

1. SUMMARY INFORMATION

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. THE SUMMARY INFORMATION SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 HISTORY, PRINCIPAL ACTIVITIES AND GROUP STRUCTURE

We were incorporated in Malaysia under the Act on 10 October 2005 as an investment holding company.

Our subsidiaries are principally involved in the provision of offshore topside maintenance services, minor fabrication operations, offshore hook-up and commissioning, and charter of marine vessels relating to the Oil and Gas Industry, as follows:-

Corporation	Date and Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest (%)	Principal Activities
DESB	20 August 1980 Malaysia	RM2,600,000	100	Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning
FTSB	3 December 1997 Malaysia	RM20,000	100	Provision of rental equipment
DMSSB	18 November 2003 Malaysia	RM11,000,000	100	Charter of marine vessels

Mr Ling Suk Kiong is the founder of our Group. The history of our Group can be traced back to the incorporation of DESB in 1980. Together with his partner, Encik Harry Bin Bujang, they initially ventured into the trading of hardware materials and supply of manpower for the offshore Oil and Gas Industry.

In 1991, DESB obtained our first contract from Sarawak Shell/Sabah Shell for the provision of maintenance services focusing on topside structures. As part of our Group's development plans to extend our market coverage, we joined the Vendor Development Programme initiated by MOF and were an approved vendor to PETRONAS for the provision of offshore platform services to the Oil and Gas Industry in 1996. In 1997, our Group was awarded four (4) contracts to undertake blasting and painting, and maintenance of topside structures by PETRONAS Carigali and Sarawak Shell/Sabah Shell. In the same year, our Group incorporated FTSB mainly to provide rental of equipment.

In line with our Group's emphasis on quality, DESB was accredited with MS ISO 9001:2000 on 11 June 1999. Subsequently in 2000, our Group was awarded an additional four (4) contracts to provide maintenance services to customers including PETRONAS Carigali, Sarawak Shell/Sabah Shell and ExxonMobil.

As part of our Group's expansion plans, we incorporated DMSSB in 2003 as a supporting arm for the charter of marine vessels. In the same year, our Group commissioned the construction of our first workboat, "Dayang Pertama" with the capacity to accommodate 189 persons. In September 2005, we obtained the domestic shipping licence from the Domestic Shipping Licensing Board for "Dayang Pertama" to provide workboat and floating accommodation services. In the same year, our Group was awarded a five-(5) year contract with PETRONAS Carigali for the maintenance of topside structures.

1. SUMMARY INFORMATION (Cont'd)

At the end of 2005, our Group commissioned the construction of our second workboat namely "Dayang Berlian" with the capacity to accommodate 189 persons. Subsequently in February 2007, "Dayang Berlian" commenced operations.

In 2006, our Group secured a two (2)-year contract from Murphy Sabah Oil Co Ltd to undertake offshore technical support services for the Kikeh Development Project. This marks a key milestone for our Group whereby we extended the provision of offshore maintenance services to deepwater platforms.

Also in 2006, as part of our Group's strategy to strengthen our in-house support facilities, we acquired a supply boat namely "Dayang Maju". The supply boat is chartered to customers for marine transportation services.

In 2007, our Group secured a three (3)-year contract (with option for two (2) years extension) from Sarawak Shell/Sabah Shell to undertake "Offshore Topside Maintenance Services and Related Installation Services".

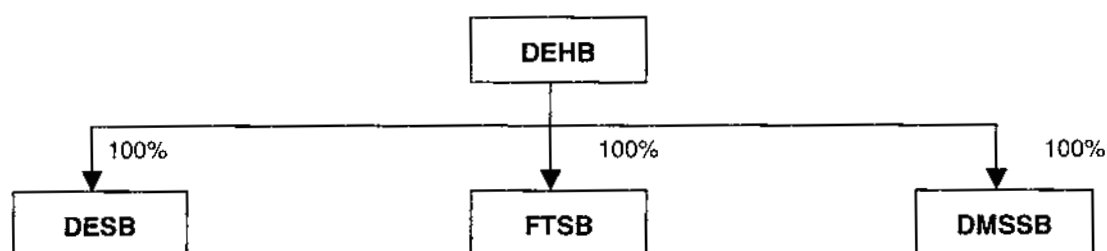
In August 2007, Naim entered into a strategic partnership with our Group through the acquisition of 45% equity interest in DESB, DMSSB and FTSB from their respective shareholders. Naim is a public company listed on the Main Board of Bursa Securities and is a major property developer and contractor in Sarawak.

At the end of 2007, our Group secured a letter of award for the "Provision of Hook-up and Commissioning of PETRONAS Carigali Sdn Bhd Facilities", which expires in 2010.

Since the commencement of our Group's operations in 1980, we have established ourselves as a major provider of offshore platform services within the Oil and Gas Industry with revenue of approximately RM127.1 million for the FYE 30 September 2007.

To-date, we have completed various contracts for the provision of offshore topside maintenance services totalling approximately RM934 million. At present, our on-going contracts have an estimated contract value worth approximately RM627 million and we have also tendered for various contracts amounting to approximately RM595 million.

Our corporate structure is as follows:-



Further details on the history and business of our Group are set out in Section 4.1 and 4.2.

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1. SUMMARY INFORMATION (Cont'd)**1.2 COMPETITIVE ADVANTAGES**

Our competitive advantages include the following:-

- ❖ PETRONAS approved licence and registrations
- ❖ Established track record
- ❖ Experienced in supporting diverse types of offshore structures
- ❖ Economies of scale
- ❖ Comprehensive in-house skills and expertise
- ❖ High standards of quality
- ❖ Own marine vessels
- ❖ Full range of equipment and tools in-house

Further details on our competitive strengths are set out in Section 4.2.2.

1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF OUR GROUP

Our Promoters, substantial shareholders and Directors are as follows:-

- ❖ Our Promoters and substantial shareholders are Naim, VESB, Tengku Yusof bin Tengku Ahmad Shahrudin and Ling Suk Kiong.
- ❖ Our Directors are as follows:-

Name	Designation
Datuk Hasmi Bin Hasnan	Non-Independent Executive Chairman
Ling Suk Kiong	Non-Independent Executive Deputy Chairman
Tengku Yusof bin Tengku Ahmad Shahrudin	Non-Independent Managing Director
Joe Ling Siew Loung @ Lin Shou Long	Non-Independent Deputy Managing Director
Harry Bin Bujang	Non-Independent Executive Director
Dr. Sharifuddin Bin Abdul Wahab	Non-Independent Executive Director
Gordon Kab @ Gudan Bin Kab	Non-Independent Executive Director
Polit Hamzah	Independent Non-Executive Director
Yang Berhormat Chia Chu Fatt	Independent Non-Executive Director
Abdul Aziz Bin Ishak	Independent Non-Executive Director

Further details on our Promoters, substantial shareholders and Directors are set out in Section 5.

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1. SUMMARY INFORMATION (Cont'd)**1.4 SALIENT INFORMATION OF THE IPO**

The IPO is subject to the terms and conditions of this Prospectus. The IPO Shares will be allocated in the following manner:-

- Public Issue** : (a) 17,600,000 IPO Shares, representing 5.00% of our enlarged issued and paid-up share capital, to be allocated via balloting, will be made available for application by the Malaysian Public, of which at least 30% will be set aside for Bumiputera investors, companies, co-operatives, societies and institutions;
- (b) 59,774,000 IPO Shares, representing approximately 16.98% of our enlarged issued and paid-up share capital, by way of private placement to selected investors; and
- (c) 8,500,000 IPO Shares, representing 2.41% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and business associates.

Price per IPO Share : RM1.45

Detailed information on the basis of arriving at the IPO Price is set out in Section 2.4.

1.5 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text herein:-

	No. of Shares ('000)	Share Capital (RM'000)
AUTHORISED SHARE CAPITAL	1,000,000	500,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
- Existing Shares	266,126	133,063
- New Shares to be issued pursuant to the Public Issue	85,874	42,937
ENLARGED SHARE CAPITAL	352,000	176,000
IPO Price per Share		RM1.45
Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital of 352,000,000 Shares)		RM0.75
Market Capitalisation (based on the IPO Price and enlarged share capital after the IPO)		RM510,400,000

The IPO Price is RM1.45 per Share payable in full upon application, subject to the terms and conditions of this Prospectus. Further details of the particulars of the IPO are set out in Section 2.

1. SUMMARY INFORMATION (Cont'd)**1.6 UTILISATION OF PROCEEDS**

The Rights Issue and the Public Issue will raise gross proceeds of approximately RM20.30 million and RM124.52 million respectively as follows, which shall accrue to us in full:-

	Gross Proceeds (RM'000)
(a) Rights Issue	20,300
(b) Public Issue	124,517
Total proceeds	144,817

We intend to utilise the proceeds raised in the following manner:-

	Timeframe for utilisation upon Listing	Amount (RM'000)
(a) Full redemption of Islamic Medium Term Notes	Within 6 months	60,000
(b) Part finance the construction of marine vessels and/or acquisition of equipment and machineries	Within 24 months	51,450
(c) Working capital *	Within 24 months	28,767
(d) Estimated listing expenses *	Within 3 months	4,600
Total proceeds		144,817

Note:-

- * If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

Further details on the utilisation of proceeds are set out in Section 2.6.

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1. SUMMARY INFORMATION (Cont'd)**1.7 PROFORMA CONSOLIDATED INCOME STATEMENTS**

The following table sets out a summary of the proforma consolidated income statements of the DEHB Group for the past three (3) FYE 30 September 2005 to 30 September 2007, prepared on the assumption that our Group had been in existence throughout the period under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10.

FYE 30 September	2005	2006	2007
	RM'000	RM'000	RM'000
Revenue	112,390	108,906	127,134
Cost of sales	(61,266)	(60,914)	(67,535)
Gross profit	51,124	47,992	59,599
Other operating income	545	339	363
Administrative expenses	(19,460)	(15,026)	(17,119)
Other operating expenses	(172)	(33)	(73)
Profit from operations	32,037	33,272	42,770
Finance costs	(693)	(2,081)	(3,537)
PBT	31,344	31,191	39,233
Taxation	(9,156)	(8,494)	(10,381)
PAT	22,188	22,697	28,852
Attributable to:			
- Equity holders of our Company	22,188	22,697	28,852
- MI	-	-	-
	22,188	22,697	28,852
Number of DEHB Shares had our Group been in existence ⁽¹⁾ ('000)	245,826	245,826	245,826
Net EPS (sen)			
- Basic ⁽²⁾	9.03	9.23	11.74
- Diluted ⁽³⁾	6.30	6.45	8.20
EBIDTA	34,060	36,303	47,213
Gross profit margin	45%	44%	47%
PAT margin	20%	21%	23%
Effective tax rate	29%	27%	26%

Notes:-

- (1) Based on the issued and paid-up share capital of 245,826,000 Shares after the Acquisitions
- (2) Basic net EPS is calculated based on profit attributable to equity holders of our Company for the financial year divided by the number of Shares in issue had our Group been in existence of 245,826,000 Shares
- (3) Diluted net EPS is calculated based on profit attributable to equity holders of our Company for the financial year divided by the enlarged number of Shares after the IPO of 352,000,000 Shares
- (4) There were no exceptional or extraordinary items in all the financial years under review.

Detailed information on the Accountants' Report is set out in Section 10.

1. SUMMARY INFORMATION (Cont'd)**1.8 SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007**

The proforma consolidated balance sheets as at 30 September 2007 set out below have been prepared for illustrative purposes only to show the effects on the audited consolidated balance sheet of the DEHB Group, had the Listing Scheme been effected on that date and is prepared on the basis consistent with the accounting policies adopted by our Group. The proforma consolidated balance sheets should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 9.2.

		(I)	(II)	(III)	(IV)
	Audited as at 30.09.2007	After Acquisitions	After Proforma (I) and Rights Issue	After Proforma (II) and Public Issue	After Proforma (III) and Utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	@	122,913	133,063	176,000	176,000
Share premium	-	-	10,150	87,130	87,130
Reserves	(6)	(6)	(6)	(6)	(6)
Total Equity	(6)	122,907	143,207	263,124	263,124
Number of Shares in issue	*	245,826	266,126	352,000	352,000
NTA (RM'000)	(6)	122,907	143,207	263,124	263,124
NTA per Share (RM)	(3,000.00)	0.50	0.54	0.75	0.75

Notes:-

@ This represents RM1.00.

* This represents 2 Shares

Proforma I Incorporates the effects of the Acquisitions

Proforma II Incorporates the effects of Proforma I and the Rights Issue

Proforma III Incorporates the effects of Proforma II and the Public Issue

Proforma VI Incorporates the effects of Proforma III and the utilisation of proceeds

Detailed information on the proforma consolidated financial information is set out in Section 9.2.

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1. SUMMARY INFORMATION (Cont'd)**1.9 CONSOLIDATED PROFIT FORECAST**

Our consolidated profit forecast for the fifteen (15) months ending 31 December 2008 is as follows:-

Forecast	15-month ending 31.12.2008 (RM'000)
Revenue	183,199
Consolidated PBT	59,993
Taxation	(14,806)
Consolidated PAT	45,187
MI	-
Consolidated PAT after MI	45,187
Pre-acquisition profit	(15,062)
Post-acquisition consolidated PAT and MI	30,125
Gain on acquisition of subsidiary companies ^(a)	15,062
Post-acquisition consolidated profit for the year	45,187
Weighted average number of Shares ('000) ^(b)	192,464
Gross EPS (sen) ^{(a), (c)}	14.55
Net EPS (sen) ^{(a), (d)}	10.96
Gross PE Multiple (times) ^(e)	9.97
Net PE Multiple (times) ^(e)	13.23
Enlarged number of Shares ('000) ^(f)	352,000
Gross EPS (sen) ^{(a), (g)}	13.63
Net EPS (sen) ^{(a), (h)}	10.27
Gross PE Multiple (times) ^(e)	10.64
Net PE Multiple (times) ^(e)	14.12

Notes:-

- (a) The accounting policy adopted by DEHB, consistent with the requirements of Financial Reporting Standard 3 (FRS 3) on "Business Combinations", requires that the excess of fair values of net assets acquired over the consideration paid ("Gain on Acquisition of Subsidiary Companies") to be recognised in the income statement. This gain should be reflected in the consolidated PBT in the income statement. The acquisition of DESB, FTSB and DMSSB by DEHB on 29 February 2008 will give rise to the Gain on Acquisition of Subsidiary Companies of approximately RM15,062,000. However for the purpose of presentation of the profit forecast for the fifteen (15) months FYE 31 December 2008, this Gain on Acquisition of Subsidiary Companies has been excluded from the consolidated PBT and consolidated PAT as well as the computation of EPS for better comparison as it is deemed to be a non-recurring income.

1. SUMMARY INFORMATION (Cont'd)

- (b) *Weighted average number of Shares in DEHB taking into consideration the Acquisitions and the Rights Issue, all of which were completed on 29 February 2008.*
- (c) *Based on annualised post-acquisition consolidated PBT of approximately RM27,997,000.*
- (d) *Based on annualised post-acquisition consolidated PAT of approximately RM21,087,000.*
- (e) *Based on IPO Price of RM1.45 Share.*
- (f) *Enlarged number of Shares in DEHB on the assumption that the Acquisitions, the Rights Issue and the Public Issue were completed at beginning of the forecast period on 1 October 2007.*
- (g) *Based on annualised total consolidated PBT.*
- (h) *Based on annualised total consolidated PAT.*

Further information on the consolidated profit forecast is set out in Section 9.5.

1.10 DIVIDEND FORECAST

Our dividend forecast for the fifteen (15) months ending 31 December 2008 is as follows:-

Net dividend per Share (sen) ^(a)	3.65
Net dividend yield (%) ^(b)	2.52
Net dividend cover (times) ^(c)	2.81

Notes:-

- (a) *Based on the enlarged issued and paid-up share capital of 352,000,000 Shares.*
- (b) *Based on the IPO Price.*
- (c) *Based on the forecast annualised diluted net EPS of 10.27 sen.*

Further information on the dividend forecast is set out in Section 9.7.

1.11 SUMMARY OF MATERIAL RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive) as extracted from Section 3 in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:-

Section 3.1 - Risks Relating To Our Operating Industry

- (a) *Fluctuations in the market price of hydrocarbons*
- (b) *Activity in the Malaysian Oil and Gas Industry*
- (c) *Depletion of hydrocarbon resources*
- (d) *Regulatory compliance/ dependence on licenses/ permits*
- (e) *Political, economic and regulatory considerations*
- (f) *Competitive industry*

1. SUMMARY INFORMATION (Cont'd)

Section 3.2 - Risks Relating To Our Operations And Business

- (g) Business risks
- (h) Operational, health and safety risks
- (i) Dependent on major customers
- (j) Future business performance depends on the award of new contracts
- (k) Dependent on our key personnel and skilled workforce
- (l) Delay in the completion of work orders
- (m) Operating in a strict environmental regime
- (n) Environmental concerns
- (o) Investment activities risk and new ventures

Section 3.3 - Risks Relating To Investing In The IPO Shares

- (p) No prior public market for our Shares
- (q) Price volatility
- (r) Capital market risks
- (s) Profit forecast may vary from actual results
- (t) Future dividends are dependent on future performance
- (u) Controlled by our Promoters
- (v) Failure/ delay in the listing
- (w) Delay between admission and trading of the IPO Shares
- (x) Disclosure regarding forward-looking statements

Detailed commentary on these risk factors is set out in Section 3.

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2. PARTICULARS OF THE IPO

This Prospectus is dated 31 March 2008. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC for the IPO, as set out in Section 6, shall not be taken to indicate that the SC recommends the IPO and that you should rely on your own evaluation to assess the merits and risks of the IPO.

An application will be made to Bursa Securities within three (3) Market Days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the Main Board of Bursa Securities failing which any allotment made on an application to subscribe for our Shares pursuant to the Prospectus shall be void and we shall repay without interest, all monies received from the applicant. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of application for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of our entire enlarged issued and fully paid-up share capital on the Main Board of Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned without interest within fourteen (14) days if the aforesaid permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. In the case of an application by way of Application Form, an application should state his/her CDS Account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our listing on the Main Board of Bursa Securities. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of our merit or the merit of our Shares.

2. PARTICULARS OF THE IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and we take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers.

2.1 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (a) To provide us with immediate funds for investment in vessel, expansion of business as well as working capital. This would further enhance our Group's operating capability and business capacity both locally and overseas as well as widening our scope of service offerings and support for our expanding customer base;
- (b) To further enhance the financial position of our Group and to enable us to gain access to the capital markets for funds for our future expansion, diversification and the overall continued growth of our Group;
- (c) To further enhance our Group's visibility and presence as a major provider of support services in the Oil and Gas Industry; and
- (d) to provide an opportunity for Malaysian investors and institutions and our eligible employees, directors and business associates to participate in our equity and continuing growth.

2.2 SHARE CAPITAL

As at LPD, we only have one (1) class of shares, being ordinary shares of RM0.50 each, the details of which are as follows:

	No. of Shares ('000)	Share Capital (RM'000)
AUTHORISED SHARE CAPITAL	1,000,000	500,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
- Existing Shares	266,126	133,063
- New Shares to be issued pursuant to the Public Issue	85,874	42,937
ENLARGED SHARE CAPITAL	352,000	176,000

2. PARTICULARS OF THE IPO (Cont'd)

IPO Price per Share	RM1.45
Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital of 352,000,000 Shares)	RM0.75
Market Capitalisation (based on the IPO Price and enlarged share capital after the IPO)	RM510,400,000

The IPO Price is RM1.45 per IPO Share payable in full upon application, subject to the terms and conditions of this Prospectus.

Classes of Shares and Rights

We only have one (1) class of shares, namely, ordinary shares of RM0.50 each, all of which rank pari passu between themselves. The IPO Shares will rank pari passu in all respects with our other existing Shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares which we may issue in the future, the holders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of our liquidation, in accordance with our Articles of Association.

Each ordinary shareholder shall be entitled to vote at any of our general meeting in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held.

2.3 DETAILS OF THE IPO

Following the completion of the Acquisitions and the Rights Issue, we will undertake the Public Issue in conjunction with our Listing.

