

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

- ⁽¹⁾ The audited balance sheet has been re-presented in order to conform to the format of presentation required by FRS 101 on Presentation of Financial Statements.
- ⁽²⁾ In respect of trade balances owing by DESB of RM5,894,772 and RM6,551,447 as at 30 September 2006 and 2007 respectively.
- ⁽³⁾ Included interest free advances owing to DESB of RM4,137,667 as at 30 September 2005 and RM19,971,228 as at 30 September 2006 and 30 September 2007.

Note: The normal credit terms extended to trade receivables of DMSSB ranges from 30 days to 60 days. The aging of trade receivables as at 30 September 2007 are as follows:-

Days	0-30 days	31-60 days	61-180 days	> 180 days	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Related company (DESB)	2,556	2,399	1,596	-	6,551
% of total payables (%)	39	37	24	-	100

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**I. CASH FLOW STATEMENTS**

We set out below the cash flow statements of DEHB prepared based its audited cash flow statements for the past two (2) financial period/year ended 30 September 2007, and the cash flow statements of DESB, FTSB and DMSSB prepared based on their respective audited cash flow statements for the past three (3) financial years/period ended 30 September 2007.

1. DEHB - company

	* Period from 10 October 2005 (date of incorporation) to 30 September 2006 RM	Financial year ended 30 September 2007 RM
Cash Flows From Operating Activities		
Loss for the period/year	(4,936)	(1,260)
Working Capital Changes		
Increase in other payables	4,936	1,260
Net Cash (Used In)/Generated From Operation Activities	-	-
Cash Flows From Financing Activity		
Proceed from issuance of shares	1	-
Net Increase In Cash And Cash Equivalents	1	-
Cash And Cash Equivalents At Beginning Of The Period/Year	-	1
Cash And Cash Equivalents At End Of The Period/Year	1	1

* *First audited financial statement.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**2. DESB**

	<----- Financial year ended 30 September ----->		
	2005 RM'000	2006 RM'000	2007 RM'000
Cash Flows From Operating Activities			
Profit before taxation	30,467	23,774	29,898
Adjustments for:-			
Depreciation of property, plant and equipment	1,389	964	928
Loss/(Gain) on disposal of property, plant and equipment	69	(22)	(12)
Property, plant and equipment written off	41	6	-
Interest expense	4	229	55
Interest revenue	(540)	(317)	(351)
Operating Profit Before Working Capital Changes	31,430	24,634	30,518
Decrease/(Increase) in inventories	854	(420)	(942)
Decrease/(Increase) in trade and other receivables	11,320	(32,487)	(12,326)
(Decrease)/Increase in trade and other payables	(13,568)	3,782	14,035
Cash Generated From/(Used In) Operations	30,036	(4,491)	31,285
Interest paid	(4)	(229)	(55)
Income tax paid	(10,403)	(7,450)	(8,500)
Interest received	540	317	351
Net Cash Generated From/(Used In) Operating Activities	20,169	(11,853)	23,081
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	(422)	(576)	(869)
Proceed from disposal of property, plant and equipment	45	100	14
Net Cash Used In Investing Activities	(377)	(476)	(855)
Cash Flows From Financing Activities			
Payments to hire purchase	(38)	-	(6)
Advances from/(to) shareholder	-	1,978	(2,148)
Dividends paid	(17,600)	(10,000)	(4,000)
Net Cash Used In Financing Activities	(17,638)	(8,022)	(6,154)
Net Increase/(Decrease) In Cash And Cash Equivalents	2,154	(20,351)	16,072
Cash And Cash Equivalents At Beginning Of The Year	21,937	24,091	3,740
Cash And Cash Equivalents At End Of The Year	24,091	3,740	19,812

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**3. FTSB**

	9-month financial period ended 30 September	<-Financial year ended 30 September->	
	2005 RM'000	2006 RM'000	2007 RM'000
Cash Flows From Operating Activities			
Profit before taxation	1,327	2,175	2,724
Adjustments for:-			
Depreciation of property, plant and equipment	121	171	213
Operating Profit Before Working Capital Changes	1,448	2,346	2,937
(Increase)/Decrease in trade and other receivables	(200)	14	(193)
(Decrease)/Increase in trade and other payables	(130)	21	(16)
Cash Generated From Operations	1,118	2,381	2,728
Income tax paid	(592)	(373)	(683)
Net Cash Generated From Operating Activities	526	2,008	2,045
Cash Flows From Investing Activity			
Purchase of property, plant and equipment	-	(84)	(205)
Cash Flows From Financing Activity			
Dividends paid	(600)	(2,000)	-
Net (Decrease)/Increase In Cash And Cash Equivalents	(74)	(76)	1,840
Cash And Cash Equivalents At Beginning Of The Period/Year	750	676	600
Cash And Cash Equivalents At End Of The Period/Year	676	600	2,440

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**4. DMSSB**

	<- Financial year ended 30 September ->		
	2005	2006	2007
	RM'000	RM'000	RM'000
Cash Flows From Operating Activities			
(Loss)/Profit before taxation	(1,097)	5,247	6,612
Adjustments for:-			
Depreciation of property, plant and equipment	618	2,072	3,508
Property, plant and equipment written off	-	-	2
Interest expense	543	1,677	3,274
Operating Profit Before Working Capital Changes	64	8,996	13,396
Increase in trade and other receivables	(70)	(6,330)	(332)
(Decrease)/Increase in trade and other payables	(3,282)	18,020	(749)
Cash (Used In)/Generated From Operations	(3,288)	20,686	12,315
Interest paid	(1,117)	(1,802)	(3,862)
Income tax paid	-	-	(733)
Net Cash (Used In)/Generated From Operating Activities	(4,405)	18,884	7,720
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	(146)	(7,538)	(282)
Costs incurred for vessel under construction	(14,500)	(25,653)	(16,815)
Net Cash Used In Investing Activities	(14,646)	(33,191)	(17,097)
Cash Flows From Financing Activities			
Proceed from issuance of shares	8,000	-	-
Drawdown of term loan	12,675	17,310	16,540
Repayments of term loan	(1,472)	(2,684)	(5,177)
Net Cash Generated From Financing Activities	19,203	14,626	11,363
Net Increase In Cash And Cash Equivalents	152	319	1,986
Cash And Cash Equivalents At Beginning Of The Year	163	315	634
Cash And Cash Equivalents At End Of The Year	315	634	2,620

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**J. STATEMENTS OF CHANGES IN EQUITY**

We set out below the statements of changes in equity of DEHB prepared based its audited statements of changes in equity for the past two (2) financial period/year ended 30 September 2007, and the statements of changes in equity of DESB, FTSB and DMSSB prepared based on their respective audited statements of changes in equity for the past three (3) financial years/period ended 30 September 2007.

