety arrangements, ensuring effective co-operation between employer and employees, developing measures to ensure the safety and health at the workplace, and in monitoring the effectiveness of such measures.

11.19.2 Environment

Please refer to Section 10.9.2 of this Prospectus for further information on the EQA established to enhance the environment.

11. BUSINESS (Cont'd)

11.20 Agreements

As at the Latest Practicable Date, we do not have any brand name, trade mark, technical assistance agreement, franchise and intellectual property rights. Our management are also not aware of any commercial or financial contracts/agreements, in the ordinary course of business, on which the corporation is highly dependent on.

In respect of our charter party agreements with our customers, we believe we have a good mixture of long, medium and short term contracts. In aggregate, we currently have secured an order book of RM609.3 million, of which approximately RM369.0 million are outstanding value and these would be reflected in our results in 2006 and future financial years. Our secured contracts mainly comprise contracts with a primary life of one (1) to two (2) years (short/medium term contracts), with options for renewal at the end of their respective primary life. In addition, we also have two (2) contracts which will run for approximately another seventeen (17) years up to 2023. We believe that we will be able to generate a steady stream of income through our long term contracts whilst at the same time realising the potential earning growth from the high rate short/medium term contracts.

Premised on the above, our Management are of the opinion that we are not highly dependent on any particular charter party agreement/contract as, in the event of expiry or termination/cancellation of our contracts, we will be able utilise our vessels that are currently deployed to service our existing contracts, to service our other customers without any significant impact on our business operations or results.

11.21 Seasonality of Services

The offshore support vessels and services industry, particularly in Malaysia, would also be subject to the risk of increase in down time or off hires due to adverse weather condition (i.e. monsoon seasons). Two (2) of our smaller-sized vessels, which are under spot contracts and our underwater services would be inevitably affected by the monsoon seasons and this would result in a fluctuation of our earnings over the financial year.

Notwithstanding the above, thirteen (13) out of our fifteen (15) vessels are currently under fixed charter contracts. In respect of our vessels which are under fixed charter contracts, we are required to make available the vessels, throughout the period of time, which in turn will provide us with a steady stream of income.