The Public Issue of 85,874,000 Shares at an issue price of RM1.45 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

2.3.1 Malaysian Public via balloting

17,600,000 Shares, representing 5.00% of our enlarged issued and paid-up share capital, to be allocated via balloting, will be made available for application by Malaysian Public, of which at least 30% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions;

2.3.2 Selected investors via placement

59,774,000 Shares, representing approximately 16.98% of our enlarged issued and paid-up share capital, by way of private placement to selected investors; and

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2. PARTICULARS OF THE IPO (Cont'd)**2.3.3 Eligible Directors, Employees and Business Associates of our Group**

8,500,000 Shares, representing 2.41% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and business associates ("**Pink Form Shares Allocation**").

The IPO Shares will be allocated to 11 eligible Directors and 932 employees of our Group based on the following criteria as approved by our Board:-

- (a) At least eighteen (18) years old;
- (b) Designation and position;
- (c) Length of service; and
- (d) Performance

Details of the eligible Directors' Pink Form Shares Allocation are as follows:-

Name of Directors	Designation	Pink Form Shares Allocation
Datuk Hasmi Bin Hasnan	Non-Independent Executive Chairman	110,000
Ling Suk Kiong	Non-Independent Executive Deputy Chairman	140,000
Tengku Yusof bin Tengku Ahmad Shahrudin	Non-Independent Managing Director	130,000
Joe Ling Siew Loung @ Lin Shou Long	Non-Independent Deputy Managing Director	100,000
Harry Bin Bujang	Non-independent Executive Director	140,000
Dr. Sharifuddin Bin Abdul Wahab	Non-Independent Executive Director	50,000
Gordon Kab @ Gudan Bin Kab	Non-Independent Executive Director	15,000
Polit Hamzah	Independent Non-Executive Director	15,000
Yang Berhormat Chia Chu Fatt	Independent Non-Executive Director	15,000
Abdul Aziz Bin Ishak	Independent Non-Executive Director	15,000
Jeanita Ak Gamang	Director of DESB in charge of Administration and Human Resource	70,000
Total		800,000

The same IPO Shares will also be allocated to 14 business associates of our Group based on the following criteria as approved by our Board:-

- (a) Length of relationship; and
- (b) Recognition of contribution and support to the growth of our Group.

2.3.4 Claw-back and Reallocation

All the IPO Shares available for application by the Malaysian Public and the eligible Directors, employees and business associates of our Group in Section 2.3.1 and Section 2.3.3 above respectively have been fully underwritten. The IPO Shares available for private placement to selected investors in Section 2.3.2 above are not underwritten. Our Sole Placement Agent has received irrevocable undertakings from the selected investors to take up the IPO Shares available for their application.

2. PARTICULARS OF THE IPO (Cont'd)

Any IPO Shares not subscribed for under Section 2.3.3 above will be first re-offered to the remaining eligible Directors, employees and business associates of our Group. Subsequently, any of the re-offered Shares not taken up will be made available for application by the Malaysian Public and/or selected investors via private placement. Any further IPO Shares not subscribed for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

There is no minimum subscription amount to be raised from the IPO as the IPO Shares in paragraph 2.3.1 and 2.3.3 above are fully underwritten. The IPO Shares available for private placement to selected investors in Section 2.3.2 above are not underwritten as our Sole Placement Agent has received irrevocable undertakings from selected investors to take up the IPO Shares available for their application.

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon by us and AmlInvestment Bank as the Adviser, Sole Underwriter and Sole Placement Agent after taking into consideration, amongst others, the following factors:

- (a) Our Group's operating and financial history and position as outlined in Sections 4 and 9;
- (b) The future plan and prospects of the Group as outlined in Section 4.7;
- (c) Our forecasted net PE Multiple of 14.12 times based on the forecast annualised diluted net EPS of 10.27 sen for the fifteen (15) months period ending 31 December 2008;
- (d) Our proforma consolidated NTA as at 30 September 2007 of RM0.75 per Share based on our enlarged issued and paid-up share capital of 352,000,000 Shares;
- (e) Our forecasted net dividend yield of 2.52% based on our enlarged issued and paid-up share capital of 352,000,000 Shares;
- (f) The prevailing favourable outlook of the Oil and Gas Industry as listed in Section 4.4.4; and
- (g) Our competitive strengths as listed in Section 4.2.2.

Our Directors and AmlInvestment Bank are of the opinion that the IPO Price is reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of the Shares being traded. You should form your own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

2.5 MARKET CAPITALISATION UPON LISTING

Based on the IPO Price of RM1.45 per IPO Share and our enlarged issued and paid-up share capital of 352,000,000 Shares, our market capitalisation upon Listing will be approximately RM510.40 million.

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2. PARTICULARS OF THE IPO (Cont'd)**2.6 UTILISATION OF PROCEEDS**

The Rights Issue and the Public Issue will raise gross proceeds of approximately RM20.30 million and RM124.52 million respectively as follows, which shall accrue to us in full:-

	Gross Proceeds (RM'000)
(a) Rights Issue	20,300
(b) Public Issue	124,517
Total proceeds	144,817

We intend to utilise the proceeds raised in the following manner:-

	Timeframe for utilisation upon Listing	Amount (RM'000)
(a) Full redemption of Islamic Medium Term Notes	Within 6 months	60,000
(b) Part finance the construction of marine vessels and/or acquisition of equipment and machineries	Within 24 months	51,450
(c) Working capital *	Within 24 months	28,767
(d) Estimated listing expenses *	Within 3 months	4,600
Total proceeds		144,817

Note:-

- * If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

(a) Full redemption of Islamic Medium Term Notes

We intend to allocate RM60.0 million of the proceeds to fully redeem the Islamic Medium Term Notes with nominal value totalling RM60 million issued by DMSSB on 18 October 2007 and bear coupon of between 5.75% to 6.43%. We estimate that the early redemption will result in interest savings amounting to approximately RM1.7 million for the fifteen (15) month period ending 31 December 2008.

The Islamic Medium Term Notes were issued on 18 October 2007 and RM60.0 million were drawn down to, inter-alia, settle bank borrowings amounted to approximately RM48.5 million. These bank borrowings were previously utilised to part finance the construction of "Dayang Berlian" and settle the outstanding loans of "Dayang Pertama" and "Dayang Maju" as well as for working capital requirements. The bank borrowings bear interest of between 8.25% to 8.50%.

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2. PARTICULARS OF THE IPO (Cont'd)**(b) Part finance the construction of marine vessels and/or acquisition of equipment and machineries*****New Marine Vessel***

On 2 November 2007, DMSSB entered into a shipbuilding contract with Shin Yang Shipyard Sdn Bhd for the building and delivering of a 75-metre maintenance/work vessel for the purchase consideration of RM51.45 million. The vessel is to be delivered to DMSSB by 30 June 2009 or within twenty (20) months from the date of the agreement, whichever is later.

To date, we have paid RM10.29 million (representing 20% of the total construction costs) as deposit and part payment towards the total purchase price of the new vessel which was sourced from internally generated funds. We intend to use up to RM41.16 million to pay for the balance of the purchase price as and when we receive progress billings from the shipbuilder.

As there is an increasing demand for vessel chartering services in the Oil and Gas Industry, our Group intends to charter out the new marine vessel to third parties overseas.

New Marine Vessel / Equipment and Machineries

Part of our Group's future plan also includes investing in new equipment and machineries for our operations. This is to cater for future business growth including onshore maintenance services and regional geographical expansion into South East Asia markets.

We intend to use the remaining RM10.29 million to part finance the acquisition of another marine vessel and/or equipment and machineries in the future for our operations. Some of the major equipment and machinery to be purchased include:-

- ❖ Hydroblasting equipment;
- ❖ Welding equipment;
- ❖ Air compressors; and
- ❖ Scaffolding systems.

Our Group expects to purchase the above new equipment and machineries for our operations by 2009.

(c) Working capital***Existing Operations***

Our requirement for working capital will increase in tandem with the expected business growth of our Group. Therefore, we expect to utilise approximately RM20.00 million as additional working capital to finance our day-to-day operations including the payment of salaries, purchase of supplies, expansion of workforce and defrayment of operational expenses. This would further enhance the cash flow position of our Group and enable us to conduct our operations smoothly.

Provision of New Services and Geographical Expansion

As part of our expansion and diversification plan as detailed in Section 4.7, we intend to earmark RM8.77 million to diversify our maintenance services to onshore facilities and to expand our geographic coverage to provide a range of offshore platform services including offshore topside maintenance, charter of marine vessels, minor fabrication and offshore hook-up and commissioning to other markets outside of Malaysia.

2. PARTICULARS OF THE IPO (Cont'd)**(d) Estimated Listing Expenses**

We will bear all expenses and fees incidental to our Listing, including professional fees, underwriting and selling commission, brokerage, placement fees, authorities' fees, advertising and other fees relating to the IPO Shares amounting to approximately RM4.60 million.

The estimated listing expenses and fees incidental to the IPO are as follows:-

Estimated Listing Expenses	Amount (RM'000)
Fees to authorities	210
Professional fees ⁽¹⁾	1,200
Underwriting and brokerage fees	2,700
Printing, advertising and other expenses in relation to Listing	490
Total	⁽²⁾ 4,600

Notes:-

- (1) *Include fees for the Adviser, Accountants, Solicitors, Independent Business and Market Research Consultants and other professional advisors, as well as the Issuing House.*
- (2) *Any unutilised amount shall be used for working capital purposes of our Group.*

2.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds from the Rights Issue and the Public Issue are expected to have a positive financial impact on our Group as follows:-

(a) Increase efficiency and productivity

Our Group will use the proceeds to expand our current capabilities and capacity to enhance our services and support to our existing customer base as well as to new customers in the region and overseas countries. This will enhance the revenues of our Group as our business base expands over the next few years. These new business opportunities will give our Group added flexibility in terms of utilisation of human capital and assets of our Group.

(b) Enhancement of working capital

Our Group is operating with minimal borrowings, as reflected in recent years. Following the settlement of the Islamic Medium Term Notes, our low gearing will enable us to have the flexibility to undertake new contracts and projects and to raise financing as and when the opportunities arise. We estimate that the early redemption of the Islamic Medium Term Notes will result in interest savings amounting to approximately RM1.7 million for the fifteen (15) month period ending 31 December 2008.

2. PARTICULARS OF THE IPO (Cont'd)

2.8 BROKERAGE AND COMMISSIONS

Our Sole Underwriter has agreed to underwrite the 26,100,000 IPO Shares under Section 2.3.1 and Section 2.3.3. We will pay our Sole Underwriter an underwriting commission at the rate of 1.25%-1.50% of the value of the total underwritten 26,100,000 IPO Shares at the IPO Price of RM1.45 per Share.

Our Sole Placement Agent has agreed to place the IPO Shares set out in Section 2.3.2, which are reserved for selected investors. We will pay our Sole Placement Agent a placement fee at the rate of 1.50% of the value of up to the total of 59,774,000 IPO Shares at the IPO Price of RM1.45 per Share to be placed out successfully by our Sole Placement Agent to the places.

We will pay the brokerage to be incurred on the sale of the 17,600,000 IPO Shares pursuant to the IPO under Section 2.3.1 at the rate of 1.00% of the IPO Price of RM1.45 per Share in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MiH.

2.9 DETAILS OF UNDERWRITING

Paragraph 5.38 of the SC Guidelines stipulated, inter-alia, that underwriting arrangements must be in place before the offering of securities is made, other than those securities in respect of which allocations have been made to certain parties, such as Bumiputera investors to comply with the National Development Policy requirements, or certain shareholders or investors who have given written irrevocable undertakings to subscribe.

Pursuant to the above, we have entered into the Underwriting Agreement with AmInvestment Bank for the underwriting of 26,100,000 IPO Shares, being the IPO Shares to be made available for application by the Malaysia Public and our eligible Directors, employees and business associates.

The salient clauses of the Underwriting Agreement, which may allow our Sole Underwriter to withdraw from its obligations under the agreement after the IPO, as extracted from the Underwriting Agreement, are set out in Section 15.

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3. RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:

3.1 RISKS RELATING TO OUR OPERATING INDUSTRY

Our Group is a provider of offshore platform services to the upstream sector of the Oil and Gas Industry, which focuses on exploration and production of Oil and Gas. The level of oil exploration, development and production activities in the Oil and Gas Industry has a direct impact on our Group's operations. The factors which may affect the level of oil exploration, development and production activities include, inter alia:-

3.1.1 Fluctuations In The Market Price Of Hydrocarbons

Hydrocarbons, including crude petroleum and natural gas, are internationally traded commodities whose price fluctuate with the constant interaction between supply and demand for hydrocarbons. Factors such as geopolitical factors and unforeseen supply disruptions may also influence the market price of hydrocarbons.

Activities in the Oil and Gas Industry are, to some degree, affected by fluctuations in the market price of hydrocarbons, for instance:-

- ❖ Activities tend to increase during periods of sustained high hydrocarbon prices. This is due to elevated production activities, as well as increased activities in exploration and development;
- ❖ Activities tend to decline during periods of sustained low hydrocarbon prices. This is due to lower production activities, as well as temporarily reducing or shutting down production from reserves that are no longer commercially viable. However, exploration activities will still continue.

There is a risk that sustained lower price of hydrocarbons will negatively affect activities in the Oil and Gas Industry, leading to a lower demand for supporting products and services, including offshore topside maintenance services.

The maintenance of offshore structures and platforms is affected to a lesser degree due to the nature of the industry. There will always be a requirement for maintenance services to ensure that the integrity of the existing and aging offshore structures and platforms are not compromised. Organisation of the Petroleum Exporting Countries ("OPEC"), a grouping that includes many of the world's largest petroleum producing nations, has some influence on the price of hydrocarbons through their control of a sizable proportion of the world's production capacity and reserves. Although the influence of OPEC over the market price of hydrocarbons is not absolute, OPEC has a vested interest in ensuring that hydrocarbon prices do not collapse, and as such, are likely to actively attempt to sustain hydrocarbon prices at an "acceptable" level.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

Nevertheless there is no assurance that our Group's business performance will not be affected by fluctuations in the price of hydrocarbons.

3. RISK FACTORS (Cont'd)**3.1.2 Activity in the Malaysian Oil and Gas Industry**

Pursuant to the PDA, PETRONAS is vested with exclusive ownership to Malaysian Oil and Gas reserves. The PDA provides for all exploration and exploitation of petroleum by PETRONAS in Malaysia, and accordingly, any initiative to undertake the exploration and extraction of crude oil and gas in Malaysia can only be carried out via a PSC with PETRONAS.

Consequently, any new terms that may have an adverse impact to the regular terms of a PSC such as reduction of profit sharing of the contractors under the PSC may lower the level of oil exploration, development and production activities as the contractors will be less motivated to carry out crude oil exploration and extraction activities in Malaysia as well as preclude investors from future ventures. This reduction in the level of oil exploration and extraction will lower the demand for products and services provided by Oil and Gas support companies such as our Group.

In the event PETRONAS does not react to change the terms of the PSC to reflect the current market, global conditions or economic situations that affect the Oil and Gas Industry, many PSCs may be discouraged to enter the Malaysian Oil and Gas market, resulting in a downturn of market activity and consequently affect the performance of our Group. However, in the event PETRONAS reacts timely to the current market conditions, the resultant outlook will be favourable for our Group.

The Oil and Gas Industry is one of the major contributors to the Malaysian economy, both as a source of energy and a major foreign exchange earner, and as such, it is expected that there will be continued growth in the industry in terms of steady stream of contracts and in turn, revenue and growth in the long term for our Group.

3.1.3 Depletion Of Hydrocarbon Resources

All hydrocarbon deposits are non-renewable, whereby it is not possible to regenerate these hydrocarbons within a reasonable timeframe once they have been extracted. As such, hydrocarbon resources in all hydrocarbon producing regions, including Malaysia, will eventually be depleted. It is likely that demand for supporting products and services in Malaysia, including offshore topside maintenance services will be adversely affected after Oil and Gas Industry exploration and production activities ceases in Malaysia.

As at 1 January 2007, Hydrocarbon Reserves in Malaysia are as follows:-

- ❖ Reserves of crude oil (including condensates) amounted to 5.4 billion BOE;
- ❖ Reserves of natural gas amounted to 14.8 billion BOE.

At the present rate of production, Hydrocarbon Reserves in Malaysia are expected to sustain production as follows:

- ❖ Production of crude oil (including Condensates) for 21 years; and
- ❖ Production of natural gas for 34 years.

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3. RISK FACTORS (Cont'd)

The relatively long period of time before current reserves of crude oil (including condensates) in Malaysia are expected to be completely depleted enables Oil and Gas Industry organisations, including local providers of offshore topside maintenance services, to diversify into other industries and/or venture into overseas markets. The National Depletion Policy introduced in 1980 to safeguard the exploitation of the natural oil reserves by postponing development and control the production of major oil fields (with reserves of 400 million Barrels or more) will also ensure that extraction is carefully managed and sustained over the long term.

Current reserve estimates tend to be conservative and may underestimate the actual amount of hydrocarbons that is ultimately extracted, as they do not take into account the following:-

- ❖ the existence of currently undiscovered Hydrocarbon Reserves;
- ❖ technological advances that increases the amount of hydrocarbons that may be commercially extracted from existing reserves;
- ❖ technological advances that enable production from previously inaccessible regions.

As such, activities in the Oil and Gas Industry in Malaysia may very well continue beyond the currently estimated date of complete Hydrocarbon Reserve depletion.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

Nevertheless there is no assurance that our Group's business performance will not be affected by the decline in Malaysia's Oil and Gas reserves.

3.1.4 Regulatory Compliance/ Dependence on Licenses/ Permits

All service providers wishing to participate in the Oil and Gas Industry in Malaysia are required to obtain the necessary licenses, or registrations with PETRONAS and other relevant authorities. All of these licenses and registrations are only valid for a stipulated timeframe, which is renewable subject to compliance with the relevant conditions. The requirements set out by PETRONAS and the authorities may be subject to changes, which could then affect certain operations of our Group. Failure by our Group to renew, maintain or obtain the required licenses and registrations may have an adverse effect on our Group.

PETRONAS is the main licensor governing our operations in the Malaysian Oil and Gas Industry. The licences issued by PETRONAS enable us to provide certain maintenance and marine vessel services and are subject to shareholding structure and various employment and operating conditions. Our registrations with the MOF and CIDB also enable us to tender for contracts from the Government. These licences and registrations are valid for certain periods of time with the renewal based on our compliance with those requirements imposed by the relevant authorities.

Fundamental changes to PETRONAS' policy with regards to the regulation of the Oil and Gas Industry may occur in future. These changes either by restricting or liberalising the regulations governing the Oil and Gas Industry may have an adverse or favourable impact on how we operate. If restrictive, there can be no assurance that our business will not be materially affected by these changes.

3. RISK FACTORS (Cont'd)

Although we have not experienced any problems in the past and do not foresee any potential problems in renewing our existing licences when they become due, we cannot provide any assurance that our licences will be renewed or if renewed, such renewal would be effected within the anticipated timeframe or without any new terms and conditions imposed, which may materially affect our operations. Please see Section 4.2.4 for a list of our licences and registrations.

3.1.5 Political, Economic and Regulatory Considerations

Changes and developments in political, economic and regulatory conditions in Malaysia and the countries in which our Group may operate in future could materially and/or adversely affect the profitability and business prospects of our Group and industry in which we operate. These uncertainties include, but are not limited to, the changes in political leadership, changes in investment policies and taxation, expropriation, nationalisation, changes in interest rates, changes in regulatory structure, risks of war and global economic downturn.

Our Group's revenue and our ability to achieve and sustain profitability depend on the overall demand for the services that we offer. Any economic slowdown in the world, region or national economy may cause our customers to defer or reduce purchases of our services. Uncertainty in the global economic environment may cause some businesses to curtail or eliminate spending and as such may have an impact on our Group where certain customers may curtail their procurement of products and services.

Although we practice efficient operating procedures and prudent financial management, there can be no assurance that adverse political and economic developments, which are beyond our control, will not materially affect our performance or the industry as a whole.

3.1.6 Competitive Industry

Our Group's work contracts are awarded based on open tender which are restricted to PETRONAS licensees. Generally, track record, reputation, experience, prompt delivery/completion, sufficient technical capacity, personnel and pricing are major factors in most tender awards.