1. DEHB – company

	Share Capital RM	Accumulated Losses RM	Total Equity RM
As at 10.10.2005 (date of incorporation)	1	-	1
Net loss for the period	-	(4,936)	(4,936)
As at 30.09.2006	1	(4,936)	(4,935)
Net loss for the year	-	(1,260)	(1,260)
As at 30.09.2007	1	(6,196)	(6,195)

2. DESB

	Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
As at 30.09.2004	2,600	⁽¹⁾ 35,657	⁽¹⁾ 38,257
Net profit for the year	-	21,815	21,815
Dividends	-	(17,600)	(17,600)
As at 30.09.2005	2,600	39,872	42,472
Net profit for the year	-	16,794	16,794
Dividends	-	(10,000)	(10,000)
As at 30.09.2006	2,600	46,666	49,266
Net profit for the year	-	21,238	21,238
Dividends	-	(4,000)	(4,000)
As at 30.09.2007	2,600	63,904	66,504

⁽¹⁾ Audited figures have been adjusted for reversal of provision for dividends proposed as at the financial year ended 30 September 2004 to conform with the prior year adjustments made in the financial statements of DESB for the financial year ended 30 September 2005 in order to comply with the requirements of the Financial Reporting Standard 110 (previously known as MASB 19) on Events After the Balance Sheet Date as follows:-

	Retained Profits RM'000	Total Equity RM'000
As per audited financial statement	31,657	34,257
Add: Reclassification of proposed dividends	4,000	4,000
As adjusted	35,657	38,257

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**3. FTSB**

	Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
As at 31.12.2004	20	⁽¹⁾ 2,500	⁽¹⁾ 2,520
Net profit for the period	-	994	994
Dividends	-	(600)	(600)
As at 30.9.2005	20	2,894	2,914
Net profit for the year	-	1,600	1,600
Dividends	-	(2,000)	(2,000)
As at 30.9.2006	20	2,494	2,514
Net profit for the year	-	2,024	2,024
As at 30.9.2007	20	4,518	4,538

⁽¹⁾ Audited figures have been adjusted for reversal of provision for dividends proposed as at the financial year ended 31 December 2004 to conform with the prior year adjustments made in the financial statements of FTSB for the financial period ended 30 September 2005 in order to comply with the requirements of the Financial Reporting Standard 110 on Events After the Balance Sheet Date as follows:-

	Retained Profits RM'000	Total Equity RM'000
As per audited financial statement	1,900	1,920
Add: Reclassification of proposed dividends	600	600
As adjusted	2,500	2,520

4. DMSSB

	Share Capital RM'000	(Accumulated Losses)/Retained Profits RM'000	Revaluation Reserve RM'000	Total Equity RM'000
As at 30.09.2004	3,000	(13)	-	2,987
Adjustment on revaluation of marine vessel	-	-	11,030	11,030
Issuance of shares	8,000	-	-	8,000
Net loss for the year	-	(1,097)	-	(1,097)
As at 30.09.2005	11,000	(1,110)	11,030	20,920
Net profit for the year	-	4,308	-	4,308
As at 30.09.2006	11,000	3,198	11,030	25,228
Net profit for the year	-	5,591	-	5,591
As at 30.09.2007	11,000	8,789	11,030	30,819

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**K. DETAILED PROFORMA CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007**

The following are the detailed proforma consolidated balance sheets of the Group as at 30 September 2007 and should be read in conjunction with the Notes to the Detailed Proforma Consolidated Balance Sheet. The proforma consolidated balance sheet of the Group has been prepared for illustrative purposes only based on the audited balance sheet of DEHB as at 30 September 2007 and on assumption that the Acquisitions, the Rights Issue and the Public Issue as mentioned in paragraph B have been effected on 30 September 2007 ("Proforma Group").

	Note	Company as at 30 September 2007 RM	Proforma Group After the Acquisitions and the Public Issue RM'000
Non-Current Assets			
Property, plant and equipment	1	-	119,559
Deferred tax assets	2	-	25
		-	119,584
Current Assets			
Inventories	3	-	2,921
Trade receivables	4	-	57,876
Other receivables, deposits and prepayments	5	-	1,359
Amount due from shareholder	6	-	170
Cash on deposits with licensed banks	7	-	19,982
Cash and bank balances	8	-	145,891
		-	228,199
TOTAL ASSETS		-	347,783
EQUITY AND LIABILITIES			
Equity			
Share capital	9	-	176,000
Reserves	10	(6)	87,124
Total Equity		(6)	263,124
Liabilities			
Non-Current Liabilities			
Hire purchase payables	11	-	182
Term loans – secured	12	-	38,874
Deferred tax liabilities	13	-	1,506
		-	40,562
Current Liabilities			
Trade payables	14	-	26,488
Other payables and accruals	15	6	3,764
Amount due to a director	16	-	3
Hire purchase payables	11	-	95
Bank overdraft – unsecured	17	-	4,784
Term loans – secured	12	-	6,653
Taxation		-	2,310
		6	44,097
Total Liabilities		6	84,659
TOTAL EQUITY AND LIABILITIES		-	347,783