We face competition from other local service providers in the Malaysian Oil and Gas Industry. Although there is competition between the local licensed service providers, threat from new entrants is mitigated to a certain extent by the barriers of entry for the provision of supporting products and services for the Oil and Gas Industry in Malaysia. Some key barriers to entry include technical expertise, knowledge required to facilitate works and services, ability to demonstrate a good safety record, ability to meet customers' specifications and the ability to obtain licences and registrations with PETRONAS and various government bodies such as the CIDB and the MOF.

Although we cannot guarantee that we will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect our margins, we have several competitive advantages over our competitors as set out in Section 4.2.2.

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3. RISK FACTORS (Cont'd)

3.2 RISKS RELATING TO OUR OPERATIONS AND BUSINESS**3.2.1 Business Risks**

Our Group is subject to business risks common to the Oil and Gas Industry at large. This may include amongst others, changes in government policies, shortages in skilled workforce, fluctuations in demand for our products and services, market acceptance of new products and services, changes in general economic conditions, competitive conditions in the industry, business and credit conditions and other business risks common to going concerns.

Our senior management has on average in excess of twenty (20) years of relevant experience in the industry and our other management and technical personnel have on average in excess of ten (10) years of relevant experience as well.

However, no assurance can be given that any changes in these factors would not have any material adverse impact on our Group's business and profitability.

3.2.2 Operational, Health and Safety Risks

Our business activities are subject to operational risks inherent in the Oil and Gas Industry such as accidents, fire breakouts and explosions which may occur on the offshore platforms. These risks could result in substantial losses due to injury and loss of life, severe damage to property, equipment and environment as well as the suspension of operations and termination of contract and potential legal proceedings. In this regard, we have purchased insurance covering our equipment, general third parties' liabilities (such as injury, loss or property damage) and other liabilities relating to marine and environment which we deem are adequate to protect us against liability for such events.

To minimise the above operational risks, we implement the following risk management practices:

- (a) We emphasise on health and safety throughout all levels of our operations as well as compliance with customers' various manuals such as HSE specifications to ensure worksites are in full operating efficiency and the working conditions and environment are safe. Refer to Section 4.2.10 for our HSE management;
- (b) We undertake continuous health and safety training for our employees;
- (c) We have developed and implemented an emergency response plan in order to cater for any accidents at any of our offices or operational facilities whereby these places are equipped with basic regulatory fire fighting equipment. We have in place additional equipment and spare parts to cope with unexpected emergencies in addition to holding regular meetings and discussions to identify and mitigate any potential business operation risks;
- (d) Our marine vessel meets all the safety requirements set out in various licences issued by the relevant authorities such as the Domestic Shipping Licensing Board and the American Bureau of Shipping, Kuala Lumpur. We also conduct various in-house training and briefing on safety requirements on a continuous basis; and

3. RISK FACTORS (Cont'd)

- (e) We place significant emphasis on quality and adherence to stringent quality standards. DESB, our wholly-owned subsidiary was certified with MS ISO 9001:2000 Quality Management System from SIRIM QAS International Sdn Bhd in 1999. Further, our good safety track record is reflected by various certificates awarded to us by PETRONAS Carigali. Please see Section 4.2.10 for further details.

Our Directors believe that these risks are mitigated through the periodic audits of our HSE procedures and practices, drills, continuous health and safety meetings and reviews, training and other measures. Since 2004, our Group has recorded approximately 8 million man-hours with zero loss time injury for our offshore operations. In 2007, we were awarded "PETRONAS Carigali HSE Awards 2006/2007. These achievements are a reflection of our commitment to good safety practices. However there is no assurance that incidents and damages will not occur.

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

3.2.3 Dependent On Major Customers

For the FYE 30 September 2007, PETRONAS Carigali and Sarawak Shell contributed 78.5% and 16.1% to the total turnover of our Group, respectively. Any termination (with or without cause) of existing contracts with these major customers may significantly affect our operations, performance and profitability.

The following factors serve to mitigate our Group's dependency on these major customers:-

PETRONAS Carigali

- ❖ PETRONAS Carigali has been a customer of our Group for approximately seventeen (17) years indicating a long-term and stable business relationship. This would provide the basis for a continuing business relationship.
- ❖ Our Group has been a provider of a wide range of offshore platform services to PETRONAS Carigali over the past seventeen (17) years, including:-
 - Provision of offshore maintenance services for 309 offshore platforms/structures, four (4) SBM systems, and one (1) FPSO facility;
 - Charter of marine vessels;
 - Minor fabrication; and
 - Offshore hook-up and commissioning services.
- ❖ In addition, our Group has successfully secured a letter of award from PETRONAS Carigali on 5 November 2007 for the "Provision for Hook-up and Commissioning of PETRONAS Carigali Sdn Bhd facilities" which expires in 2010. This further strengthens the continuing relationship between PETRONAS Carigali and our Group.
- ❖ PETRONAS Carigali is a subsidiary of PETRONAS, which is entrusted with developing and adding value to all the Oil and Gas resources in Malaysia. As such, PETRONAS and its subsidiaries are principal operators in the Malaysian Oil and Gas Industry, and will inevitably be a major source of revenue for our Group or any other provider of offshore platform services in Malaysia.

3. RISK FACTORS (Cont'd)

- ❖ As PETRONAS Carigali is a major PSC operator in Malaysia, dependency is a common feature among other larger operators in the Oil and Gas Industry in Malaysia, especially those servicing the upstream Oil and Gas sector.

Sarawak Shell

- ❖ Sarawak Shell has been a customer of our Group for twenty-seven (27) years, indicating an established business relationship. This would also provide the basis for continuing business and growth.
- ❖ Sarawak Shell is a PSC operator, and is one of the main participants in the Malaysian Oil and Gas Industry. It is inevitable that Sarawak Shell would constitute a major source of revenue for service providers like our Group.

Nevertheless there is no assurance that our Group's dependency on major customers will not affect our future business performance.

The local Oil and Gas Industry is still very active with new and existing PSC operators increasing activity through deepwater exploration and development activities, marginal field developments and enhanced recovery. Thus it is expected that the local Oil and Gas Industry will continue to be active and grow in the near future. Further as mentioned in Section 4.7, our Group is looking at expanding our current operations overseas, where opportunities in Oil and Gas Industry exist, to mitigate against any over dependence on the domestic market by spreading our revenue base over a greater geographical area.

3.2.4 Future Business Performance Depends On The Award Of New Contracts

Our revenues are largely derived from medium-term to long-term contracts. It is generally very difficult to predict whether and when we will be awarded such contracts as they frequently involve a lengthy and complex bidding and selection process. The bidding costs associated with tendering for new contracts may not necessarily result in the award of a new contract. We participate in a number of tenders each year. Failure to win such tenders could affect our future financial performance.

Nonetheless, we believe that our established track record which is associated with quality, reliability, technical expertise and service excellence, good HSE record as well as our long-standing relationship with our major customers would provide us with a key advantage when submitting our tenders for new contracts.

3.2.5 Dependent On Our Key Personnel And Skilled Workforce

Our continued success depends, to a significant extent, upon the abilities, continued efforts and teamwork of our Directors and senior personnel as well as our ability to attract and retain experienced engineers, project managers and other technical and management personnel. If we lose a significant number of directors or members of our senior management and/or are unable to replace these key personnel, this may impact our Group's future prospects.

In this regard, our Directors presently have in place, human resource strategies which include providing competitive and performance-based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities. However, we cannot provide any assurance that the above measures will be successful in attracting and retaining key personnel or ensuring a smooth transition should changes occur.

3. RISK FACTORS (Cont'd)

3.2.6 Delay In The Completion Of Work Orders

Our contracts comprise numerous work orders. The timely completion of these work orders is dependent on many external factors which may be beyond our control such as work stoppage due to poor working weather conditions, unexpected breakdown in our own or chartered marine vessels and other operational hazards. In particular, our outdoor blasting and painting activities are affected by adverse weather conditions as blasting and painting cannot be carried out in the open under rainy weather. This could lead to an increase in our operating costs due to the standby cost of equipment and labour overtime to make up for lost time. Any such delays could have an adverse impact on our ability to conduct our activities and complete our contractual obligations.

In mitigation, our management has in place, effective cost and operational monitoring procedures to ensure that our work orders are completed on time and on a profitable basis. Based on our long historical track record, we have operated under many different types of external conditions and have been able to successfully minimise and mitigate the adverse impact of such conditions on our business performance. However, there is no assurance that external factors such as adverse weather conditions or unexpected breakdown in marine vessels would not adversely impact the performance of our business in the future.

3.2.7 Operating In A Strict Environmental Regime

We are subject to increasingly stringent laws and regulations relating to environmental protection in conducting the majority of our operations, including laws and regulations governing the generation, storage, handling, treatment and disposal of waste materials. We incur and expect to continue to incur, capital and operating costs to comply with environmental laws and regulations. Our business involves working around and with volatile, toxic and hazardous substances and other highly regulated materials. Although we have not contravened any environmental regulations to-date, we are subject to potential material liabilities relating to claims alleging personal injury or property damage as a result of exposures to, or releases of, hazardous substances or as a result of accidents or other incidents resulting from our operations, all of which could have a material adverse effect on our financial condition and results of operations.

3.2.8 Environmental Concerns

We believe that our existing operations are in compliance with the relevant environmental legislation governing activities within Malaysia such as the stringently monitored Environmental Quality Act, 1974.

Nevertheless, there is a possibility that the Government may change its regulations with regards to environmental matters in the future which would require our Group to modify our facilities or incur expenses that could have an adverse effect on our Group's operating results.

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3. RISK FACTORS (Cont'd)

3.2.9 Investment Activities Risk and New Ventures

If opportunities present themselves, we may from time to time acquire additional businesses or invest in synergistic new ventures. As such, there is a potential risk that these investments may have longer than expected gestation periods or may not be entirely successful. In this event, we may take time to recover or be unable to recover our initial investments.

We plan to mitigate this risk by exercising due care with effective evaluation and assessment prior to the commencement of such business or ventures in relation to customer demand or market trends.

3.3 RISKS RELATING TO INVESTING IN THE IPO SHARES

3.3.1 No Prior Public Market For Our Shares

There is currently no public market for our Shares. There can be no assurance that an active market for our Shares will develop and continue to develop upon or subsequent to our Listing or, if developed, that such a market will be sustained.

The IPO Price of RM1.45 for the IPO Shares has been determined after taking into consideration a number of factors, including but not limited to, our financial and operating history and condition, our prospects and the prospects of the industry in which we operate, our management and the market prices for shares of companies engaged in business similar to ours. There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Board of Bursa Securities upon or subsequent to our Listing.

3.3.2 Price Volatility

The market price of and demand for our Shares could be affected by various factors and events including the following:-

- (a) the level of liquidity of the market for our Shares;
- (b) the difference between our actual financial operating results and those expected by investors and financial analysts;
- (c) changes in financial analysts' recommendations or projections;
- (d) changes in general market conditions and broad market fluctuations; and
- (e) general operational and business risks.

The volatility in the trading price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our financial results.

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3. RISK FACTORS (Cont'd)

3.3.3 Capital Market Risks

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow and outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of the listed securities. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities

3.3.4 Profit Forecast May Vary From Actual Results

It should be noted that the profit forecast are based on various assumptions with respect to the levels and timing of revenues, cost and various other matters of an operational or financial nature, which our Directors believe to be reasonable.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which are outside the control of our Group and our Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results may differ from the forecast either positively or negatively. Accordingly, our Directors cannot and do not guarantee the achievement of the forecast.

The consolidated profit forecast should be reviewed in conjunction with the description of the business, the historical financial information, risk factors and other materials contained in this Prospectus. Potential investors should note carefully the bases and assumptions of the profit forecast.

3.3.5 Future Dividends Are Dependent on Future Performance

Our Company is principally an investment holding company and the core operations of our Group are carried out through our subsidiaries. Therefore, our Company's major source of income comprises dividends and other distributions received from our subsidiaries. Our ability to pay dividends or make other distributions to our shareholders is dependent on several factors such as the operating results and the cash flow position of our subsidiaries and potential covenants in our future loan agreements.

3.3.6 Controlled by Our Promoters

Upon Listing, our Promoters, as set out in Section 5.1, will collectively hold 74.38% of our enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

As a step towards good corporate governance, we have appointed three (3) Independent Directors and an Audit Committee have been set up to ensure that all future transactions involving related parties, if any, are entered into on an arms-length basis.

3. RISK FACTORS (Cont'd)

3.3.7 Failure/ Delay in the Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:-

- (a) The identified investors fail to subscribe to the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (b) The Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder;
- (c) We are unable to meet the public spread requirement i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares at the point of Listing; and/or
- (d) We are unable to obtain the permission from Bursa Securities for our admission to the Official List to deal in and for the quotation of our entire enlarged issued and paid-up share capital.

In such an event, subject to restrictions set out in Section 3.3.8 below, we will return in full without interest, all monies paid in respect of any application accepted.

3.3.8 Delay between Admission and Trading of the IPO Shares

After the IPO Shares have been allocated to the respective investors' CDS Accounts in Bursa Depository, which would occur at least two (2) clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of IPO Shares from us in the event the Admission and the commencement of trading on the Main Board of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In order for us to return monies to investors in respect of the IPO Shares following their allotment and issue, a reduction of our share capital would be required. This would require a special resolution of our shareholders and such resolution would have to be confirmed by the Malaysian High Court. There can be no assurance that monies can be recovered within a short period of time, or at all. If Bursa Securities does not admit our Shares for our Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a materially adverse effect on the value of our Shares.

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3. RISK FACTORS (Cont'd)

3.3.9 Disclosure Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts, including, without limitations, those regarding our financial position, business strategy, plans and objectives of our management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which our present and future business strategies and the environment in which we will operate in the future. Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of such forward-looking statement in this Prospectus should not be regarded as a representation or warranty by us, or our advisers, that our plans and objectives will be achieved.

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4. INFORMATION ON OUR GROUP

4.1 BACKGROUND INFORMATION

4.1.1 Incorporation and Commencement of Business

The history of our Group can be traced back to the incorporation of DESB in 1980. The initial business activities of our company were in the trading of hardware materials and supply of manpower for the offshore Oil and Gas Industry.

Mr Ling Suk Kiong is the founder of our Group. The history of our Group can be traced back to the incorporation of DESB in 1980. Together with his partner, Encik Harry Bin Bujang, they initially ventured into the trading of hardware materials and supply of manpower for the offshore Oil and Gas Industry.

In 1991, DESB obtained our first contract from Sarawak Shell/Sabah Shell for the provision of maintenance services focusing on topside structures. As part of our Group's development plans to extend our market coverage, we joined the Vendor Development Programme initiated by MOF and was an approved vendor to PETRONAS for the provision of offshore platform services to the Oil and Gas Industry in 1996. In 1997, our Group was awarded four (4) contracts to undertake blasting and painting, and maintenance of topside structures by PETRONAS Carigali (to define) and Sarawak Shell/Sabah Shell. In the same year, our Group incorporated FTSB mainly to provide rental of equipment.

In line with our Group's emphasis on quality, DESB was accredited with MS ISO 9001:2000 on 11 June 1999. Subsequently in 2000, our Group was awarded an additional four (4) contracts to provide maintenance services to customers including PETRONAS Carigali, Sarawak Shell, Sabah Shell and ExxonMobil.

As part of our Group's expansion plans, we incorporated DMSSB in 2003 as a supporting arm for the charter of marine vessels. In the same year, our Group commissioned the construction of our first marine vessel, "Dayang Pertama" with the capacity to accommodate 189 persons. On September 2005, we obtained the domestic shipping licence from the domestic shipping licensing board for "Dayang Pertama" to provide workboat and floating accommodation services. In the same year, our Group was awarded a five (5)-year contract with PETRONAS Carigali for the maintenance of topside structures.

At the end of 2005, our Group commissioned the construction of our second vessel namely "Dayang Berlian" with the capacity to accommodate 189 persons. Subsequently in February 2007, "Dayang Berlian" commenced operations.

In 2006, our Group secured a two (2)-year contract from Murphy Sabah Oil Co Ltd to undertake offshore technical support services for the Kikeh Development Project. This is where our Group extended the provision of offshore maintenance services to deepwater platforms, which further marks a major milestone for our Group.

Also in 2006, as part of our Group's strategy to strengthen our in-house support facilities, we acquired a supply boat namely "Dayang Maju". The supply boat is chartered to customers for marine transportation services.

In 2007, our Group secured a three (3)-year contract (with option for two (2) years extension) from Sarawak Shell/Sabah Shell to undertake "Offshore Topside Maintenance Services and Related Installation Services".

In August 2007, Naim entered into a strategic partnership with our Group through the acquisition of 45% equity interest in DESB, DMSSB and FTSB from their respective shareholders. Naim is a public company listed on the Main Board of Bursa Securities and is a major property developer and contractor in Sarawak.

4. INFORMATION ON OUR GROUP (Cont'd)

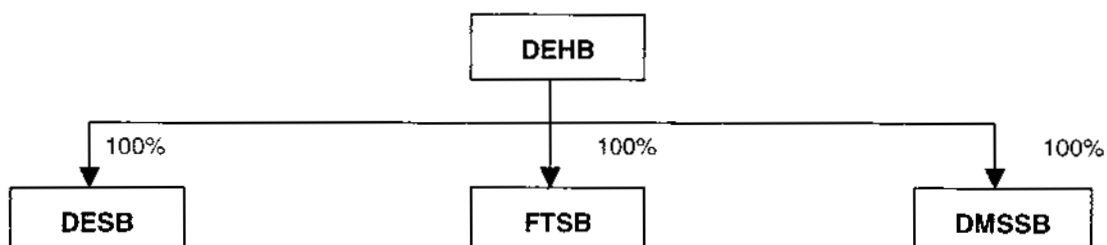
At the end of 2007, our Group secured a letter of award for the "Provision of Hook-up and Commissioning of PETRONAS Carigali Sdn Bhd Facilities", which expires in 2010.

Since the commencement of our Group's operations in 1980, we have established ourselves as a major provider of offshore platform services within the Oil and Gas Industry with revenue of approximately RM127.1 million for the FYE 30 September 2007.

To-date, we have completed various contracts for the provision of offshore topside maintenance services totalling approximately RM934 million. At present, our on-going contracts have an estimated contract value worth approximately RM627 million and we have also tendered for various contracts amounting to approximately RM595 million.

4.1.2 Group Structure

Our corporate structure is as follows:-



Our subsidiaries and their respective principal activities are as follows:-

Corporation	Date and Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest (%)	Principal Activities
DESB	20 August 1980 Malaysia	RM2,600,000	100.00	Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning
FTSB	3 December 1997 Malaysia	RM20,000	100.00	Provision of rental equipment
DMSSB	18 November 2003 Malaysia	RM11,000,000	100.00	Charter of marine vessels

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4. INFORMATION ON OUR GROUP (Cont'd)

4.1.3 Share Capital and Changes in Share Capital

Our present authorised share capital is RM500,000,000 comprising 1,000,000,000 Shares, of which RM133,063,000 comprising 266,126,000 Shares have been issued and fully paid-up.

Details of the changes in our issued and paid-up share capital since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
10 October 2005	2	0.50	Subscribers' shares	1
29 February 2008	245,825,998	0.50	Issued pursuant to the Acquisitions	122,913,000
29 February 2008	20,300,000	0.50	Issued pursuant to the Rights Issue	133,063,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of DEHB.

4.1.4 Listing Scheme

In conjunction with, and as an integral part of the listing of and quotation for our entire issued and paid-up share capital on the Main Board of Bursa Securities, we undertook a listing scheme, which involves the following exercises:-

4.1.4.1 Acquisitions

(a) Acquisition of DESB

Pursuant to the Conditional Share Sale Agreement dated 28 December 2007 ("CSSA 1"), we acquired the entire issued and fully paid-up share capital of DESB, comprising 2,600,000 ordinary shares of RM1.00 each in DESB for a purchase consideration of RM62,503,443 which was wholly satisfied by the issuance of 125,006,621 new DEHB Shares to the respective vendors of DESB at an issue price of approximately RM0.50 per DEHB Share, in the following manner:-

Name of vendors	Shareholdings in DESB		No. of DEHB Shares issued as consideration
	No. of ordinary shares of RM1.00 each	%	
Naim	1,170,000	45.0	56,252,980
VESB	563,412	21.7	27,088,550
Tengku Yusof Bin Tengku Ahmad Shahrudin	520,000	20.0	25,001,324
Ling Suk Kiong	346,588	13.3	16,663,767
Total	2,600,000	100.0	125,006,621

4. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration of RM62,503,443 for the Acquisition of DESB was arrived at on a willing-buyer willing-seller basis based on the audited NTA of the DESB as at 30 September 2007 of RM66,503,443 and after deducting a net dividend of RM4,000,000 declared in respect of the FYE 30 September 2007 and paid on 31 October 2007.