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**NOTES TO THE DETAILED PROFORMA CONSOLIDATED BALANCE SHEET****1. PROPERTY, PLANT AND EQUIPMENT**

Proforma Group	Group Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Vessels	115,300	-	115,300
Office equipment, furniture and fittings	3,653	(1,792)	1,861
Books, signboard, electrical installation and renovation	703	(218)	485
Containers	2,074	(1,467)	607
Offshore equipments	5,958	(5,073)	885
Motor vehicles, tools and life saving appliances	1,735	(1,314)	421
	<u>129,423</u>	<u>(9,864)</u>	<u>119,559</u>

- (a) Property, plant and equipment pledged as securities for banking facilities granted to the subsidiary companies as mentioned in note 12 to the detailed proforma consolidated balance sheet are as follows: -

NET BOOK VALUE	Proforma Group RM'000
Vessels	<u>115,300</u>

- (b) Motor vehicle with cost and net book value of RM280,000/- and RM263,123/- respectively was acquired under the hire purchase arrangement.

2. DEFERRED TAX ASSETS

	Proforma Group RM'000
In respect of temporary differences between the carrying amount of property, plant and equipment and its tax base.	<u>25</u>

3. INVENTORIES

	Proforma Group RM'000
Materials, at cost	<u>2,921</u>

There were no inventories carried at net realisable value.

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**4. TRADE RECEIVABLES**

The normal trade credit terms extended to trade debtors ranges from 30 to 90 days.

Included in trade receivables is an amount owing by a company in which a director of DESB, FTSB and DMSSB is also a director and has substantial financial interest as follows: -

	Proforma Group RM'000
S.K. Ling & Sons Sdn. Bhd.	<u>23</u>

5. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Proforma Group RM'000
Other receivables	461
Deposits	331
Prepayments	567
	<u>1,359</u>

6. AMOUNT DUE FROM SHAREHOLDER

This amount is unsecured, interest free and with no fixed term of repayment.

7. CASH ON DEPOSITS WITH LICENSED BANKS

	Proforma Group RM'000
Cash on deposits	23,982
Less: Dividend of DESB paid on 31.10.2007	(4,000)
	<u>19,982</u>

Cash on deposits with licensed banks bear interest rates ranging from 2.40% to 3.52% per annum.

8. CASH AND BANK BALANCES

	Proforma Group RM'000
Cash and bank balances	5,674
Add: Proceeds from the Rights Issue	20,300
Add: Proceeds from the Public Issue	124,517
	<u>150,491</u>
Less: Estimated expenses relating to the flotation exercise	(4,600)
	<u>145,891</u>

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**9. SHARE CAPITAL**

	Company RM'000	Proforma Group RM'000
Authorised ordinary shares of RM0.50 each	100	500,000
Issued and fully paid ordinary shares of RM0.50 each:-		
2 subscribers' shares	@	@
Add: 245,825,998 shares issued for the Acquisitions	-	122,913
Add: Rights Issue of 20,300,000 shares	-	10,150
Add: Public issue of 85,874,000 shares	-	42,937
	@	176,000

@ This represents RM1.00.

10. RESERVES

	Company RM'000	Proforma Group RM'000
Accumulated losses	(6)	(6)
NON-DISTRIBUTABLE		
Share premium (note 18)	-	87,130
	(6)	87,124

11. HIRE PURCHASE PAYABLES

	Proforma Group RM'000
Total instalment payable	307
Less: Future finance charges	(30)
Present value of hire purchase liabilities	277
Payable within one (1) year	
Total instalment payable	112
Less: Future finance charges	(17)
Present value of hire purchase liabilities	95
Payable after one (1) year but no later than five (5) years	
Total instalment payable	195
Less: Future finance charges	(13)
Present value of hire purchase liabilities	182
Total present value of hire purchase liabilities	277

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**12. TERM LOANS – SECURED**

	Proforma Group RM'000
Due within one (1) year	6,653
Due within two (2) to five (5) years	30,599
Due after five (5) years	8,275
	<u>38,874</u>
	<u>45,527</u>

The terms loan bear interest at rates ranges from 7.75% to 8.50% per annum for the financial year ended 30 September 2007 and is repayable are 84 equal monthly instalments. The term loans are secured and supported as follows:-

- (i) statutory mortgaged in escrow of the marine vessel as disclosed in note 1;
- (ii) jointly and severally guaranteed by the directors of DMSSB; and
- (iii) corporate guarantee of DESB.

13. DEFERRED TAX LIABILITIES

	Proforma Group RM'000
This is in respect of temporary differences between the carrying amount of property, plant and equipment and its tax base.	<u>1,506</u>

14. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors ranges from 30 to 90 days.

Included in trade payables is an amount owing to a company in which a director of DESB, FTSB and DMSSB is also a director and has substantial financial interest as follows: -

	Proforma Group RM'000
S.K. Ling & Sons Sdn. Bhd.	<u>2</u>

The foreign currency exposure profile is as follows:-

Proforma Group	SGD RM'000
Trade payables	<u>128</u>

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**15. OTHER PAYABLES AND ACCRUALS**

	Company RM'000	Proforma Group RM'000
Other payables	4	420
Accruals	2	3,344
	<u>6</u>	<u>3,764</u>

16. AMOUNT DUE TO A DIRECTOR

This amount is unsecured, interest free and with no fixed term of repayment.

17. BANK OVERDRAFT - UNSECURED

The bank overdraft is supported by way of joint and several guarantees of all directors in DESB and bears effective interest at rates ranging from 8.00% to 8.45% per annum for the financial year ended 30 September 2007.

18. SHARE PREMIUM – NON-DISTRIBUTABLE

	Proforma Group RM'000
Share premium arising from the Rights Issue	10,150
Share premium arising from the Public Issue	81,580
Less: Estimated expenses relating to the flotation exercise	(4,600)
	<u>87,130</u>

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Proforma Group comprise the followings: -

	Proforma Group RM'000
Cash on deposits with licensed banks (note 7)	19,982
Cash and bank balances (note 8)	145,891
Bank overdraft – unsecured	(4,784)
	<u>161,089</u>

20. CONTINGENT ASSETS

DESB has instituted legal action against two (2) of its clients for unlawful termination of a contract and accordingly, are seeking damages in the sum of RM10,160,445/- together with interest thereon. The respondents have, through their solicitors, offered a sum of RM700,000/- as final settlement of all claims. The said offer has been rejected by DESB. At the date of this report, the outcome of the legal proceedings is still pending.

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)**21. CAPITAL COMMITMENT**Proforma
Group
RM'000

In respect of capital expenditure approved and contracted for

124**22. FINANCIAL INSTRUMENTS****(a) Financial Risk Management Policies**

The Group's is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows: -

i) Foreign Exchange Risk

The Group's is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency. Foreign exchange exposures in transactional currencies other than its functional currency are kept to an acceptable level.

ii) Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets such as cash on deposits with licensed banks and financial liabilities such as terms loan, bank overdraft and hire purchase payables. The Group's policy is to obtain the most favourable interest rates available.

iii) Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is their respective carrying amount as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group's significant credit risk exposure is from Petronas Carigali Sdn Bhd.

iv) Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met.

(b) Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows: -

i) Cash and Bank Balances, Trade and Other Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

ii) Borrowings

Bank overdraft approximate fair value due to relatively short term maturity of this financial liability.

The carrying amount of floating rate term loans approximate their fair value.

The fair value of hire purchase payable is estimated using discounted cash flow analysis, based on current lending rates for similar type of borrowing arrangement.

The carrying amounts of the Proforma Group's financial assets and liabilities at balance sheet date approximate their fair value except as follows:-

	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payables	277	248

The nominal/notional amounts and fair values of financial instruments not recognised in the balance sheet are as follows:-

	Nominal/Notional Amount RM'000	Fair Value RM'000
Contingent assets	*	**

* Amount pending outcome of legal proceedings.

** It is not practical to estimate the fair values reliably due to uncertainties of timing, cost and eventual outcome.

23. SUBSEQUENT EVENTS

- (a) On 18 February 2008, the Company increased its authorised share capital from RM100,000 comprising 200,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each by creation of 999,800,000 ordinary shares of RM0.50 each.
- (b) On 29 February 2008, the Company acquired the followings pursuant to the Acquisitions referred to in paragraph B1;-
- (i) acquisition of 2,600,000 ordinary shares of RM1.00 each representing the entire issued and paid-up ordinary share capital of DESB for a total purchase consideration of RM62,503,443 satisfied by the issuance of 125,006,621 new ordinary shares of RM0.50 each in the Company at approximately RM0.50 per new ordinary share;
 - (ii) acquisition of 20,000 ordinary shares of RM1.00 each representing the entire issued and paid-up ordinary share capital of FTSB for a total purchase consideration of RM4,538,237 satisfied by the issuance of 9,076,455 new ordinary shares of RM0.50 each in the Company at approximately RM0.50 per new ordinary share; and
 - (iii) acquisition of 11,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up ordinary share capital of DMSSB for a total purchase consideration of RM55,871,579 satisfied by the issuance of 111,742,922 new ordinary shares of RM0.50 each in the Company at approximately RM0.50 per new ordinary share.

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

- (c) On 29 February 2008, the Company issued 20,300,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per new ordinary share pursuant to the Rights Issue referred to in paragraph B2.

L. PROFORMA CONSOLIDATED CASH FLOW STATEMENTS

The following is the proforma consolidated cash flow statements of the DEHB Group for the financial year ended 30 September 2007, prepared for illustrative purposes only, on the assumption that the current structure of the DEHB Group existed throughout the financial year under review and the Acquisitions, the Rights Issue and the Public Issue referred to in paragraph B have been effected at the beginning of the said financial year.

	After the Acquisitions RM'000	After the Acquisitions, the Rights Issue and the Public Issue RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	39,233	39,233
Adjustments for: -		
Depreciation of property, plant and equipment	4,649	4,649
Gain on disposal of property, plant and equipment	(12)	(12)
Property, plant and equipment written off	2	2
Interest expense	3,329	3,329
Interest revenue	(351)	(351)
Operating Profit Before Working Capital Changes	46,850	46,850
Increase in inventories	(942)	(942)
Increase in trade and other receivables	(10,611)	(10,611)
Increase in trade and other payables	10,851	10,851
Cash Generated From Operations	46,148	46,148
Interest paid	(3,329)	(3,329)
Interest revenue	351	351
Tax paid	(9,915)	(9,915)
Net Cash Generated From Operating Activities	33,255	33,255
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(18,758)	(18,757)
Proceeds from disposal of property, plant and equipment	14	14
Net Cash Used In Investing Activities	(18,744)	(18,744)
Cash Flow From Financing Activities		
Proceeds from Rights Issue	-	20,300
Proceeds from the Public Issue	-	124,517
Payment of estimated expenses relating to the flotation exercise	-	(4,600)
Drawdown of term loan	16,540	16,540
Repayment of term loan	(5,178)	(5,178)
Repayment to shareholder	(1,978)	(1,978)
Advances from director	3	3
Payment of dividends ⁽¹⁾	(8,000)	(8,000)
Net Cash Generated From Financing Activities	1,387	141,604
Net Increase In Cash And Cash Equivalents	15,898	156,115
Cash And Cash Equivalents At Beginning Of The Year	4,974	4,974
Cash And Cash Equivalents At End Of The Year	20,872	161,089

10. ACCOUNTANTS' REPORT (Cont'd)**MOORE STEPHENS**CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

- (i) *Include net dividend paid on 31 October 2007 by DESB amounting to RM4,000,000 in respect of the financial year ended 30 September 2007.*

Notes:

- (a) *The proforma consolidated cash flow statements have been prepared based on accounting policies consistent with those currently adopted in the preparation of the audited consolidated cash flow statements of the Group.*
- (b) *The proforma consolidated cash flow statements have been prepared based on the audited cash flow statements of DEHB, DESB, FTSB and DMSSB for the financial year ended 30 September 2007.*
- (c) *All inter-company cash flows have been eliminated from the proforma consolidated cash flow statements.*

M. PROFORMA GROUP NET TANGIBLE ASSETS COVER

Based on the proforma consolidated balance sheet as at 30 September 2007, the net tangible assets per ordinary share are as follows: -

	Proforma Group
Net tangible assets based on proforma consolidated balance sheet as at 30 September 2007 (RM'000)	263,124
Enlarged number of ordinary shares of RM0.50 each in issue ('000)	352,000
Net tangible assets per ordinary share (RM)	<u>0.75</u>

N. DENOMINATION

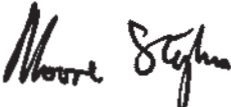
The currencies quoted in this report and the symbols used to denote them are: -

RM	-	Ringgit Malaysia
SGD	-	Singapore Dollar

O. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiary companies have been made up in respect of the period subsequent to 30 September 2007.

Yours faithfully,


MOORE STEPHENS
 Chartered Accountants
 (AF. 0282)


AU TAI WEE
 1551/01/09 (J)
 Partner

10. ACCOUNTANTS' REPORT (Cont'd)

Company No.: 712243-U

APPENDIX I

MOORE STEPHENS

CHARTERED ACCOUNTANTS
(FIRM NO: AF0282)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 2094 1888
Fax: 603 2094 7673

**REPORT OF THE AUDITORS TO THE MEMBERS OF
DAYANG ENTERPRISE HOLDINGS BHD.**

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 13.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.


In our opinion:-

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of:-
- (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Company; and
 - (ii) the state of affairs of the Company as at 30 September 2007 and of the results of the operations, changes in equity and cash flows of the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

CERTIFIED TRUE COPY


ALVIN C.V. OJONG LLB (Hons)
Advocate
Lots 176-177 (2nd Floor)
Jalan Song Thian Cheok,
93100 Kuching, Sarawak.

*A member firm of
Moore Stephens
International Limited
- members in principal
cities throughout
the world*

10. ACCOUNTANTS' REPORT (Cont'd)

Company No.: 712243-U

MOORE STEPHENS

CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

Without qualifying our opinion, we draw attention to note 2 to the financial statements. The Company incurred a loss of RM1,260/- (2006 : RM4,936/-) for the financial year ended 30 September 2007. As at that date, the total liability of the Company amounted to RM6,196/- (2006 : RM4,936/-) and the Company had deficit in shareholders' fund of RM6,195/- (2006 : RM4,935/-). These conditions indicate the existence of an uncertainty which may cast doubt about the Company's ability to continue as a going concern. The validity of the going concern assumption depends on the continuing financial support from the Company's creditors and/or shareholders.



MOORE STEPHENS
Chartered Accountants
(AF.0282)



AU TAI WEE
1551/01/09 (J)
Partner

Kuala Lumpur
01 NOV 2007

10. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX II

Company No. : 61505-A

MOORE STEPHENS

CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

REPORT OF THE AUDITORS TO THE MEMBERS OF

DAYANG ENTERPRISE SDN. BHD.
(Incorporated in Malaysia)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 2094 1888
Fax: 603 2094 7673

We have audited the financial statements set out on pages 7 to 28.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

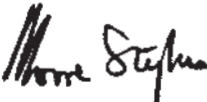
We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of:-
- (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Company; and
 - (ii) the state of affairs of the Company as at 30 September 2007 and of the results of the operations, changes in equity and cash flows of the Company for the year ended on that date;

and

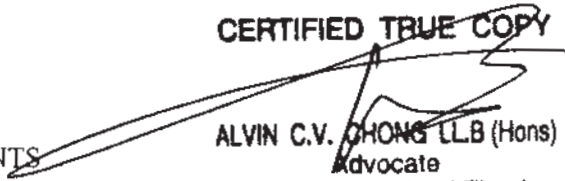
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



MOORE STEPHENS
CHARTERED ACCOUNTANTS
(AF.0282)

KUALA LUMPUR

28 NOV 2007

CERTIFIED TRUE COPY


ALVIN C.V. CHONG LLB (Hons)
Advocate
Lots 176-177 (2nd Floor)
Jalan Song Thian Cheok,
93100 Kuching, Sarawak


AU TAI WEE
1551/01/09 (J)
PARTNER

10. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX III

Company No. : 454430-H

MOORE STEPHENS

CHARTERED ACCOUNTANTS
(FIRM NO. AF.0282)

**REPORT OF THE AUDITORS TO THE MEMBERS OF
FORTUNE TRIUMPH SDN. BHD.**
(Incorporated in Malaysia)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 2094 1888
Fax: 603 2094 7673

We have audited the financial statements set out on pages 7 to 21.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.


We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Company; and
 - (ii) the state of affairs of the Company as at 30 September 2007 and of the results of the operations, changes in equity and cash flows of the Company for the year ended on that date;


and


- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


MOORE STEPHENS
CHARTERED ACCOUNTANTS
(AF.0282)

KUALA LUMPUR
28 NOV 2007

CERTIFIED TRUE COPY


ALVIN C.V. ZHONG LLB (Hons)
Advocate
Lots 176-177 (2nd Floor)
Jalan Song Thian Cheok,
93100 Kuching, Sarawak.


AU TAI WEE
1551/01/09 (J)
PARTNER

*A member firm of
Moore Stephens
International Limited
- members in principal
cities throughout
the world*

10. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX IV

Company No. : 634824-V

MOORE STEPHENS

CHARTERED ACCOUNTANTS
(FIRM NO. AF.0282)

REPORT OF THE AUDITORS TO THE MEMBERS OF

DESB MARINE SERVICES SDN. BHD.
(Incorporated in Malaysia)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

We have audited the financial statements set out on pages 7 to 25.