(b) Acquisition of DMSSB

Pursuant to the Conditional Share Sale Agreement dated 28 December 2007 ("CSSA 2"), we acquired the entire issued and fully paid-up ordinary share capital of DMSSB, comprising 11,000,000 ordinary shares of RM1.00 each in DMSSB, for a purchase consideration of RM55,871,579 which was wholly satisfied by the issuance of 111,742,922 new DEHB Shares to the respective vendors of DMSSB at an issue price of approximately RM0.50 per DEHB Share, in the following manner:-

Name of vendors	Shareholdings in DMSSB		No. of DEHB Shares issued as consideration
	No. of ordinary shares of RM1.00 each	%	
Naim	4,950,000	45.0	50,284,315
VESB	2,383,700	21.7	24,214,691
Tengku Yusof Bin Tengku Ahmad Shahrudin	2,200,000	20.0	22,348,584
Ling Suk Kiong	1,466,300	13.3	14,895,332
Total	11,000,000	100.0	111,742,922

The purchase consideration of RM55,871,579 for the Acquisition of DMSSB was arrived at on a willing-buyer willing-seller basis based on the audited NTA of DMSSB as at 30 September 2007 of RM30,818,443 and taking into consideration a net revaluation surplus on the three (3) marine vessels of DMSSB of RM25,053,136 computed as follows:-

	RM
Open market value of three (3) marine vessels	115,300,000
Less: Net book value as at 30 September 2007	(90,246,864)
Revaluation surplus	25,053,136

The market value of the three (3) marine vessels were appraised by Knight Frank (Ooi & Zaharin Sdn Bhd), an independent firm of valuers. Details of the valuation are set out in the Valuation Certificate in Section 13.

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4. INFORMATION ON OUR GROUP (Cont'd)**(c) Acquisition of FTSB**

Pursuant to the Conditional Share Sale Agreement dated 28 December 2007 ("CSSA 3"), we acquired the entire issued and fully paid-up share capital of FTSB, comprising 20,000 ordinary shares of RM1.00 each in FTSB, for a purchase consideration of RM4,538,237, which was wholly satisfied by the issuance of 9,076,455 new DEHB Shares to the respective vendors of FTSB at an issue price of approximately RM0.50 per DEHB Share, in the following manner:-

Name of vendors	Shareholdings in FTSB		No. of DEHB Shares issued as consideration
	No. of ordinary shares of RM1.00 each	%	
Naim	9,000	45.0	4,084,405
VESB	6,074	30.4	2,756,519
Tengku Yusof Bin Tengku Ahmad Shahrudin	3,280	16.4	1,488,539
Ling Suk Kiong	1,646	8.2	746,992
Total	20,000	100.0	9,076,455

The purchase consideration of RM4,538,237 for the Acquisition of FTSB was arrived at on a willing-buyer willing-seller basis based on the audited NTA of the FTSB as at 30 September 2007 of RM4,538,237.

The issued and paid-up share capital of DESB, DMSSB and FTSB were acquired free from all liens, charges, equities and encumbrances together with all rights, interests, dividends, bonuses, advantages and accretions attaching thereto and all other entitlements due. The Acquisitions were completed on 29 February 2008.

The completion of the Acquisitions increased our issued and paid-up share capital from RM1 comprising 2 DEHB Shares to RM122,913,000 comprising 245,826,000 DEHB Shares.

The shareholdings of the vendors of DESB, DMSSB and FTSB in our Company upon completion of the Acquisitions are as follow:-

	DEHB Shares issued for acquisition of			Total
	DESB	DMSSB	FTSB	
Naim	56,252,980	50,284,315	4,084,405	110,621,700
VESB	27,088,550	24,214,691	2,756,519	54,059,760
Tengku Yusof Bin Tengku Ahmad Shahrudin	25,001,324	22,348,584	1,488,539	48,838,447
Ling Suk Kiong	16,663,767	14,895,332	746,992	32,306,091
Total	125,006,621	111,742,922	9,076,455	245,825,998

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4. INFORMATION ON OUR GROUP (Cont'd)**4.1.4.2 Rights Issue**

Upon completion of the Acquisitions, we implemented a renounceable rights issue of 20,300,000 new DEHB Shares at an issue price of RM1.00 per Shares on the basis of approximately 0.083 new DEHB Share for every one (1) existing DEHB Share held after the Acquisitions.

Under the Rights Issue, VESB, Tengku Yusof Bin Tengku Ahmad Shahrudin and Ling Suk Kiong partially renounced their portion of rights of allotment under the Right Issue in favour of our certain key management personnel as follow:-

	Original Entitlement	Renounced	Total Entitlement
Naim	9,135,000	-	9,135,000
VESB	4,464,187	(3,464,187)	1,000,000
Tengku Yusof Bin Tengku Ahmad Shahrudin	4,033,017	(723,017)	3,310,000
Ling Suk Kiong	2,667,796	(357,796)	2,310,000
Key management	-	4,545,000	4,545,000
	20,300,000	-	20,300,000

The Rights Issue was completed on 29 February 2008.

4.1.4.3 Public Issue

The Public Issue of 85,874,000 Shares at an issue price of RM1.45 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(a) Malaysian Public via balloting

17,600,000 Shares, representing 5.00% of our enlarged issued and paid-up share capital, to be allocated via balloting, will be made available for application by the Malaysian Public, of which at least 30% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions;

(b) Selected investors via placement

59,774,000 Shares, representing approximately 16.98% of our enlarged issued and paid-up share capital, by way of private placement to selected investors; and

(c) Eligible Directors, Employees and Business Associates of our Group

8,500,000 Shares, representing 2.41% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and business associates. Details of the Pink Form Shares Allocation are set out in Section 2.3.3.

4. INFORMATION ON OUR GROUP (Cont'd)

Any IPO Shares not subscribed for under paragraph (c) above will be first re-offered to the remaining eligible Directors, employees and business associates of our Group. Subsequently, any of the re-offered Shares not taken up will be made available for application by the Malaysian Public and/or selected investors via private placement. Any further IPO Shares not subscribed for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

There is no minimum subscription amount to be raised from the IPO as the IPO Shares in paragraph (a) and (c) above are fully underwritten. The IPO Shares available for private placement to selected investors in paragraph (b) above are not underwritten as our Sole Placement Agent has received irrevocable undertakings from selected investors to take up the IPO Shares available for their application.

4.1.5 Location of Business

Our Group's operational and administrative facilities are located as follows:

Operations of our Group	Approximate Built-up Area (square feet)	Location of Facility
Head-office, management, sales and marketing, engineering works	3,150	Lot 868, 1 st and 2 nd Floor, Jalan Permaisuri, 98000 Miri, Sarawak
Engineering office	10,338	Lot 1122, 1124-1126, Block 9, Jalan Merpati, 98008, Miri, Sarawak
Open yard fabrication facilities with covered workshop and warehouse	126,909	Lot No. CL2053118752, Kg Ranca-Ranca, District of Labuan, 87000 Labuan Federal Territory
Administrative office	1,934	Level 2, 1 st Floor, East Wing, Wisma 2020, 18 Lorong Belia Karamunsing, 88100 Kota Kinabalu, Sabah
Marine office	10,131	Sublot 2429, Jalan Cattleya 2, Piasau Industrial Estate, 98000 Miri, Sarawak
Branch office	1,700	The Taipan, No. 6, 3-02, Jalan P. Ramlee 50350 Kuala Lumpur

Presently, the abovementioned offices and workshops are rented.

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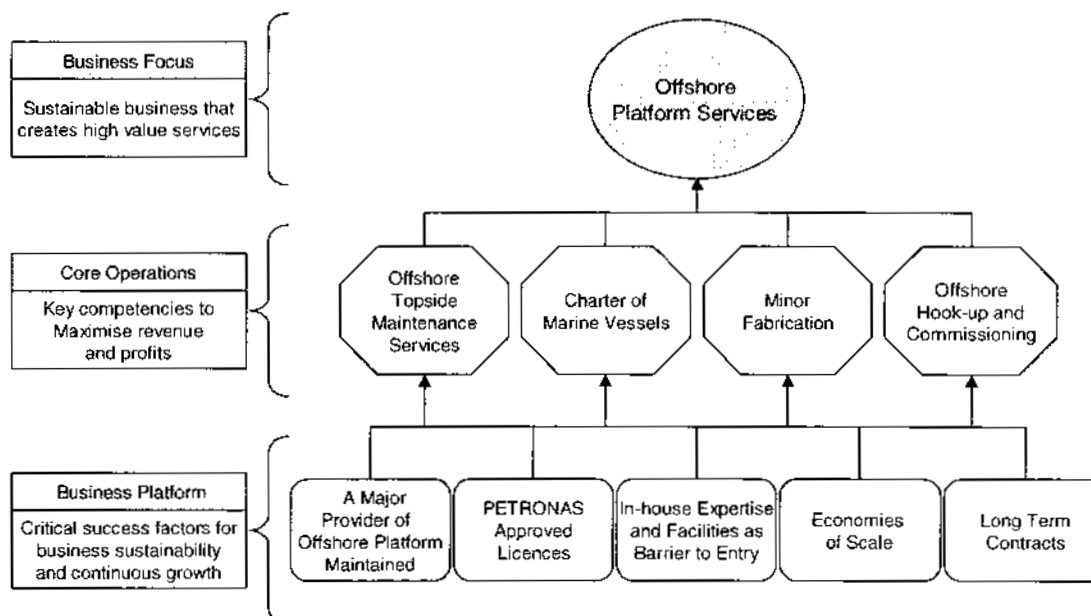
4. INFORMATION ON OUR GROUP (Cont'd)

4.2 OUR BUSINESS

4.2.1 Business Activities and Business Model

Business Model

Our Group's business model is depicted in the figure below:-



Our Group's business model comprises three (3) components:

- ❖ Business Focus
- ❖ Core Operations
- ❖ Business Platform

BUSINESS FOCUS

Our Group's overall business focus strategy is to provide offshore platform services to the upstream sector of the Oil and Gas Industry to serve as our main business and revenue stream. Our Group's focus is on offshore platforms, together with a very small number of offshore structures like SBM systems and FPSO facility. The upstream sector of the Oil and Gas Industry is focused on finding and extracting hydrocarbons, and then transporting them to various destinations for further downstream refining and processing.

Our Group's strategy of targeting the upstream sector of the Oil and Gas Industry is to provide offshore platform services including the provision of offshore topside maintenance services, charter of marine vessels, minor fabrication and offshore hook-up and commissioning. The significant opportunities within the upstream sector of the Oil and Gas Industry in Malaysia can be demonstrated as follows:-

- ❖ Malaysia's spending for the upstream Oil and Gas sector, which includes exploration, development and production activities amounted to RM19.2 billion for the FYE 31 March 2007. (*Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd*) To address opportunities from the large expenditure on upstream Oil and Gas sector, our Group provides offshore platform services for this sector of the Oil and Gas Industry in Malaysia.

4. INFORMATION ON OUR GROUP (Cont'd)

- ❖ In 2006, Malaysia exported RM32.6 billion of crude petroleum and RM23.3 billion of natural gas. (*Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd*)
- ❖ According to the Ninth Malaysia Plan, during the period 2006 to 2010, RM43.8 billion has been allocated for the development of upstream and downstream segments of the Oil and Gas Industry. Of this, RM13.1 billion has been allocated for upstream activities and RM30.7 billion for downstream activities. (*Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd*)
- ❖ Based on the latest announcement from PETRONAS on 28 June 2007, a total of 85 fields were in operation, of which 59 were Oil fields while the remainder 26 were Gas fields for the FYE 31 March 2007 (*Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd*)
- ❖ The high levels of activities in the upstream sector of the Oil and Gas Industry in Malaysia would provide significant business and growth opportunities for our Group.
- ❖ Our Group currently provides Offshore Topside Maintenance Services for 309 offshore structures/platforms, four (4) SBM systems, and one (1) FPSO facility in Sabah and Sarawak waters.

CORE OPERATIONS

Our Group's core operations strategy focuses on providing offshore platform services to upstream sector of the Oil and Gas Industry, including:-

- ❖ Offshore topside maintenance services;
- ❖ Charter of marine vessels;
- ❖ Minor fabrication; and
- ❖ Offshore hook-up and commissioning.

The range of offshore platform services provided by our Group is essential in ensuring the uninterrupted flow of hydrocarbon being extracted from below the surface. In the current high Oil and Gas prices, any production stoppages would result in significant amount of foregone revenue.

(a) Offshore Topside Maintenance Services

One of our Group's core operations is in the provision of offshore topside maintenance services. Since the commencement of provision of offshore topside maintenance services in 1991, our Group has built our reputation to become an established operator in this sector in Malaysia.

Our Group's reputation and strengths can be substantiated by the fact that we currently provide offshore topside maintenance services to 309 offshore platforms and structures. This makes us one of the major topside maintenance service providers of offshore platforms and structures.

4. INFORMATION ON OUR GROUP (Cont'd)

Provision of offshore topside maintenance services covers all the steel structures sitting on top of the jacket, which includes deck structures like main deck, helideck and cellar deck, plus all the valves and piping, skids and modules, electrical and instrumentation, and other sub-structures.

Our Group provides a range of maintenance services including inspection, repair, replacement, installation, modification, surface preparation and painting, and upgrading and refurbishment. In addition, we are also involved in technical support services comprising structural reassessment, preparation of maintenance manuals, and advise on the maintenance systems to optimise offshore maintenance activities.

(b) Charter of Marine Vessels

Our Group is also involved in the charter of marine vessels to support our offshore topside maintenance services. Our Group currently has three (3) marine vessels including:-

- ❖ Two (2) workboats, which is owned by our Group. Each has the capacity to accommodate 189 persons;
- ❖ One (1) supply boat with capacity of approximately 490 tonnes.

Our Group primarily charters our marine vessels, which provides transportation, accommodation, supply and limited work space, to support our offshore topside maintenance operations. The charter of marine vessels enables our Group to earn incremental profits, which would otherwise go to third party owners. By providing a total solution incorporating topside maintenance services and charter of marine vessels, we have an advantage over other service providers without their own marine vessels.

(c) Minor Fabrication

Our Group's minor fabrication work supports our topside maintenance services. We have a fabrication yard with full in-house equipment and tools to undertake minor fabrication work, which enables our Group to provide prompt and consistent product quality and services. Our Group also undertakes minor fabrication works for other customers.

(d) Offshore Hook-up and Commissioning

Our Group's core operations also extend to the provision of offshore hook-up and commissioning services. This involves the interconnection and interfacing of systems such as structures, modules and equipment, and commissioning of these systems including inspection and testing, and ensuring all the systems are operating effectively, efficiently and safely on the platform. Hook-up and commissioning services are considered critical as without these services, a platform cannot be put together or be functional. Our Group has recently won a major contract for hook-up and commissioning, which will see this segment of the business grow very quickly.

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4. INFORMATION ON OUR GROUP (Cont'd)

BUSINESS PLATFORM

To provide a sustainable business platform, our Group focuses on the following critical success factors:-

- ❖ A major provider of offshore topside maintenance services
- ❖ PETRONAS approved licences
- ❖ In-house expertise and facilities as barriers to entry
- ❖ Economies of scale
- ❖ Long term contracts.

(a) A Major Provider of Offshore Topside Maintenance Services

Our Group is a major provider of offshore platform services in Malaysia. As at LPD, our Group is contracted to provide Offshore Topside Maintenance Services to 309 offshore structures/platforms, four (4) SBM systems and one (1) FPSO facility.

Being a major provider in Malaysia allows our Group to have a strong hold on the market for offshore topside maintenance services. This will ensure business sustainability for our Group as well as providing us with the financial resources to expand our business.

(b) PETRONAS Approved Licences

To participate in the Oil and Gas Industry in Malaysia, it is mandatory that appropriate licences be obtained from PETRONAS. Our Group has obtained various licences issued by PETRONAS to provide a range of offshore topside maintenance services. As this is a critical factor for sustainability of our business, we are constantly ensuring that we meet the requirements of the licences as well as obtained new licences to provide new products and services within the Oil and Gas Industry in Malaysia. PETRONAS approved licences also serve as a high barrier to entry that helps mitigate against competitive intensity within the Oil and Gas Industry in Malaysia.

(c) In-house Expertise and Facilities as Barriers to Entry

Our Group has a pool of 85 technical personnel including multi-disciplined engineers, technicians, draughtsmen, material planners, QA/QC and HSE personnel. These skilled personnel cover mechanical, instrumentation, electrical, structural, piping and corrosion prevention functions. Our Group owns three (3) marine vessels including two (2) workboats to provide accommodation and workspace, and one (1) supply boat to provide transportation to support our offshore topside maintenance services. Our Group also has a fabrication yard and covered workshop with the full in-house equipment and tools to undertake minor fabrication and onshore preparation work. These in-house expertise and facilities will form barriers to entry for new entrants.

(d) Economies of Scale

Our Group enjoys significant economies of scale, which makes us cost competitive to win contracts, and at the same time maintain a high profit margin. Our Group's economies of scale is achieved through the following means:-

- ❖ Providing a range of offshore platform services incorporating offshore topside maintenance services, charter of marine vessels, minor fabrication and offshore hook-up and commissioning services.

4. INFORMATION ON OUR GROUP (Cont'd)

- ❖ Contracted to service a large number of offshore platforms. As at 30 November 2007, our Group provides offshore topside maintenance services to 309 offshore structures/platforms, four (4) SBM systems and one (1) FPSO facility.

Servicing a large number of offshore platforms provide our Group with significant economies of scale particularly in the following areas:-

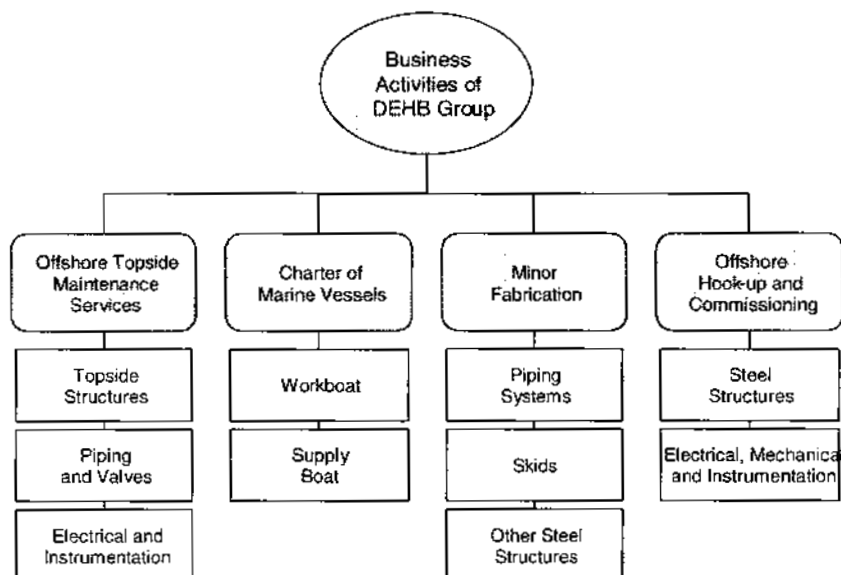
- ❖ optimum deployment of machinery, equipment, supply boat, and workboat with floating accommodation to maximise asset utilisation;
- ❖ increased purchasing power thus reducing cost of raw materials and consumables; and
- ❖ defraying fixed-costs over a larger number of projects.