Tel: 603 2094 1888
Fax: 603 2094 7673

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.


We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Company; and
 - (ii) the state of affairs of the Company as at 30 September 2007 and of the results of the operations, changes in equity and cash flows of the Company for the year ended on that date;

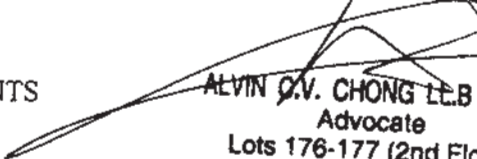
and


- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


MOORE STEPHENS
CHARTERED ACCOUNTANTS
(AF.0282)

KUALA LUMPUR
28 NOV 2007

CERTIFIED TRUE COPY


ALVIN C.V. CHONG LL.B (Hons)
Advocate
Lots 176-177 (2nd Floor)
Jalan Song Thian Cheok,
93100 Kuching, Sarawak.


ALTAI WEE
1551/01/09 (J)
PARTNER

*A member firm of
Moore Stephens
International Limited
- members in principal
cities throughout
the world*

11. **EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT**

(Prepared for inclusion in the Prospectus)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- 5 MAR 2008

The Board of Directors
Dayang Enterprise Holdings Berhad
Lot 868, 1st Floor Jalan Permaisuri
98000 Miri
Sarawak

Dear Sirs

Vital Factor Consulting Sdn Bhd
(Company No.: 266797-T)
75C & 77C Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7728-0248
Fax: (603) 7728-7248
Email: info@vitalfactor.com
Website: www.vitalfactor.com

Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance

The following is a summary of the Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of Dayang Enterprise Holdings Berhad (herein together with all its subsidiaries will be referred as Dayang Group or the Group) in relation to its listing on the Main Board of Bursa Malaysia Securities Berhad.

1. BACKGROUND

- Dayang Group is a provider of offshore platform services for the upstream sector of the Oil and Gas Industry in Malaysia. The core business activities of Dayang Group are:
 - Provision of Offshore Topside Maintenance Services;
 - Charter of marine vessels;
 - Minor fabrication;
 - Provision of offshore hook-up and commissioning services.
- For the financial year ended 30 September 2007, Dayang Group's revenue amounted to RM127.1 million.
- Offshore Topside Maintenance Services accounted for a significant proportion of Dayang Group's revenue for the financial year ended 30 September 2007. As such, the report will focus on Offshore Topside Maintenance Services as part of the total Offshore Supporting Services Industry under Oil and Gas.

11. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

2. INDUSTRY STRUCTURE

2.1 Offshore Supporting Services Industry Structure

- The offshore supporting services for the Oil and Gas Industry can be further segmented as follows:

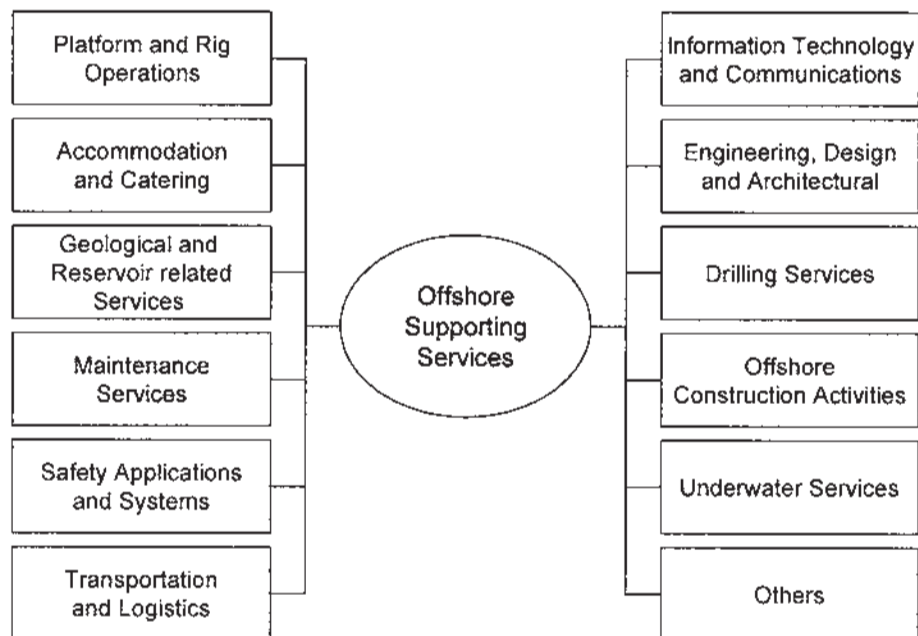


Figure 1 Structure of Offshore Supporting Services for the Oil and Gas Industry

- Offshore Supporting Services involve the provision of various forms of services to support the Oil and Gas Industry from exploration and production of hydrocarbon fluids to the transportation of hydrocarbon using vessels or offshore pipelines.
- Dayang Group is principally involved in the provision of Offshore Topside Maintenance Services, which are classified under offshore maintenance services.

11. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)

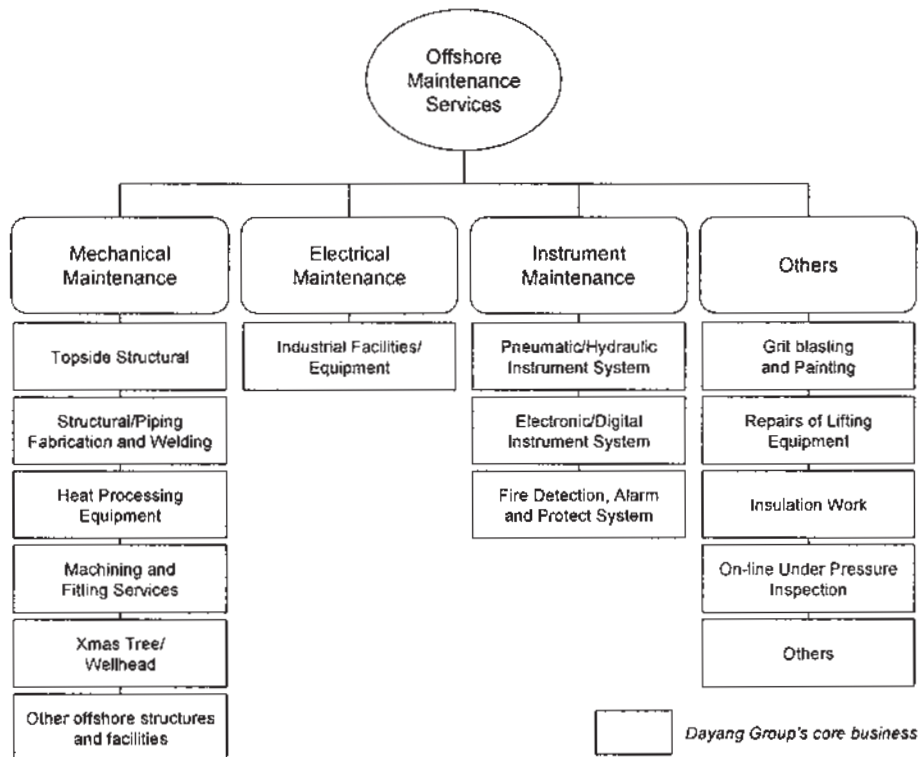


VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- **Offshore Maintenance Services** comprised various different types of maintenance works for offshore structures and facilities. Some of the examples of offshore maintenance services include mechanical maintenance such as **pipings/structural fabrication and welding services, topside structural maintenance**, rotating and stationery equipment, storage tanks, hoses, single buoy mooring systems, and electrical maintenance (such as industrial facilities and equipment), instrument maintenance on pneumatic or hydraulic instrument systems, fire detection system, and **other types of maintenance (such as grit blasting, materials preservation, repairing of lifting equipment and others)**.

2.2 Offshore Maintenance Services

- Some of major offshore maintenance activities undertaken for offshore structures and facilities in Oil and Gas Industry Malaysia can be further classified into the following:



Source: PETRONAS

Figure 2 Segmentation of Offshore Maintenance Services

- Some of the main types of offshore maintenance services that are provided to support Malaysia's Oil and Gas Industry are as follows:
 - Mechanical Maintenance
 - **Topside Structural**
 - **Structural/piping fabrication and welding**

11. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)



VITAL FACTOR CONSULTING

Creating Winning Business Solutions

- Maintenance on heat processing equipment
 - Machining and fitting services
 - Maintenance on Xmas tree/wellhead
 - Maintenance on other offshore structures and facilities (such as rotating and stationery equipment, valves, single buoy mooring systems, hoses, columns, pressure vessels, reactor and drum, surface preparation and maintenance of all nuts and bolts, pipe flanges, and others).
- Electrical maintenance, for industrial facilities and equipment.
- Instrumental maintenance comprises maintenance services on pneumatic or hydraulic instrument system, electronic or digital instrument systems, fire detection, alarm and protection systems.
- Other offshore maintenance services mainly consists of special categories such as grit blasting and painting, repairing of lifting equipment, insulation works, on-line under pressure maintenance and others such as maintenance on heating ventilation air conditioning systems, risk based inspection, catalyst and absorbent change out.
- Dayang Group is involved in the provision of Offshore Topside Maintenance primarily on structural maintenance, structures and pipes fabrication, and welding for the Oil and Gas Industry in Malaysia.

3. OPERATORS IN THE UPSTREAM OIL AND GAS INDUSTRY

- The operators in the upstream Oil and Gas Industry in Malaysia are segmented into different tiers and this is depicted as follows:

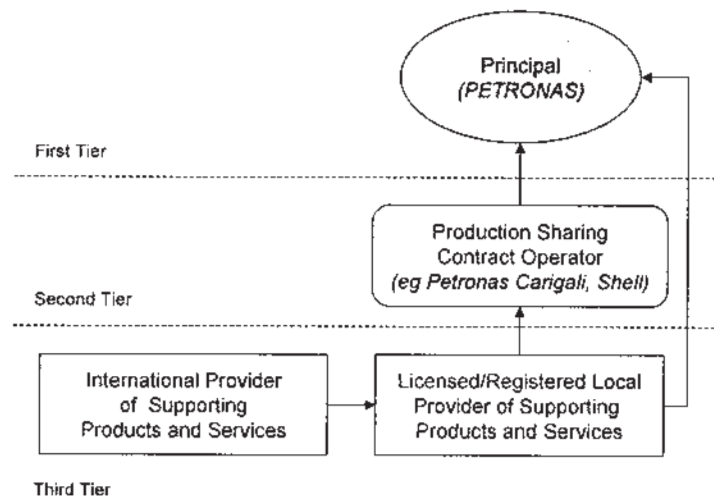


Figure 3 Operators in the Upstream Oil and Gas Industry in Malaysia

11. **EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)**



VITAL FACTOR CONSULTING

Creating Winning Business Solutions

- Operators in the upstream Oil and Gas Industry in Malaysia is segmented in the following manner:
 - First tier operators, comprising the principal;
 - Second tier operators, comprising production sharing contract operators;
 - Third tier operators, comprising local and international providers of supporting products and services.

First Tier

- The first tier operator in the Oil and Gas Industry in Malaysia is Petroliam Nasional Bhd (PETRONAS), the national petroleum corporation.
- PETRONAS is the primary regulator of the Oil and Gas Industry in Malaysia and the licensing body that is responsible for the industry's long-term development.
- PETRONAS is involved in a wide range of Oil and Gas Industry activities, including upstream exploration and production, oil and gas refining and processing, gas transmission pipeline network operations and marketing and distribution of petroleum products.
- PETRONAS also participates in the international Oil and Gas Industry. For the financial year ended 31 March 2007, PETRONAS has a total of 58 international ventures in 22 countries. *(Source: PETRONAS)*

Second Tier

- The second tier operators in the Oil and Gas Industry in Malaysia are the production sharing contract (PSC) operators.
- PSC operators are typically international Oil and Gas companies that have entered into a Production Sharing Contract with PETRONAS. These international Oil and Gas companies have the financial and technical capabilities to bear the cost and risk of undertaking Oil and Gas exploration, development and production. PETRONAS Carigali Sdn Bhd, a wholly owned subsidiary of PETRONAS, is also a PSC operator.
- There were approximately 60 active PSC between PETRONAS and PSC operators as at 31 March 2006 *(Source: PETRONAS)*.
- Normally, a PSC operator is given the permission to explore, develop and produce hydrocarbons in a specified area for a specified period of time. Revenue from the sale of any produced hydrocarbons first goes towards covering a specified proportion of the costs involved (including Exploration and Development), and any revenue in excess of this is shared between the PSC operator and PETRONAS.

11. **EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)**



VITAL FACTOR CONSULTING

Creating Winning Business Solutions

- The PSC operator bears all of the risks and initial costs involved in initiating hydrocarbon production in the area granted by PETRONAS under the terms of the production sharing contract.
- In addition to the involvement in the upstream segment of the Oil and Gas Industry, some PSC operators are also involved in transportation, refining and distribution.

Third Tier

- Third tier operators in the Oil and Gas Industry in Malaysia comprised local and international providers of supporting products and services, for onshore and offshore operations.
- Some of the offshore supporting services for upstream activities include, among many others, platform and rig operations, maintenance services for offshore structures and facilities, offshore construction operations such as hook-up and commissioning and others.
- Both local and international providers of supporting products and services (including offshore supporting services) are required to obtain the appropriate licences or registration for a particular product or service from PETRONAS before they are allowed to service first and second tier operators.
- International providers of supporting products and services are generally required to establish partnership arrangements with a Malaysian party before they are able to provide supporting products and services to first tier and second tier operators.
- Dayang Group is a locally licensed and registered company that is primarily engaged in the provision of offshore supporting services, mainly in Offshore Topside Maintenance for PSC within the Oil and Gas Industry in Malaysia.

4. SUBSTITUTE SERVICES

- Offshore Topside Maintenance Services play a critical role in the Oil and Gas Industry. There are no direct substitutes for the provision of Offshore Topside Maintenance Services with the exception of either undertaking these services internally by the PSC operators or owners of offshore platforms.

11. **EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)**



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

5. GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

5.1 Government Regulations

- All rights related to the exploration and extraction of petroleum in Malaysia is vested in Petroliaam Nasional Berhad (PETRONAS) under the Petroleum Development Act 1974. PETRONAS was also granted control over the carrying out of downstream activities and development relating to petroleum and its products under the Petroleum Development Act 1974.
- All companies wishing to participate in the Oil and Gas Industry are required to obtain the necessary licences, or successfully register with PETRONAS before they are allowed to participate in these activities.
- Companies who wish to tender for contracts from the Government are also required to register as contractors with the Ministry of Finance (MOF), and the Construction Industry Development Board (CIDB).

PETRONAS Licences and Registrations

- Applicants are required to specify the scope of work for which the licence or registration is being applied for, based on a set of Standardised Work & Equipment Categories (SWEC). An individual licence or registration must be obtained for each SWEC.
- Companies that have obtained a licence for SWEC are allowed to participate in the upstream sector, downstream sector, and maritime sector for the Onshore and Offshore Oil and Gas Industry.
- In contrast to a licence, companies that are registered for SWEC are allowed to only participate in the downstream sector and maritime sector of the onshore Oil and Gas Industry. Registered companies are not allowed to participate in the upstream sector.
- Generally, licences and registrations are effective for a period of 1 year. However, the effective period of more than 1 year can be considered.

11. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE OFFSHORE SUPPORTING SERVICES FOR THE OIL AND GAS INDUSTRY, FOCUSING ON OFFSHORE TOPSIDE MAINTENANCE REPORT (Cont'd)



VITAL FACTOR CONSULTING

Creating Winning Business Solutions

- Dayang Group currently holds the following licences issued by PETRONAS for both offshore and onshore operations:

PETRONAS Licences - Dayang Enterprise Sdn Bhd

SERVICES SUPPLIES	VALIDITY PERIOD
(SM 1) Maintenance Services - (01) Mechanical Maintenance . (01.7) Topside Structural Maintenance . (01.6) Structural/Piping/Fabrication/Welding - (05) Special Categories . (05.1) Gritblasting and Painting	16 June 2006 until 15 June 2008
(SO 2) Offshore Construction - (03) Hook up and Commissioning	16 June 2006 until 15 June 2008
(SO 3) Onshore Construction/ Fabrication - (02) Minor Fabrication/ Welding . (02.2) Civil Engineering	16 June 2006 until 15 June 2008

PETRONAS Licences - DESB Marine Services Sdn Bhd

SERVICES SUPPLIES	VALIDITY PERIOD
(SM 3) Marine Vessels - (01) Anchor Handling Vessel/Tug Boat/Supply Vessel - (02) Accommodation Barge/Vessel - (07) Land Craft/Tank - (14) Work Vessel – Construction Maintenance (Major)	23 August 2007 until 22 August 2009

Federal Treasury Sarawak Registration – Dayang Enterprise Sdn Bhd

- Dayang Group holds the following registrations with the Federal Treasury Sarawak for its operations:

DESCRIPTION	VALIDITY PERIOD
Sand blasting and painting for vessels	1 December 2005 until 30 November 2008
Supplying of manpower	
Others	
- Mechanical maintenance	
- Structural/piping/fabrication/welding and topside structural	