(e) Long Term Contracts

One of our Group's key strengths is continuing to secure long-term contracts. Our Group has currently secured three (3) long-term contracts from PSC operators in Malaysia for the provision of offshore topside maintenance services. In addition, on 5 November 2007, our Group secured a letter of award for 'Provision of Hook-up and Commissioning of PETRONAS Carigali Sdn Bhd Facilities'. Long-term contracts enable our Group the ability to operate our business activities at the most efficient level and provide the platform to sustain and grow the business.

BUSINESS OVERVIEW

The current business activities of our Group are depicted below:



4. INFORMATION ON OUR GROUP (Cont'd)

The business activities of our Group is in the provision of offshore platform services for the Oil and Gas Industry, incorporating the following:-

- ❖ Provision of offshore topside maintenance services;
- ❖ Charter of marine vessels;
- ❖ Minor fabrication;
- ❖ Provision of offshore hook-up and commissioning.

Our Group's business activities are supported by in-house capabilities and facilities incorporating the following:-

- ❖ Extensive in-house supporting facilities including a fabrication yard located in Labuan with covered workshop, blasting and painting areas, two (2) workboats and one (1) supply boat, and relevant equipment and tools; and
- ❖ Experienced, skilled and multi-disciplined engineers and technical personnel, covering mechanical, structural, electrical and instrumentation for the Oil and Gas Industry.

Our Group has the in-house capabilities to carry out a wide range of onshore preparation work to support our Group's core business of providing offshore topside maintenance services. Some of these onshore supporting activities undertaken by our Group include preparation works, management of mechanical completion, pre-fabrication, pre-commissioning, hook-up, inspection and testing.

Undertaking as much of the work onshore as possible is crucial to ensure cost effectiveness, efficient workflow, prompt delivery and higher product and service quality. This is because work space and equipment is limited in offshore platforms or workboats, and offshore personnel wages are also much higher compared to onshore personnel. In addition, our Group is able to increase our profit margin as many of the key functions and activities are undertaken in-house and not outsourced to third parties.

The breakdown of our Group's revenue by business activities for the FYE 30 September 2007 were as follows:-

Business Activities	Revenue for the FYE 30.09.2007	
	RM'000	%
Offshore Topside Maintenance Services	66,262	^ 52.1
- Topside Structures*	44,843	35.3
- Piping and Valves*	17,912	14.1
- Electrical and Instrumentation*	3,507	2.8
Charter of Marine Vessels	48,954	38.5
Minor Fabrication	9,269	7.3
Offshore Hook-up and Commissioning	2,649	2.1
TOTAL	127,134	100.0

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4. INFORMATION ON OUR GROUP (Cont'd)

Notes:-

For the FYE 30 September 2007, revenue of our Group amounted to RM127.134 million, excluding inter-company transactions

* The above percentage segmentation is based on management estimates, as all the works undertaken, with the exception of minor fabrication, is part of the overall contract.

^ Total does not add-up due to rounding

For the FYE 30 September 2007, the provision of offshore topside maintenance services represented the highest revenue contribution among our Group's four (4) core areas, amounting to 52.1% of our Group's total revenue. Some of the activities undertaken for the provision of offshore topside maintenance services include repairing, replacement and installation, modification, surface preparation and painting, and upgrading and refurbishment of facilities on the Oil and Gas platforms and structures such as topside structures, piping and valves and electrical and instrumentation.

The charter of marine vessels accounted for 38.5% of our Group's total revenue for the FYE 30 September 2007. The charter of marine vessels includes workboats and supply boat.

- ❖ Workboat is essentially to provide accommodation and catering for our Group's workers while they are working on offshore platforms. It also includes limited workspace and facilities like crane and other equipment to facilitate minor fabrication, repair and preparatory work. Workboat is moored near platforms that are being serviced to provide faster access.
- ❖ Supply boat is for the transportation of personnel and supplies. Supplies include food for offshore personnel, as well as materials and consumables for offshore maintenance work.

For the FYE 30 September 2007, minor fabrication and hook-up and commissioning accounted for 7.3% and 2.1% of our Group's total revenue respectively. Minor fabrication involves onshore fabrication of piping systems, skids and other steel structures. Our Group also provides offshore hook-up and commissioning services for electrical and instrumentation, and steel structures.

4.2.2 Competitive Strengths

The competitive advantages of our Group include the following:

(a) PETRONAS Approved Licence and Registrations

To participate in the Oil and Gas Industry in Malaysia, it is mandatory that appropriate licences be obtained from PETRONAS. Our Group has obtained licences issued by PETRONAS that enables us to provide offshore platform services for the Oil and Gas Industry, primarily in the provision of offshore topside maintenance services, charter of marine vessels, minor fabrication, and provision of offshore hook-up and commissioning services. As this is a critical factor for the sustainability of our business, our Group is constantly ensuring that we meet the requirements of the licences as well as obtained new licences to provide new products and services within the Oil and Gas Industry in Malaysia.

This is a key advantage as licensing by PETRONAS creates a barrier to entry for new operators. We are also registered as a contractor with the MOF. This allows us to tender for contracts issued by the Malaysian Government.

4. INFORMATION ON OUR GROUP (Cont'd)**(b) Established Track Record**

With approximately twenty-seven (27) years of experience in the Oil and Gas Industry, our Group has successfully established a track record associated with quality, reliability, technical expertise, as well as service excellence. As such, our Group can use our track record as a reference to win new customers. Track record is particularly important in the Oil and Gas Industry as the industry commonly deals in very large contract amount attracting the best providers globally. As such, track record is key in winning any contracts within the Oil and Gas Industry

(c) Experienced in Supporting Diverse Types of Offshore Structures

Our Group provides offshore platform services incorporating offshore topside maintenance services for a diversity of exploration and production platforms and other offshore structures including the following:-

- ❖ Drilling platforms
- ❖ Production platforms
- ❖ Mini-Production stations
- ❖ Riser platforms
- ❖ Vent and flare platforms
- ❖ Gas compression stations
- ❖ Living quarters
- ❖ SBM systems.

In addition, our Group also services FPSO facilities. Our Group's wide experience profile would provide us with a distinct competitive advantage, as we would have the track record to support our bid for most types of offshore structures.

(d) Economies of Scale

Our Group enjoys significant economies of scale, which serves as a competitive advantage when bidding for new contracts, and at the same time maintain a high margin. Our Group's economies of scale is achieved through the following means:-

- ❖ Providing a range of offshore platform services incorporating offshore topside maintenance services, charter of marine vessels, minor fabrication and offshore hook-up and commissioning services.
- ❖ Contracted to service a large number of offshore platforms. As at LPD, our Group provides offshore topside maintenance services to 309 offshore structures/platforms, four (4) SBM systems and one (1) FPSO facility. The large number of offshore structures/platforms provide our Group with significant economies of scale particularly in the following areas:-
 - optimum deployment of machinery, equipment, workboat and floating accommodation to increase effective asset utilisation;
 - increased purchasing power thus reducing cost of raw materials and consumables; and
 - defraying fixed costs over a larger number of projects.

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4. INFORMATION ON OUR GROUP (Cont'd)

(e) Comprehensive In-house Skills and Expertise

Our Group provides an extensive range of services under offshore platform services. In addition, we also provide many complementary services to the same group of customers. In most situations, especially for all the key areas of products and services, our Group has the full in-house expertise and skills to maintain most types of offshore structures and platforms and thus, we do not rely on outsourcers or third party expertise.

This is important as our Group is able to control quality and promptness of delivery of products and services. In contrast, a product and service provider that sub-contracts most of its responsibilities would face difficulties in maintaining high standards of quality and sufficient profit margin to be sustainable.

(f) High Standards of Quality

Our Group places significant emphasis on quality and this is reflected in our accreditation of MS ISO 9001:2000 in Quality Management System. Stringent quality controls are implemented in each process of the operations to ensure that the final results meet the standards and specifications of customers.

In addition, our Group has maintained an excellent HSE record. Since 2004, our Group has recorded approximately 8 million man-hours with zero loss time injury for our offshore operations. In 2007, we were awarded "PETRONAS Carigali HSE Awards 2006/2007. These are achievements for our Group, which is committed to good safety practices. Service quality is a significant competitive advantage that will create customer loyalty through customer satisfaction and ensure continuing business patronage.

(g) Own Marine Vessels

Our Group has our own marine vessels to provide offshore accommodation for our own personnel as well as work area and equipment to facilitate offshore operations including offshore topside maintenance services and hook-up and commissioning. Currently, our Group has two (2) workboats, each capable of accommodating 189 personnel and one (1) supply boat to provide marine transportation services. Some of the facilities provided by our Group includes sleeping quarters and recreation areas, catering including food and beverages, laundry services, fuel supply, safety and utility equipment, deck space for construction and fabrication activities, and also a 15-tonne crane.

(h) Full Range of Equipment and Tools In-House

Our Group also has an open fabrication yard, a covered workshop with the full range of in-house equipment and tools. This has enabled us to provide prompt service with the assurance of product and service quality, and the ability to undertake high volume work. This gives our Group a competitive edge over other operators that are relying on the rental of equipment and tools, or outsource work in areas where they do not have the necessary range of equipment and tools. In this respect, our Group has made significant investments in equipment and tools used for painting and blasting, welding, floating accommodation, cranes and others.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.3 Types of Products and Services

Our 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 our Group are:-

- ❖ Provision of offshore topside maintenance services;
- ❖ Minor fabrication;
- ❖ Provision of offshore hook-up and commissioning services; and
- ❖ Charter of marine vessels.

(a) Provision of Offshore Topside Maintenance Services

The provision of offshore topside maintenance services is a core competency of our Group. The overall offshore topside maintenance services is undertaken by DESB. For the FYE 30 September 2007, the provision of offshore topside maintenance services represented 52.1% of our Group's total revenue, which amounted to RM66.3 million.

Offshore topside maintenance services commonly refers to maintenance, repair and modification work done on platforms including minor facilities upgrade, procurement of materials, assembly and fabrication, removal and installation, inspection, blasting and painting, and testing of various systems to meet optimal operational, production and safety requirements.

As at LPD our Group provides offshore topside maintenance services to 309 platforms/offshore structures and four (4) SBM systems located in Sabah and Sarawak waters. This is further segmented into the following:-

Owners	Offshore Structures/Platforms	SBM systems
PETRONAS Carigali	136	2
Sarawak Shell	170	2
Murphy Sabah Oil Co Ltd	3	-
TOTAL	309	4

Our Group provides offshore topside maintenance services on the above platforms/offshore structures and SBM systems on a rotational basis.

Generally, the offshore structures serviced by our Group comprise a range of facilities including:-

- ❖ Drilling platforms;
- ❖ Production platforms;
- ❖ Mini-production stations;
- ❖ Riser platforms;
- ❖ Vent and flare platforms;
- ❖ Gas compression stations;
- ❖ Living quarters; and
- ❖ SBM systems.

4. INFORMATION ON OUR GROUP (Cont'd)

Within the provision of offshore topside maintenance services, our Group primarily focuses on the following areas:-

- ❖ Topside structures including substructures on main deck, helideck and cellar deck;
- ❖ Pipes and valves; and
- ❖ Electrical and instrumentations.

Our Group services substructures and components of the following types of modules and systems on the topside, which includes, among others, the following:-

- ❖ Wellhead module;
- ❖ Skidding module;
- ❖ Derrick;
- ❖ Production module;
- ❖ Utilities modules;
- ❖ Living quarters;
- ❖ Ductwork;
- ❖ Mobile support frame;
- ❖ Flareboom; and
- ❖ Helideck.

The provision of offshore topside maintenance services undertaken by our Group can be categorised as follows:-

- ❖ **Routine or Scheduled Maintenance**, whereby maintenance is carried out on a scheduled basis; and
- ❖ **Breakdown or Emergency Maintenance**, whereby maintenance is undertaken when there is a fault or failure, and has to be repaired and restored promptly. In some situations, there is a requirement for immediate response upon detection for reasons of safety.

Our Group has in-house expertise and capabilities, including skills and experienced technical personnel and engineers, to carry out a wide range of offshore topside maintenance services as follows:-

- ❖ Overall project management, preventive maintenance management, maintenance work instruction and material management;
- ❖ Structural reassessment including engineering and design, preparation of maintenance manuals, scoping of work for maintenance, shutdown, non-shutdown, blasting and painting, assessment of missing, bent or damaged members, advice on the maintenance systems to rationalise and optimise the offshore maintenance activities;
- ❖ Onshore fabrication facilities to undertake modification and fabrication fittings, welding of piping, structural beams and steel plates, and other support steel structures;
- ❖ Replacement of corroded or faulty structures, handrails, gratings and piping spools, and removal, installation, repairing and modification of component parts of structures, piping and other related systems and equipment, and inspection and testing of piping systems;
- ❖ Rigging, scaffolding and work site preparation to facilitate inspection, maintenance, new installation and modification works;

4. INFORMATION ON OUR GROUP (Cont'd)

- ❖ Surface preparation, cleaning and painting of structures, piping and related system and equipment:-
 - Surface preparation including pre-cleaning and solvent cleaning, blasting and cleaning by water jetting. Our Group primarily uses garnet to facilitate blasting for surface preparation; and
 - Painting and coating including external and internal painting, and touch up coating. Our Group mainly uses industrial paints for our painting works, as some of this consists of specific functions such as corrosion-inhibitors for anti-corrosives, biocides for anti-foulants and others.
- ❖ Removal, modification, installation and function testing of instrument tubing, fittings and instruments, machinery and related power or control systems and equipment; and
- ❖ Others including shutdown modification and overhauls, removal and installation of helideck and engineering works (for example extension of platform decks).

Our Group has the following in-house facilities to support our offshore topside maintenance operations including:-

- ❖ Two (2) in-house workboats, each with maximum capacity of 189 persons, to provide accommodation for our offshore personnel and one (1) supply boat to facilitate our offshore topside maintenance services; and
- ❖ One (1) onshore fabrication yard and covered workshop located in Labuan.

Our Group plays an important part as a service provider of offshore topside maintenance for the Oil and Gas industry in Malaysia, as these services are often critical to ensure that the integrity and safety of existing and aging offshore platforms and structures are not compromised. This is because financial cost of production downtime due to preventable faults or failures on platforms are normally high.

(b) Minor Fabrication

DESB also undertakes engineering and fabrication to support our core business in offshore topside maintenance services. For the FYE 30 September 2007, minor fabrication operations amounted to RM9.3 million, representing 7.3% of our Group's total revenue.

Minor fabrication works mainly involve fabricating piping systems, skids and other minor steel structures (for example pipe spool, hand rails and platform extension for access purposes). Our Group is involved in all aspects of engineering and fabrication, including:-

- ❖ Design and engineering drawings;
- ❖ Procurement of raw materials and components;
- ❖ Fabrication including cutting, rolling, bending, moulding, spinning and hammering of metal products;
- ❖ Sub-assembly of fabricated parts and components for piping and other support structures;
- ❖ Transportation and delivery;
- ❖ On-site assembly of sub-assembled parts and components on the offshore topsides, by aligning structures and joining them by welding; bolting or riveting for minor structures and piping; and
- ❖ Installation and commissioning of system.

4. INFORMATION ON OUR GROUP (Cont'd)

Our Group currently has an open fabrication yard and a covered workshop located in Labuan, East Malaysia.

(c) *Provision of Offshore Hook-Up and Commissioning Services*

Our Group has the in-house capabilities to undertake offshore hook-up and commissioning activities. Offshore hook-up and commissioning is also used to support our core business in provision of offshore topside maintenance services. For the FYE 30 September 2007, offshore hook-up and commissioning activities amounted to RM2.6 million, representing 2.1% of our Group's total revenue.

In general, offshore hook-up and commissioning services mainly involves interconnection and interfacing of various process and control systems including steel structures, piping and equipment, and commissioning of these systems comprising inspection and testing, and ensuring all the systems are operating effectively, efficiently and safely on the platform. Some of the tasks undertaken by our Group in relation to offshore hook-up and commissioning include:-

- ❖ preparation works including project planning and scheduling, procurement of materials and tools, system designs, management of mechanical completion;
- ❖ minor fabrication of pipe systems and other steel structures for replacement, modification and upgrading purposes prior to hook-up process;
- ❖ hook-up and commissioning of equipment, systems and related instrumentation encompass the disciplines of electrical and instrumentation engineering in installing and testing of electrical and instrumentation systems in accordance with customer specifications; and
- ❖ testing and inspection.

At the end of 2007, our Group secured a letter of award for the "Provision of Hook-up and Commissioning of PETRONAS Carigali Sdn Bhd Facilities", which expires in 2010.

(d) *Charter of Marine Vessels*

Our Group is also involved in the charter of marine vessels to the upstream Oil and Gas Industry. The charter of marine vessels is undertaken by DMSSB. Our Group charters marine vessels including workboat and supply boat to provide accommodation and catering (food and beverage) for our personnel, and provides marine transportation services to support our core business operations in offshore topside maintenance services.

Some of the facilities available in the marine vessels include the following:-

- ❖ Sleeping quarters and recreation areas;
- ❖ Catering including food and beverages;
- ❖ Laundry services;
- ❖ Fuel supply;
- ❖ Potable water;
- ❖ Safety equipment;
- ❖ Utility equipment;
- ❖ Waste control and disposal;
- ❖ Deck space for construction, minor fabrication and crane; and
- ❖ Clinic (with medical personnel to handle minor injuries).

Generally, workboat and supply boat are different types of vessels used for boating chores such as putting down moorings and providing transportation services.

4. INFORMATION ON OUR GROUP (Cont'd)

Currently, our Group owns three (3) marine vessels including:-

- ❖ Two workboats, "Dayang Pertama" and "Dayang Berlian" to provide accommodation services with a capacity of 189 persons each; and
- ❖ One (1) supply boat, "Dayang Maju" with a capacity of approximately 490 gross tonnes to support our marine transportation services.

Our Group continues to charter marine vessels (such as workboats and supply boats) from third parties to supplement our own marine vessels and accommodation facilities. For the FYE 30 September 2007, the provision of charter of marine vessels for workboats and supply boat represented 38.5% of our Group's total revenue, which amounted to approximately RM49.0 million.

4.2.3.1 Marketing and Distribution of Oil and Gas Support Services

Marketing Strategies

The sales and marketing team of our Group utilises the following marketing strategies to sustain and expand our business:-

- ❖ Position ourselves as a synergistic provider of an extensive range of services in offshore topside maintenance in the Oil and Gas Industry. Our Group has all the necessary in-house operational facilities and capabilities including our three (3) marine vessels, full range of in-house equipment and tools, a team of experienced and skilful technical personnel and engineers, and onshore fabrication facilities to deliver our products and services effectively, efficiently and cost-competitively;
- ❖ Continually providing excellence in quality service with the aim of developing long-term business relationship with customers;
- ❖ Position ourselves as an established operator with 27 years of experience and track record in the Oil and Gas Industry;
- ❖ Continually maintaining an excellent HSE record;
- ❖ Keeping abreast of new processes and technological development to stay ahead of competition as well as better meet the needs and requirements of customers;
- ❖ Continue to promote and market through participation in local and overseas trade missions and exhibitions and fostering business relationships with existing and potential customers; and
- ❖ Some of the promotional and marketing activities undertaken by our Group include:-
 - proactive sales visit to existing and potential customers; and
 - participation and attendance in various exhibitions and conventions to cultivate new customers and foster relationship with existing customers.

4. INFORMATION ON OUR GROUP (Cont'd)

As part of our Group's strategies to promote our services, we actively participate and attend exhibitions and conventions including the following:-

- ❖ NIOSH Conference and Exhibition in 2004, Kuala Lumpur;
- ❖ NIOSH Exhibition in 2005, Kuala Lumpur;
- ❖ HSE Exhibition organised by PETRONAS Carigali, in 2005, Kuala Lumpur;
- ❖ PETRONAS HSE Forum organised by PETRONAS, in July 2006, Jakarta;
- ❖ MIDA Trade Delegation to Korea and Japan, in March 2007; and
- ❖ PETRONAS HSE Forum organised by PETRONAS, in July 2007, Kuching.

Notes:-

NIOSH = National Institute for Occupational Safety and Health
MIDA = Malaysian Industrial Development Authority

To implement our marketing strategy, we have our own sales and marketing team focused on business development with existing and potential customers.

Distribution Channel Strategy

Our Group primarily adopts a direct distribution strategy for marketing our range of services including offshore topside maintenance, charter of marine vessels, minor fabrication and offshore hook-up and commissioning to the Oil and Gas Industry in Malaysia. Our Group primarily utilises in-house sales and marketing team to market our services.

Our Group maintains operational facilities in major Oil and Gas Industry centres in East Malaysia to assist in sales and marketing activities, as well as providing support to our customers, as follows:-

- ❖ An operational office in Miri, Sarawak;
- ❖ A fabrication facility in Labuan;
- ❖ An administrative office in Kota Kinabalu, Sabah; and
- ❖ A branch office in Kuala Lumpur.

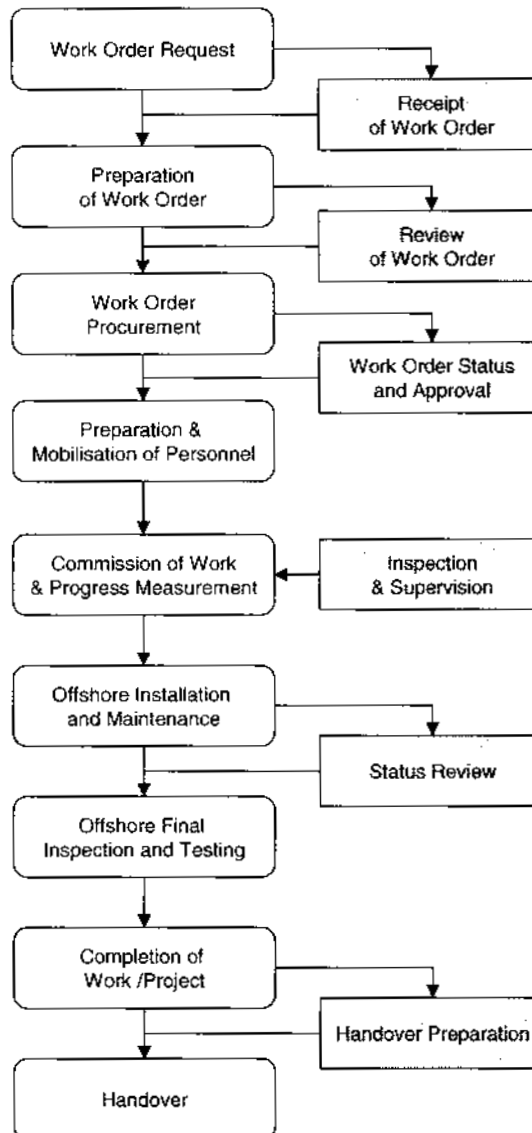
Our Group's physical presence in major Oil and Gas Industry centres in East Malaysia enables us to quickly and effectively gauge existing and potential customer demand, and more effectively conduct sales and marketing activities targeted at these customers.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.3.2 Process Flow

The process flow for offshore topside maintenance services is depicted in the diagram below:-



The process flow for offshore topside maintenance services begins with a request and receipt of the work order. The work order consists of the scope of work, work packaging, planning and costing of items and other related costs.

This is followed by a on site survey or check of the offshore topside facility to determine fault and service requirements prior to the preparation and submission of work order proposals.

The work order includes an inspection of the commissioned structure or equipment for offshore topside maintenance. The statuses of the tasks are defined and data on maintenance work are recorded for review and approval before the work order is produced or issued.

4. INFORMATION ON OUR GROUP (Cont'd)

Upon the approval of the work order, procurement and requisition orders will be released to the project management team or group before commencing the next process.

The procurement of raw materials, equipment and other devices as specified for the required work order is carried out by the assigned personnel in the team prior to the start of offshore maintenance work. Mobilisation of work personnel on-site is also prepared and carried out.

Work in dismantling of parts and structures or equipment are carried out on-site offshore where required and taken onshore for repair and/or fabrication. Repair and maintenance of the offshore facility is also undertaken by the team of offshore technical personnel assigned to perform maintenance works at offshore facilities.

Onshore repaired and fabricated items are transferred offshore for reinstallation. Work progress is recorded or measured and regular inspection and supervision of the work in progress are closely monitored and review of the status of the project is recorded.

A final inspection and testing are performed on the repaired or maintained and refurbished structures, equipment and other offshore items. This process is to confirm that the structures and equipment meet with requirements and is functioning properly before the project is deemed as completed and handed over to the owner.

4.2.3.3 Technology Used

Our Group provides a wide range of offshore platform services to the upstream sector of the Oil and Gas Industry in Malaysia. Technologies relevant to our Group to facilitate our business operations are as follows:-

- ❖ Corrosion prevention engineering;
- ❖ Welding technology;
- ❖ Mechanical engineering; and
- ❖ Electrical and instrumentation engineering.

(a) Corrosion Prevention Engineering

Corrosion is the deterioration of the useful properties of a material due to reactions with its environment. An example of corrosion is the weakening of iron or steel due to the formation of iron oxides or rusting. Corrosion prevention engineering is the field of engineering that is related to the prevention or minimisation of corrosion. While corrosion prevention engineering is more commonly associated with metal especially iron and steel, it is also applied to materials such as concrete, rubber and plastics. Corrosion is particularly serious within a marine environment, where equipment is exposed to the sun, moisture and the corrosive salt water.

Our Group has the capabilities to provide corrosion prevention engineering services utilising the following technologies:-

- ❖ Material selection;
- ❖ Blasting; and
- ❖ Coating and painting.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Welding Technology

Welding is a fabrication process that joins materials, usually metals by causing coalescence. Our Group utilises welding technology for our fabrication of pipes and valve systems, skids, modules and other steel structures, as well as maintenance operations during the replacement of corroded and faulty parts and components.

Welding is often done by melting the work pieces and adding a filler material to form a pool of molten material that cools to become a strong joint. Sometimes pressure is also used in conjunction with heat, or by itself, to produce the weld.

Currently, our Group mainly uses the following welding techniques:-

- ❖ Arc welding; and
- ❖ Gas welding.

(c) Mechanical Engineering

Mechanical engineering is the application of physical principles to the creation of useful structures, devices, objects and machines. Mechanical engineers use principles such as heat, force, and the conservation of mass and energy to analyse static and dynamic physical systems, in contributing to the design of things such as structures, industrial equipment and machinery, and other objects.

Fundamental subjects of mechanical engineering include:-

- ❖ Dynamics;
- ❖ Statics;
- ❖ Material science, primarily related to the mechanical strength of materials;
- ❖ Heat transfer;
- ❖ Fluid dynamics;
- ❖ Solid mechanics;
- ❖ Pneumatics;
- ❖ Hydraulics; and
- ❖ Applied thermodynamics.

In the design of large and complex steel structures, mechanical engineers apply these and other subjects to create a design that will meet clients' requirements. The mechanical engineer often has to take into account non-mechanical factors such as the ease of fabrication, and cost. The use of computers and specialised engineering software are now common in mechanical engineering. The following types of computer programs are currently commonly used in mechanical engineering:-

- ❖ Computer Aided Design (CAD);
- ❖ Computer Aided Manufacturing (CAM);
- ❖ Finite Element Analysis (FEA); and
- ❖ Computational Fluid Dynamics (CFD);
- ❖ Plant Design and Management System (PDMS).

4. INFORMATION ON OUR GROUP (Cont'd)

Computers are now used extensively to help create models and design drawings, and in subjecting these designs and models to simulations. PDMS and CAD programs now permit the creation of 3-dimensional models that may be viewed from all angles. Our Group employs mechanical engineering principles and makes use of relevant software in designing and fabrication of pipe and valves system and other minor steel structures.

(d) Electrical and Instrumentation Engineering

Electrical engineering is the engineering discipline that deals with the study and application of electricity and electromagnetism. Similar to mechanical engineering, electrical engineering is characterised by the application of knowledge to the creation of useful devices, objects and machines.

Our Group applies the principles of electrical engineering to practical purposes such as the maintenance, and hook-up and commissioning of various types structures and systems including electrical and instrumentations for offshore platforms.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.4 Approvals, Major Licences and Permits Obtained

Save as disclosed below and as at the date of this Prospectus, we have no other major licences or registrations. The major licences and registrations of our subsidiaries, together with the conditions attached thereto and status of compliance thereon, are as follows:

Company	Approving/ Issuing Authority	Type of Licence/ Registration/ Licence and serial number	Date of issuance/ Validity	Equity, Employment and/or other Major/ Special Conditions Imposed	Status of compliance
DESB	SIRIM GAS International Sdn. Bhd.	Quality System Registration Certificate for provision of general topside construction and maintenance services to the Oil and Gas Industry (AR1716)	11.06.1999 - 10.06.2008	No conditions imposed.	Not applicable
DESB	Perbendaharaan Malaysia Sarawak	Certificate of Registration as "Kontraktor" for mechanical maintenance structural / piping / fabrication / welding and topside structural (357-30000427 / BP007883)	19.12.2005 - 30.11.2008	Notification to be given to Perbendaharaan Malaysia Sarawak on any change on the company's information (as given to Perbendaharaan Malaysia Sarawak for the issuance of the licence) within 21 days from the date of change.	Complied / To be complied, if applicable
DESB	Perbendaharaan Malaysia Sarawak	Certificate of Registration as "Kontraktor Bumiputera" (357- 30000427 / BP004361)	01.03.2006 - 30.11.2008	At least 51% Bumiputera participation in the equity holding level, board of directors level, management and staff levels of the company.	Complied
DESB	CIDB	Registration Certification (1970728- SR041150) as "G7" (no limit) contractor for:- CE Pembinaan kejuruteraan awam ❖ CE15 Kerja-Kerja Pembinaan Luar Pesisir ❖ CE21 Kerja-Kerja Am Kejuruteraan Awam ME Mekanikal dan Elektrikal ❖ M11 pembinaan dan Perawatan Khusus	20.06.2006 - 19.06.2009	License is not transferable. License is subject to review from time to time.	Complied

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving/ Issuing Authority	Type of licence/ Registration/ Licence and serial number	Date of Issuance/ Validity	Equity, Employment and/or other Major/ Special Conditions Imposed	Status of compliance																		
DESB	PETRONAS	Licence to provide equipment/services to prospecting companies and oil/gas suppliers in Malaysia (L-61505-V)	16.06.2006 - 15.06.2008	<p>The approved licence categories are as follows:-</p> <table border="1"> <thead> <tr> <th>Code</th> <th>Services/supplies</th> <th>Class</th> </tr> </thead> <tbody> <tr> <td>SM1 – Maintenance Services</td> <td>01 Mechanical Maintenance 01.06 Structural/ Piping/ Fabrication/ Welding</td> <td>-</td> </tr> <tr> <td>SM1 – Maintenance Services</td> <td>01 Mechanical Maintenance 01.07 Topside Structural Maintenance</td> <td>CIDB – G6</td> </tr> <tr> <td>SM1 – Maintenance Services</td> <td>05 Special categories 05.01 Gritblasting and Painting</td> <td>-</td> </tr> <tr> <td>SO2 – Offshore Construction</td> <td>03 Hook Up and Commissioning</td> <td>CIDB – G6</td> </tr> <tr> <td>SO3 – Onshore Construction/ Fabrication</td> <td>02 Minor Fabrication/ Welding 02.02 Civil Engineering</td> <td>CIDB – G6</td> </tr> </tbody> </table> <p>Our company should be registered with the relevant statutory/professional bodies or Government departments relating to the category as stated in the licence.</p> <p>For services/ supplies under Class S03-02.2 and SM1-05.1, we are required to fulfil at least 70% Bumiputera participation in the equity holding level, board of directors level, management and staff levels of the company.</p>	Code	Services/supplies	Class	SM1 – Maintenance Services	01 Mechanical Maintenance 01.06 Structural/ Piping/ Fabrication/ Welding	-	SM1 – Maintenance Services	01 Mechanical Maintenance 01.07 Topside Structural Maintenance	CIDB – G6	SM1 – Maintenance Services	05 Special categories 05.01 Gritblasting and Painting	-	SO2 – Offshore Construction	03 Hook Up and Commissioning	CIDB – G6	SO3 – Onshore Construction/ Fabrication	02 Minor Fabrication/ Welding 02.02 Civil Engineering	CIDB – G6	Complied
Code	Services/supplies	Class																					
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4. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving/ Issuing Authority	Type of licence/ Registration/ Licence and serial number	Date of Issuance/ Validity	Equity, Employment and/or other Major/ Special Conditions Imposed	Status of compliance
DESB	PETRONAS (cont'd)	Licence to provide equipment/services to prospecting companies and oil/gas suppliers in Malaysia (L-61505-V)	16.06.2006 - 15.06.2008	<ul style="list-style-type: none"> ▪ License is non transferable. ▪ To extend our Financial Statement for the year ending 30 September 2006 and year ending 30 September 2007 and to ensure the Shareholders Funds in the company shall be positive. • Notification to be given to PETRONAS on any change on the company's equity interest, board of directors and management staff within 14 days from the date of change. 	Complied Complied
DESB	Dewan Bandaraya Kota Kinabalu	Trade licence for provision of offshore maintenance, construction services, manpower, heavy machinery, vessel maintenance and living quarters (DLX/023/0067 / DBKK156744)	08.01.2008 - 31.12.2008	No conditions imposed.	Not applicable
DESB	Labuan Corporation	Lesen Perkhidmatan, Pembaikan/ Penyelenggaraan / Pemasangan (PL14802 /2684/2008 SN 3929)	11.01.2008 - 31.12.2008	No conditions imposed.	Not applicable
DESB	Sarawak Government	Trading licence for provision of offshore maintenance, construction services, manpower, heavy machinery, vessel maintenance and living quarters (910829)	17.06.2007 - 16.06.2008	No conditions imposed.	Not applicable
DMSSB	Domestic Shipping Licensing Board	Domestic Shipping Licence No.A038203 (DSL2257/2006) for "Dayang Pertama"	22.09.2006 - 21.09.2008	No conditions imposed.	Not applicable
DMSSB	Domestic Shipping Licensing Board	Domestic Shipping Licence No. A040058 (DSL15/2007) for "Dayang Maju"	08.02.2007 - 07.02.2009	No conditions imposed.	Not applicable

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving/ Issuing Authority	Type of licence/ Registration/ Licence and serial number	Date of Issuance/ Validity	Equity, Employment and/or other Major/ Special Conditions Imposed	Status of compliance
DMSSB	Domestic Shipping Licensing Board	Domestic Shipping Licence No. A040059 (DSL97/2007) for "Dayang Berlian"	12.01.2007 - 11.01.2009	No conditions imposed.	Not applicable
DMSSB	Government of Malaysia	Safe Manning Document No. 329706 for "Dayang Pertama"	25.03.2005 - 24.03.2010	No conditions imposed.	Not applicable
DMSSB	Government of Malaysia	Manning Certificate No. 330718 for "Dayang Maju"	03.02.2006 - 02.02.2011	No conditions imposed.	Not applicable
DMSSB	Government of Malaysia	Safe Manning Document No. 330741 for "Dayang Berlian"	12.01.2007 - 11.01.2012	No conditions imposed.	Not applicable
DMSSB	Malaysian Communications and Multimedia Commission	Apparatus Assignment Licence No. A513729 for "Dayang Pertama"	04.03.2005 - 03.03.2010	No conditions imposed.	Not applicable
DMSSB	Malaysian Communications and Multimedia Commission	Apparatus Assignment Licence No. A407242 for "Dayang Maju"	25.01.2006 - 24.01.2011	No conditions imposed.	Not applicable
DMSSB	Malaysian Communications and Multimedia Commission	Apparatus Assignment Licence No. A494206 for "Dayang Berlian"	03.11.2006 - 02.11.2011	No conditions imposed.	Not applicable
DMSSB	Registrar of Malaysian Ships	Certificate of Malaysian Registry Official No. 329706 for "Dayang Pertama"	Registered on 17.06.2005	No conditions imposed.	Not applicable
DMSSB	Registrar of Malaysian Ships	Certificate of Malaysian Registry Official No. 330718 for "Dayang Maju"	Registered on 25.01.2006	No conditions imposed.	Not applicable

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving/ Issuing Authority	Type of licence/ Registration/ Licence and serial number	Date of Issuance/ Validity	Equity, Employment and/or other Major/ Special Conditions imposed	Status of compliance															
DMSSB	Registrar of Malaysian Ships	Certificate of Malaysian Registry Official No. 330741 for "Dayang Berlian"	Registered on 04.01.2007	No conditions imposed.	Not applicable															
DMSSB	PETRONAS	Licence to provide services/ supplies to Carigali companies and oil/gas suppliers in Malaysia in the area of marine vessels - for construction/ maintenance (major), for anchor handling vessel/tug boat/supply vessel, for accommodation barge/ vessel and land craft/tank L634824-V (L032224)	23.08.2007 - 22.08.2009	<ul style="list-style-type: none"> The approved licence category are as follows:- <table border="1"> <thead> <tr> <th>Code</th> <th>Services/supplies</th> <th>Class</th> </tr> </thead> <tbody> <tr> <td>SM3 – Marine Vessels</td> <td>(14) Work Vessel – Construction/ Maintenance (Major)</td> <td>-</td> </tr> <tr> <td>SM3 – Marine Vessels</td> <td>(01) Anchor Handling Vessel/ Tug Boat / Supply Vessel</td> <td>-</td> </tr> <tr> <td>SM3 – Marine Vessels</td> <td>(02) Accommodation Barge/ Vessel</td> <td>-</td> </tr> <tr> <td>SM3 – Marine Vessels</td> <td>(03) Land Craft/ Tank</td> <td>-</td> </tr> </tbody> </table> Notification to be given to PETRONAS on any change on the company's equity interest, board of directors and management staff within 14 days from the date of change. Our company should be registered with the relevant statutory/professional bodies or Government departments relating to the category as stated in the licence. To extend our Financial Statement for the year ending 30 September 2007 and year ending 30 September 2008 and to ensure the Shareholders Funds in the company shall be positive. 	Code	Services/supplies	Class	SM3 – Marine Vessels	(14) Work Vessel – Construction/ Maintenance (Major)	-	SM3 – Marine Vessels	(01) Anchor Handling Vessel/ Tug Boat / Supply Vessel	-	SM3 – Marine Vessels	(02) Accommodation Barge/ Vessel	-	SM3 – Marine Vessels	(03) Land Craft/ Tank	-	<p>Complied / To be complied, if applicable</p> <p>Complied</p> <p>Complied / To be complied, if applicable</p>
Code	Services/supplies	Class																		
SM3 – Marine Vessels	(14) Work Vessel – Construction/ Maintenance (Major)	-																		
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SM3 – Marine Vessels	(02) Accommodation Barge/ Vessel	-																		
SM3 – Marine Vessels	(03) Land Craft/ Tank	-																		

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving/ Issuing Authority	Type of licence/ Registration/ Licence and serial number	Date of Issuance/ Validity	Equity, Employment and/or other Major/ Special Conditions Imposed	Status of compliance
DMSSB	Sarawak Government	Trading licence for shipping and marine support services (914884)	12.11.2007 - 11.11.2008	No conditions imposed.	Not applicable
DMSSB	American Bureau of Shipping	Certificate of Classification as "Offshore Support Vessel" - "Dayang Pertama"	27.10.2005 - 27.04.2010	No conditions imposed.	Not applicable
DMSSB	Bureau Veritas	Certificate of Classification as "Hull Mach Deck Ship Unrestricted" - "Dayang Maju"	03.07.2006 - 10.02.2011	No conditions imposed.	Not applicable
DMSSB	American Bureau of Shipping	Certificate of Classification as "Offshore Support Vessel" - "Dayang Berlian"	24.04.2007 - 14.01.2012	No conditions imposed.	Not applicable
FTSB	Sarawak Government	Trading licence for equipment and machinery rental (No. 910494)	21.02.2007 - 20.06.2008	No conditions imposed.	Not applicable
DEHB	Sarawak Government	Trading licence for investment holding (No. 933011)	04.01.2008 - 03.01.2009	No conditions imposed.	Not applicable

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.5 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

Save as disclosed in Section 4.2.4, as at LPD, our Group does not have any other patents, trade marks, licences, technical assistance agreements, franchises nor intellectual property rights.

4.2.6 Dependency on Patents, Licences, Industrial, Commercial or Financial Contracts

(a) Dependency on Patents and Intellectual Property Rights

Our Group is not dependent on any patents and intellectual property rights for our business operation.

(b) Dependency on Major Licences

Save as disclosed in Section 4.2.4 of this Prospectus, our Group is not dependent on any other major licences.

(c) Dependency on Industrial, Commercial and Financial Contracts

Save as disclosed below, there are no other material agreements or contracts (including informal arrangements or understanding or understandings), as at LPD, which have been entered into by us and our subsidiaries that are in subsistence and which our Group is highly dependent:-

- (i) On 26 June 2006, DESB entered into a contract (effective as of 17 August 2005), with PETRONAS Carigali for the provision of topside structural maintenance services for PETRONAS Carigali – Sabah/Sarawak operations for a period of five (5) years for an estimated contract value of RM300 million as at the date of the agreement. On 27 June 2007, the contract value was increased to an estimated RM417 million.

The salient terms of the above agreement are:-

Scope of Work:

DESB shall provide all the supervision procedures, labour, materials, equipment, tools, facilities including transport logistics services and all other things necessary for the painting/maintenance/construction for the maintenance of a total of 136 PETRONAS platforms located in Sarawak and Sabah waters.

Termination:

Suspension of Works

- PETRONAS Carigali may at any time suspend all or any part of the remaining works for any reason whatsoever by giving written notice.
- Neither PETRONAS Carigali nor DESB shall be liable to the other for loss of anticipated profits sustained on account of any suspension of the works.

4. INFORMATION ON OUR GROUP (Cont'd)

Terminations without cause

- PETRONAS Carigali may at any time terminate without cause the works in whole or in part by giving written notice to DESB that PETRONAS Carigali intends to terminate the works, specifying the part of the works to be terminated and the effective date of termination.
- Upon such termination DESB shall stop performance of the works or the terminated portion of the works.
- PETRONAS Carigali shall pay DESB all amounts properly due for the works performed prior to date of termination.

Termination with cause

- If DESB fails or refuses to remedy defaults complained by PETRONAS Carigali pursuant to written notice or DEHB has committed a breach of any terms of this contract PETRONAS Carigali has the right to terminate for cause all or part of the works by written notice.
- All works shall stop upon the written notice becoming effective. PETRONAS Carigali shall retain all amounts due and payable to DESB. If the costs to Petronas for completing the works is less than the unearned balance of the contract price PETRONAS Carigali shall pay the retained amount to DESB. If the costs to PETRONAS is greater than the unearned balance then PETRONAS Carigali shall deduct the difference from the retained amount. If such difference is greater than the retained amount due to DESB, DESB shall pay to Petronas such difference less retained amount.

Liquidated damages:

The parties agreed that if DESB fails for any reason other than force majeure to complete the works by the completion dates DESB shall pay to PETRONAS Carigali by way of pre-estimated liquidated damages and not as a penalty.

Disclosure:

DEHB is required to seek prior written approval from PETRONAS Carigali for disclosure of the contract to any other parties.

Force Majeure:

Force majeure is a standard clause in the contract.

Arbitration:

All disputes arising from the contract is subject to arbitration.

4. INFORMATION ON OUR GROUP (Cont'd)

- (ii) On 11 September 2006, DESB entered into an agreement as contractor with Murphy Sabah Oil Co Ltd. ("**Murphy**") for the provision of Offshore Technical Support Services for Kikeh Development Project for a period of two (2) years for an estimated contract value of RM60 million as at the date of the agreement

The salient terms of the above agreement are:-

Scope of Work:

DESB is to generally provide Offshore Technical Support Services.

Termination:

Suspension of Works

- Murphy may at any time elect at its sole option to suspend all or any part of the remaining works for any reason whatsoever by giving written notice.
- Neither Murphy nor DESB shall be liable to the other for loss of anticipated profits sustained on account of any suspension of the works.

Terminations without cause

- Murphy may at any time terminate without cause the works in whole or in part by giving written notice to DESB that Murphy intends to terminate the works, specifying the part of the works to be terminated and the effective date of termination.
- Upon such termination DESB shall stop performance of the works or the terminated portion of the works.
- Murphy shall pay DESB all amounts properly due for the works performed prior to date of termination.

Termination with cause

- If DESB fails or refuses to remedy defaults complained by Murphy pursuant to written notice or DESB has committed a breach of any terms of this contract Murphy has the right to terminate for cause all or part of the works by written notice.
- All works shall stop upon the written notice becoming effective. Murphy shall retain all amounts due and payable to DESB. If the costs to Murphy for completing the works is less than the unearned balance of the contract price Murphy shall pay the retained amount to DESB. If the costs to Murphy is greater than the unearned balance then Murphy shall deduct the difference from the retained amount. If such difference is greater than the retained amount due to DESB, DESB shall pay to Murphy such difference less retained amount.

4. INFORMATION ON OUR GROUP (Cont'd)

Liquidated damages:

If DESB fails to complete inspect and test the works specified in the call out order on or before scheduled completion for reasons other than force majeure then as damages and not as penalty to Murphy for such delay contract price shall be reduced by an amount equal to zero point five percent of the contract price per week of delay after the first fifteen days beyond completion date up to a maximum of five percent of the contract price.

Confidentiality:

DESB shall obtain prior written approval from Murphy prior to disclosure of the contract to any other parties.

Force Majeure:

Force majeure is a standard clause in the contract.

Arbitration:

All disputes arising from the contract is subject to arbitration.

- (iii) On 7 June 2007, DESB entered into an agreement as Contractor with Sarawak Shell and Sabah Shell (collectively "**Shell**") for the provision of Topside Living Quarter-Based Maintenance and Related Installation Services. The contract is effective from 19 March 2007 and shall expire three (3) years thereafter for an estimated contract sum of RM150 million as at the date of the agreement. Sarawak Shell/Sabah Shell shall have the option to extend the duration of the contract for further period of two (2) years; and

The salient terms of the above agreement are:-

Scope of Work:

DESB shall provide all the supervision procedures, labour, materials, equipment, tools, facilities including transport logistics services and all other things necessary for the painting/maintenance/construction for the maintenance of a total of 170 Petronas platforms located in Sarawak and Sabah waters.

Termination:

Suspension of Works

- Shell has the right at any time to suspend without cause all or any part of the contract by giving DESB written notice.
- Suspension for default :-
 - a. in the event Shell issues a suspension notice for reason of default of DESB the notice shall include reasons for issuance and steps for rectification within a specific time.
 - b. DESB shall be in default until situation remedied.
 - c. No payment shall be made to DESB in the event Shell suspends performance of the contract for reasons of default of DESB.

4. INFORMATION ON OUR GROUP (Cont'd)

- Suspension for non-default:-

In the event Shell suspends performance of the contract for reasons other than default of DESB or force majeure Shell shall authorise (amongst others) cost of keeping facilities equipment dedicated to the suspended part of the contract as DESB is unable to redeploy such resources and standby fees for such facilities.

Discontinuance and Termination

- Termination:

a. Shell shall have the right at any time and at its absolute discretion summarily terminate the contract by giving written notice to DESB

b. Without prejudice to right of summary termination Shell may in the event of any default of DESB, if such default is capable of being remedied give seven days written notice to DESB to remedy the same.

c. In the event DESB fails to remedy within seven days Shell shall have the right to issue notice of discontinuance of the part of the contract or terminate the contract or issue suspension notice at its sole discretion

- Discontinuance:

Shell shall have the right at any time and at its absolute discretion to discontinue part or whole of the contract by giving prior written notice.

- Consequences of discontinuance:

Any written notice of discontinuance or termination shall become effective immediately upon delivery or specific date of the notice whereupon DESB shall among others discontinue supply of work allow Shell full access to worksite, remove all work of DESB, deliver to Shell within 30 days all plans etc.

- Payment in the event of discontinuance for termination for default:

In the event Shell gives DESB notice for discontinuance of termination pursuant to default of DESB Shell shall pay to DESB amount calculated according to contract for work satisfactorily completed prior to termination which payment shall be reduced for additional costs incurred by Shell incurred as result of default of DESB and any costs incurred by Shell in having the contract completed by other contractor

4. INFORMATION ON OUR GROUP (Cont'd)

- Payment in the event of discontinuance for termination for non-default:

In the event Shell discontinues or terminates for reasons other than default Shell shall authorise payment to cover the following among others:

- a. amount calculated for work done up to time of discontinuance or termination;
- b. costs of cancellation which Shell has approved;
- c. actual costs necessarily incurred by DESB to handover ;
- d. any amount Shell would have to pay pursuant to contract; and
- e. demobilisation fee if any.

Liability:

Liability for works and equipment

DESB shall for one incident or series of incidents arising from one event caused or contributed by negligence or otherwise of DESB or subcontractor be liable for and shall indemnify Shell from and against all loss or damage to the following :-

- works materials and or equipment;
- Shell's properties;
- pollution; and
- third parties;

Confidentiality:

DESB shall obtain prior written approval from Shell prior to disclosure of the contract to any other parties.

Force Majeure:

Force majeure is a standard clause in the contract.

Arbitration:

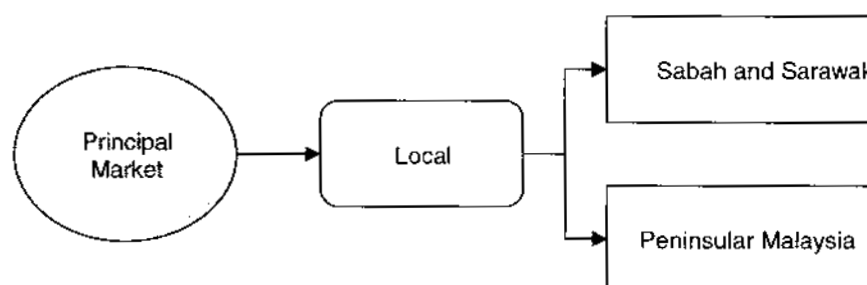
All disputes arising from the contract is subject to arbitration.

- (iv) On 5 November 2007, DESB was awarded a letter of award for the contract for the provision for hook-up and commissioning of PETRONAS Carigali facilities for year 2007 to 2010. The formal agreement has yet to be signed by the parties.

4. INFORMATION ON OUR GROUP (Cont'd)

4.2.7 Principal Markets

The following are the principal markets of our Group for the FYE 30 September 2007:-



Our Group is focused on providing offshore platform services to the upstream sector of the Oil and Gas Industry in Malaysia. This is reflected by the fact that all of our revenue is derived from the local market.

Our Group's revenue contribution segmented by sectors within Malaysia is as follows:-

Local Market	Revenue for the FYE 30.09.2007	
	RM'000	%
East Malaysia	126,118	99.2
- Sarawak	81,070	63.8
- Sabah	45,048	35.4
Peninsular Malaysia	1,016	0.8
Total	127,134	100.0

Sarawak represented the highest revenue contribution, amounting to 63.8% of our Group's total revenue for the FYE 30 September 2007. Sabah accounted for the remainder 35.4% of our Group's total revenue, which amounted to RM45.0 million for the FYE 30 September 2007.

Our Group mainly provides offshore platform services to East Malaysia. Our Group currently provides offshore topside maintenance services for 309 offshore structures/platforms, four (4) SBM systems, and one (1) FPSO facility in the Sabah and Sarawak waters.

Peninsular Malaysia accounted for the remainder 0.8% of our Group's revenue for the FYE 30 September 2007 which amounted to RM1.0 million. This is derived from the charter of marine vessels to customers in Peninsular Malaysia.

4.2.8 Estimated Market Coverage, Position and Market Share

Market Ranking of Providers of Offshore Topside Maintenance and/or Offshore Hook-up and Commissioning Services in Malaysia

Market Ranking on Size of Company Based on Total Turnover

In 2007, our Group ranked ninth (9th) among companies that undertake offshore topside maintenance and/or hook-up and commissioning in Malaysia based on total company revenue from the Oil and Gas sector.

4. INFORMATION ON OUR GROUP (Cont'd)

Note: The above ranking of companies is based on total company revenue, which includes revenue from offshore topside maintenance and/or offshore hook-up and commissioning and/or related or non-related business activities. Nevertheless, all companies in the ranking must undertake offshore topside maintenance and/or offshore hook-up and commissioning.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, by Vital Factor Consulting Sdn Bhd)

4.2.9 Types, Sources and Availability of Raw Materials/Inputs

Below is the list of major items supplied to us for the FYE 30 September 2007:-

Systems, Raw Materials and Services	Value of Purchases (RM'000)	Percentage of Total Purchases (%)	Sources of Supply	
			Local (%)	*Import (%)
Materials Purchased	16,005	33.5	100.0	-
- Valves	5,412	11.3	100.0	-
- Pipes, Fittings and Flanges	5,970	12.5	100.0	-
- Garnet	2,670	5.6	100.0	-
- Paints and Coatings	1,953	4.1	100.0	-
Consumables	18,880	39.5[^]	97.2	2.8
- Hardware (including tools and consumables)	17,841	37.4	97.0	3.0
- Safety and Personal Protection Equipment	1,039	2.2	100.0	-
External Services	12,853	26.9[^]	100.0	-
- Vessel Chartering	8,143	17.1	100.0	-
- Repair and Maintenance Services	4,710	9.9	100.0	-
Total	47,738	100.0[^]	98.9	1.1

Notes:-

(a) Total purchases for the FYE 30 September 2007 amounted to RM47.738 million

(b) Diesel is supplied by customers

[^] Total does not add-up due to rounding

* Including purchases from local stockists

For the FYE 30 September 2007, purchases of consumables and materials accounted for 39.5% and 33.5% of our Group's total materials and services expenses respectively. The remainder 26.9% are for external services supplied by third parties, including vessel chartering and repair and maintenance services.

Locally sourced materials and services accounted for 98.9% of our Group's total material and service expenses, whilst imports accounted for the remaining 1.1% for the FYE 30 September 2007.

4. INFORMATION ON OUR GROUP (Cont'd)

For the FYE 30 September 2007, purchases of consumables represented 39.5% of our Group's total materials and services expenses. Some of the consumables purchased by our Group are hardware related products and safety and personal protection equipment.

Purchases of materials that used to facilitate the business operations represented 33.5% of our Group's total materials and services expenses for the FYE 30 September 2007. Of these, some of major materials purchased by our Group, include the following:-

- ❖ Valves;
- ❖ Pipes, fitting and flanges;
- ❖ Garnet; and
- ❖ Paints and coatings.

For the FYE 30 September 2007, vessel chartering represented 17.1% of our Group's total materials and services expenses. Our Group use local operators for the supply of vessel chartering services to supplement our in-house marine vessels.

As our Group's business is in providing offshore platform services to the upstream Oil and Gas Industry, the chartering of vessels from external suppliers for workboat and accommodation are part of our Group's process of delivery products and services. The accommodation is mainly to house our Group's offshore personnel during the duration of providing services to the offshore platforms. This is in addition to the use of our Group's own marine vessels.

For the FYE 30 September 2007, our Group also uses external parties to supply repair and maintenance services, which represented 9.9% of our Group's total materials and services expenses.

Thus far, our Group has not experienced any shortages in sourcing these materials and services for their operations.

4.2.10 Quality Control / HSE

Our Group places significant emphasis on quality and adheres to stringent quality standards. This is reflected by the fact that, DESB is certified with MS ISO 9001:2000 Quality Management System from SIRIM QAS International Sdn Bhd on 11 June 1999. This provides customers with assurance of quality of our services.

In addition, our Group adopts the following stringent quality assurance approaches to ensure that certain quality standards are maintain internally:-

- ❖ In-coming materials such as pipes and valves, steel materials, garnet, paints and coatings undergo checking and inspection for specifications before being used;
- ❖ Compliance to customers' various manuals and specifications such as QA/QC, HSE specifications to ensure worksites are in full operating efficiency and the working conditions and environment are safe. Other requirements are to ensure a healthy working environment for personnel on the offshore structures and they include cleanliness of worksites, responsible disposal of scraps and wastes, and handling of equipment;

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4. INFORMATION ON OUR GROUP (Cont'd)

- ❖ Quality assurance controls are implemented in each and every area of our operations, including:-
 - random checking and inspection during the entire work process to ensure all works performed are based on specifications, such as thickness of the paints, condition of painted or coated surface, tolerance and defect inspection of the welds;
 - inspection of incoming materials used; and
 - quality check and inspection of the repaired and maintained, structures, parts and components based on specifications; and
- ❖ In addition to internal quality checks, our Group also utilises external parties to undertake the following testing:-
 - Hydrostatic pressure testing of pipework, i.e. the process of using water under pressure to test the integrity of pipelines;
 - Independent third party weld testing is carried out if required by client specifications such as radiographs and ultrasonic inspection of welds; and
 - Functional tests on electrical and instruments, including electrical cables, fittings and equipments.

As there are stringent safety standards and requirements in the Oil and Gas Industry, quality standards are critical in the continuing provision of supporting products and services. As at 30 November 2007, our Group has an experienced quality assurance team comprising six (6) personnel to ensure products and services conform to client needs and specifications, as well as quality and safety standards and requirements.

HSE Management

HSE Management requirements are an important requirement in the Oil and Gas Industry as the products and services provided are often critical in nature. Many operators insist that product and service providers possess a good HSE record and comply with industry or operator-defined HSE standards. HSE Management continues to be a top priority in all PETRONAS' operations.

Our Group recognises the important role of HSE management plays in our Group's continued success. Our Group's internal management system includes a detailed documentation for HSE and contingency planning. We have maintained an excellent HSE record. Since 2004, our Group has recorded approximately 8 million man-hours with zero loss time injury for our offshore operations. In 2007, we were awarded "PETRONAS Carigali HSE Awards 2006/2007. These achievements are a reflection of our commitment to good safety practices.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.11 R&D**Policies of R&D**

As our Group is primarily involved in providing offshore platform services for the Oil and Gas industry, R&D activities are not relevant unlike the manufacturing industry.

However, our Group is continuously focusing on improvement of processes for our operations as a means of creating and sustaining competitive advantages in the following areas:-

- ❖ Enhancing business effectiveness, efficiency and productivity to optimise production and operating costs;
- ❖ Continuous improvements in utilising existing and new technologies to meet customer requirements; and
- ❖ Continually improving service quality to ensure customer satisfaction.

Nevertheless, our Group has to use a number of technologies in the provision of our services. Our Group utilises various corrosion prevention engineering technologies and painting, welding technologies and in-house skills and expertise to carry out our business operations. Our Group primarily relies on the application of established engineering principles and knowledge in the engineering and design of production facilities for the Oil and Gas Industry.

Our Group continuously produces incremental improvements to our engineering knowledge and expertise, and production skills base through continuous practical application of these skills. These improvements are internalised, and enable our Group to continuously upgrade our capabilities as well as increase the efficiency of our business processes. Our Group constantly evaluates existing and new technologies, implementing those that we believe will improve our business processes or create opportunities for new business development.

4.2.12 Interruptions in Business for the Past Twelve (12) Months

There has never been any interruption in the form of trade disputes or major operational breakdown occurring within and outside our Group that may significantly impair our Group's business performance during the past twelve (12) months preceding the date of this Prospectus.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.13 Key Achievements/Milestones/Awards

Our Group has received the following awards and recognitions:-

Year	Type of Award	Awarded by	Descriptions
2007	PETRONAS Carigali HSE Awards 2006/2007	PETRONAS Carigali	Recognition of an Excellent Achievement
2007	Memo of Appreciation	Murphy Sabah Oil Co Ltd	In conjunction for the successful 1 st oil from Kikeh's Dry Tree Unit (DTU) achieved on 17 August 2007
2005	Certificate of Appreciation	PETRONAS Carigali	Successful and early Samarang start-up without Lost Time Incident
2005	Certificate of Appreciation	PETRONAS Carigali	Zero Lost Time Incident Safety Record with a total of 3.35 million man-hours
2005	Contractor Safety Recognition Grand Award	ExxonMobil	Recognition of Safety Excellent 2005
2004	Grand Award	PETRONAS Carigali (PMO)	Recognition of Excellent HSE Performance 2004
2004	Certificate of Appreciation	PETRONAS Carigali	Achieving TRCF Zero for 780,000 man-hours in year 2003
2004	Certificate of Appreciation	Sarawak Shell	Completion of 1 Million Man-hours Work Recording without a Lost Time Incident
2004	Contractor Safety Recognition Grand Award	ExxonMobil	Recognition of Safety Excellent 2004
2004	Certificate of Appreciation	PETRONAS Carigali	Achieving TRCF Zero for 780,000 man-hours in year 2004
2003	Certificate of Appreciation	PETRONAS Carigali (PMO)	Active contributions in achieving Zero Lost Time Incident during the Angsi planned shutdown
2003	Certificate of Appreciation	PETRONAS Carigali	Achieving good safety record and with TRCF less than 2.5
2003	Certificate of Appreciation	PETRONAS Carigali (PMO)	Contributions in providing excellence support in major shutdown works
2002	Certificate of Achievement	PETRONAS Carigali (PMO)	Outstanding accomplishments and contributions for successful 2002 onshore gas terminal shutdown

Notes:-

PMO = Peninsular Malaysia Operation

TRCF = Total recordable injury case frequency

4.2.14 Production/ Operating Capacities and Output

As our Group is primarily engaged in providing offshore platform services primarily focusing on offshore topside maintenance services, conventional measures of production capacity and utilisation are not relevant to our operations.

4. INFORMATION ON OUR GROUP (Cont'd)

4.3 OUR SUBSIDIARIES

4.3.1 DESB

(a) *Background and History*

DESB was incorporated in Malaysia under the Act on 20 August 1980 as a private limited company and it commenced operations in October 1980.

(b) *Principal Activities and Products/Services*

DESB is licensed by PETRONAS to carry out offshore maintenance and construction services and is principally involved in the provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning.

(c) *Substantial Shareholders*

DESB is our wholly-owned subsidiary.

(d) *Share Capital*

The authorised share capital of DESB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each whilst its issued and fully paid-up share capital is RM2,600,000 comprising 2,600,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of DESB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
20.08.1980	2	1.00	Subscribers' shares	2
15.10.1980	209,998	1.00	Cash	210,000
01.12.1981	10,000	1.00	Cash	220,000
02.10.1998	380,100	1.00	Bonus issue of approximately 1.727 new ordinary shares of RM1.00 each for every 1 existing ordinary share of RM1.00 each held	600,100
26.09.2002	1,999,900	1.00	Bonus issue of approximately 3.333 new ordinary shares of RM1.00 each for every 1 existing ordinary share of RM1.00 each held	2,600,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of DESB.

(e) *Subsidiary and Associated Companies*

As at LPD, DESB does not have any subsidiary or associated companies.

4. INFORMATION ON OUR GROUP (Cont'd)**4.3.2 DMSSB****(a) Background and History**

DMSSB was incorporated in Malaysia under the Act on 18 November 2003 as a private limited company and it commenced operations in May 2005.

(b) Principal Activities and Products/Services

DMSSB is principally involved in the chartering of marine vessels. DMSSB currently owns two (2) work vessels known as "Dayang Pertama" and "Dayang Berlian" and a supply boat known as "Dayang Maju".

(c) Substantial Shareholders

DMSSB is our wholly-owned subsidiary.

(d) Share Capital

The authorised share capital of DMSSB is RM25,001,300 comprising 25,000,000 ordinary shares of RM1.00 each and 130,000 redeemable preference shares of RM0.01 each. Its issued and fully paid-up share capital is RM11,001,300 comprising 11,000,000 ordinary shares of RM1.00 each and 130,000 redeemable preference shares of RM0.01 each.

The changes in the issued and fully paid-up ordinary share capital of DMSSB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
18.11.2003	100,000	1.00	Subscribers' shares	100,000
15.01.2004	2,900,000	1.00	Cash	3,000,000
29.09.2005	8,000,000	1.00	Cash	11,000,000

The changes in the issued and fully paid-up preference share capital of DMSSB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
03.10.2007	130,000	0.01	Cash	1,300

The preference shares are all held by DESB.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of DMSSB.

(e) Subsidiary and Associated Company

As at LPD, DMSSB does not have any subsidiary or associated company.

4. INFORMATION ON OUR GROUP (Cont'd)**4.3.3 FTSB****(a) Background and History**

FTSB was incorporated in Malaysia under the Act on 3 December 1997 as a private limited company and it commenced operations in March 1999.

(b) Principal Activities and Products/Services

The principal activities of FTSB are in the provision of rental equipment.

(c) Substantial Shareholders

FTSB is our wholly-owned subsidiary.

(d) Share Capital

The authorised share capital of FTSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and fully paid-up share capital is RM20,000 comprising 20,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of FTSB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
03.12.1997	2	1.00	Subscribers' Shares	2
06.01.1999	19,998	1.00	Cash	20,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of FTSB.

(e) Subsidiary and Associated Company

As at LPD, FTSB does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP

4.4 INDUSTRY OVERVIEW

Unless otherwise stated, the following sections are extracted from the latest available government publications

4.4.1 Overview and Outlook of the Global Economy

Global growth was strong in 2007, driven by above-trend growth in most industrial economies and buoyant growth in emerging market economies, despite moderation in the United States (US) economy, higher oil prices and the onset of financial market turbulence in the second half-year. The economies of the People's Republic of China (PR China), India and other large emerging economies such as Brazil and Russia increased their contribution to global growth, spurred by strong consumption and rising investment activity. Record high commodity prices also buoyed growth in many resource-producing economies. Benefiting from these trends, the strong growth momentum in the Asian region was further supported by rising domestic demand, which more than compensated for some moderation in electronics exports. In contrast, downside pressures on the US economy increased towards end-year, affected by the emergence of the subprime mortgage problem and further downturn in the US housing sector, with its spillover to the global financial markets.

While moderation is expected in the developed economies in 2008, the growth momentum is expected to be sustained in Asia and the other emerging economies. The growth outlook would be dependent on the length and depth of the US slowdown, and the extent of the impact from financial market turbulence. Inflation is expected to remain elevated following sustained high oil and food prices. While these developments will have an impact on the Asian regional economies, the growth in the region will continue to be supported by strong domestic demand and the high growth momentum in the large economies in the region. Overall, the expectation is for global growth to moderate, reflecting a less favourable environment in the major industrial economies and continued uncertainty in the global financial markets.

In 2008, global and regional inflation is expected to remain elevated based on pass through effects from higher commodity prices in the second half of 2007 and the expectation of continued high oil and food prices. Oil prices are expected to continue to be subject to pressures from sustained demand growth, supply constraints and potential supply-side shocks.

Notwithstanding these trends, several risks have increased the uncertainty on the global and regional outlook. In the event of a more protracted period of significantly below-trend growth of the US economy, accompanied by a sharper slowdown in other industrialised economies, there would be a larger impact on growth across the region as trade linkages to the developed economies remain strong. A further risk is the more severe impact from disruptions in the functioning of the financial markets and the financial intermediation process. Further adverse credit-constraining developments in the financial sector in several of the major economies could precipitate more widespread financial market volatility and damage business and consumer sentiment, while potentially prolonging the downturn in economic activity as more segments of financing activity are affected. However, in the event that there are larger than expected corrections in commodity prices, commodity producing economies would be affected.

(Source: Bank Negara Malaysia Annual Report 2007)

4. INFORMATION ON OUR GROUP (Cont'd)

4.4.2 Overview and Outlook of the Malaysian Economy

The Malaysian economy continued its strong growth momentum, expanding by 6.3% in 2007. Growth was driven by robust domestic demand despite a weaker external environment which led to moderation in export growth. Private consumption and investment activities expanded strongly during the year. Private consumption recorded the highest growth rate since 2000, buoyed by rising disposable income following high commodity prices, salary increments in both the public and private sectors, as well as favourable labour market conditions. Strong investment in the manufacturing, services, construction, and oil and gas industries, combined with positive business sentiment, supported expansion in private investment. This was further reinforced by large inflows of foreign direct investment.

The stronger growth achieved reflected the benefits of a more diversified economic base, which has strengthened the economy's resilience to the external environment. While the contribution of the manufacturing sector remains substantial, of significance is the shift in the economic structure in the recent few years towards the services sector, which has become the main driver of growth. The services sector led growth in 2007 was supported by domestic demand activities and new growth areas in finance, business services and communications. The strong economic performance was achieved in an environment of relatively low inflation. Overall, the headline inflation rate increased at a slower pace of 2% in 2007.

The outlook for the Malaysian economy in 2008 remains favourable. As a small and highly open economy, the outlook will be influenced by the current high degree of uncertainties in the global economic and financial environment, including the problems associated with the international credit markets and financial institutions. These uncertainties will have some impact on Malaysia, mainly through the trade and financial markets linkages.

The resilience of the Malaysian economy to weather a slowdown in the global economy has, however, strengthened over the years, due to a number of factors. First is the emergence of domestic demand as a key driver of growth. The strong economic growth of 6.3% in 2007 was achieved due to the robust expansion in domestic activities despite a moderation in external demand. Second, Malaysia's export markets are increasingly diversified, with almost 54% of total exports to the Asian (exclude Japan) economies (2001: 46.2%). Meanwhile, the share of Malaysia's exports to US has declined to 15.6% in 2007 from 20.2% in 2001. Thus, while global growth is expected to moderate in 2008 due mainly to slower growth in the US, and to a lesser extent, in Europe and Japan, the outlook for strong economic growth in the Asian region and other emerging economies would support the export sector. Third, as a commodity producer, Malaysia will continue to benefit from high prices of crude oil, palm oil and rubber. In addition, the strong base in the commodity sector would further strengthen the linkages with downstream activities, including the resource-based industries which will continue to benefit from the robust domestic demand as well as demand from the regional economies.

Against this backdrop, the Malaysian economy is projected to expand by 5 – 6% in 2008. Domestic demand is expected to remain resilient, providing strong support to the economy. While consumer and business sentiments could be affected by the prospects of a sharper than expected global economic slowdown and uncertainties in the international financial markets, the major underlying factors supporting domestic private sector activities are expected to remain generally intact in 2008.

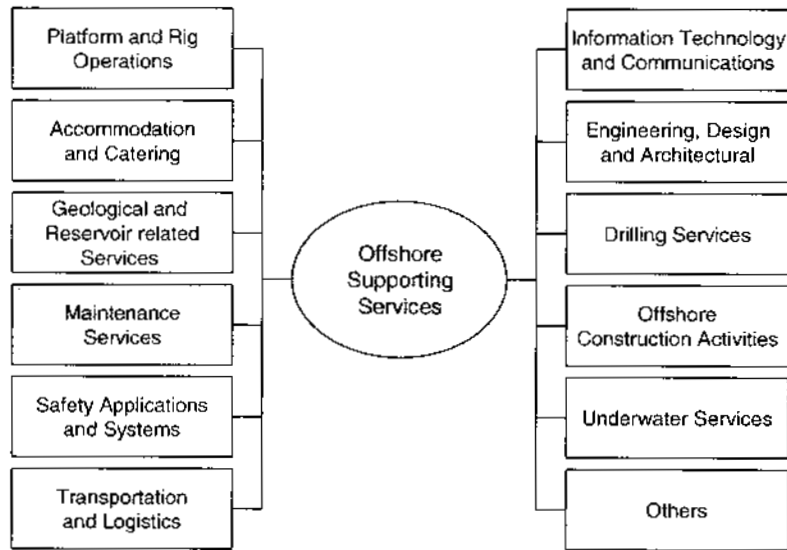
(Source: Bank Negara Malaysia Annual Report 2007)

4. INFORMATION ON OUR GROUP (Cont'd)

4.4.3 Industry Overview

4.4.3.1 Offshore Supporting Services Industry Structure

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



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.

Our Group is principally involved in the provision of offshore topside maintenance services, which are classified under offshore maintenance services.

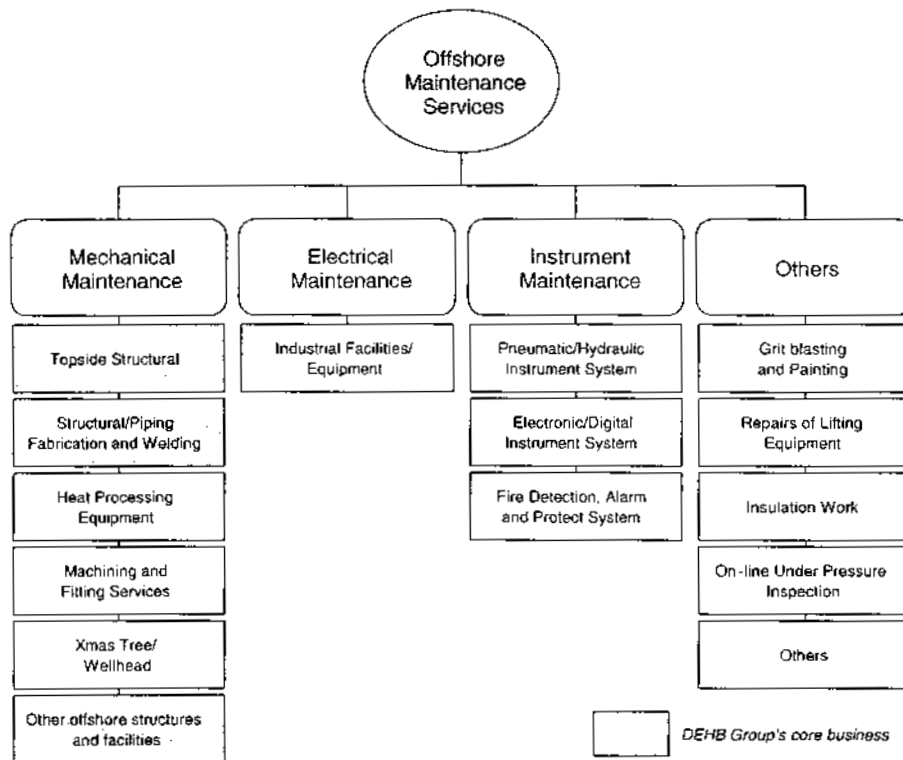
Offshore Maintenance Services comprised various different types of maintenance works for offshore structures and facilities. Some of the examples of offshore maintenance services include mechanical maintenance such as piping/structural fabrication and welding services, topside structural maintenance, rotating and stationery equipment, storage tanks, hoses, SBM 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).

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4. INFORMATION ON OUR GROUP (Cont'd)

4.4.3.2 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:-



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**
 - 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, SBM 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.

4. INFORMATION ON OUR GROUP (Cont'd)

Our 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.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

4.4.4 Outlook of the Oil and Gas Industry in Malaysia

The outlook of the offshore topside maintenance services for the Oil and Gas Industry in Malaysia is favourable. The offshore topside maintenance services for the Oil and Gas Industry in Malaysia are forecasted to grow by 8% to 10% per annum for the next five years.

The outlook for the Offshore Topside Maintenance Services Industry as a whole is dependent on the performance of the Oil and Gas Industry. As such, the favourable outlook for the Offshore Topside Maintenance Services Industry in Malaysia is based on the following observations and analyses:-

Local Exploration Activity

- ❖ Between the FYE 31 March 2002 and 31 March 2007, the level of Investment made by PETRONAS and PSC operators in the exploration and production of Oil and Gas Industry in Malaysia increased at an average annual rate of 17.7%. Based on the latest announcement by PETRONAS on 28 June 2007, expenditure on the upstream Oil and Gas sector registered a growth of about 20% to RM19.2 billion compared to the previous year.
- ❖ In the Ninth Malaysia Plan, the Malaysian Government has allocated RM43.8 billion for the development of upstream and downstream segments of the Oil and Gas Industry. Of this, RM13.1 billion has been allocated for upstream activities and RM30.7 billion for downstream activities.
- ❖ Between the years ended 31 March 2002 and 31 March 2007, a total of 30 PSCs were signed between PETRONAS and PSC operators.
- ❖ Between FYE 31 March 2003 and 2006, the amount of offshore seismic survey data recovered registered an average annual growth of 7.7%, from 351,675 line kilometres to 439,182 line kilometres.
- ❖ Based on the latest announcement from PETRONAS on 28 June 2007, there were about 250,000 line kilometres of offshore seismic survey data recovered for the FYE 31 March 2007.
- ❖ Between FYE 31 March 2003 and 2007, the number of exploration wells drilled increased at an average annual rate of 5.1%. There were 39 exploration wells drilled for the FYE 31 March 2007.
- ❖ Between FYE 31 March 2002 and 2007, the number of Oil and Gas fields in operation in Malaysia increased from 56 to 85. Of the total 85 fields, 59 were oil fields while the remainder 26 were gas fields for the FYE 31 March 2007.

4. INFORMATION ON OUR GROUP (Cont'd)**Number of Platforms**

- ❖ A relatively large number of platforms for offshore Oil and Gas supporting services provide significant growth for operators within the Industry. As at September 2007, there were approximately 400 offshore platforms in Malaysia. *(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)*

Reserves and Local Production

- ❖ Between January 2003 and January 2007, Malaysia's total reserves (including crude oil and condensates, and natural gas) grew at an average annual rate of 1.0%. As at 1 January 2007, Malaysia's total reserves (including crude oil and condensates, and natural gas) increased by 1.4 % to 20.2 billion BOE.
- ❖ Between January 2003 and January 2007, the crude oil and condensates reserves grew at an average annual rate of 4.7
- ❖ As at 1 January 2007, the crude oil and condensates reserves increased by 2.1% to 5.4 billion BOE.
- ❖ Between January 2003 and January 2007, the natural gas reserves declined marginally at an average annual rate of 0.2%. However, as at 1 January 2007, the natural gas reserves increased marginally by 1.1% to 14.8 billion BOE.
- ❖ Between 2002 and 2006, daily production of crude oil decreased at an estimated average annual rate of 2.1%. In 2006, preliminary data indicated that daily production of crude oil decreased by 4.0%, to 548,487 Barrels per day.
- ❖ Between 2002 and 2006, daily production of natural gas increased at an estimated average annual growth rate of 5.4%. In 2006, the daily natural gas production decreased by 0.4% to 5.8 billion standard cubic feet per day.
- ❖ Between 2002 and 2006, sales value of the manufacture of refined petroleum products grew at an average annual rate of 27.1%. In 2006, the sales value of the manufacture of refined petroleum products increased by 13.7% to RM82.1 billion.

Exports

- ❖ Between 2002 and 2006, the export value of petroleum oils, crude, and crude oils obtained from bituminous minerals increased at an average annual rate of 28.8%. In 2006, export value increased by 7.7% to RM32.6 billion.
- ❖ Between 2002 and 2006, the export value of refined petroleum products increased at an average annual rate of 29.8%. In 2006, export value increased by 26.2% to RM19.2 billion.
- ❖ Between 2002 and 2006, the export value of natural gas, whether or not liquefied increased at an average annual rate of 23.9%. In 2006, the export value of natural gas, whether or not liquefied increased by 12.0% to approximately RM23.3 billion.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

4. INFORMATION ON OUR GROUP (Cont'd)

4.4.5 Industry Players and Competition

Generally, service providers of offshore topside maintenance for the Oil and Gas Industry face normal competitive conditions. However, there are some exceptions:-

- ❖ Only companies that are licensed or registered by PETRONAS are allowed to bid directly for work from PETRONAS and PSC operators/contractors in the Oil and Gas Industry;
- ❖ All companies who wish to obtain contracts from the Government or to bid directly for work provided by PETRONAS and PSC operators/contractors in the Oil and Gas Industry are required to register as contractors with the MOF; and
- ❖ Companies who wish to carry out construction work in Malaysia are required to register with the CIDB under the Construction Industry Development Board Act 1994. Companies bidding for construction related work within the Oil and Gas Industry must be registered with the relevant grade that commensurate with the size of the project before they will be considered for any bids.

Although companies that provide offshore topside maintenance services for the Oil and Gas Industry may operate under normal competitive conditions, it is imperfect due to the requirements for licensing and registration that partly inhibits free competition.

As with most free enterprise environment, once all the licensing and registration requirements are complied, competition is based on a number of factors, including:-

- ❖ Technical compliance to customers' specifications and requirements;
- ❖ Quality products and services;
- ❖ Cost competitiveness;
- ❖ HSE management; and
- ❖ Prompt delivery/completion.

An additional competitive factor that concerns service providers for offshore supporting services is the ability to demonstrate a good safety record, typically measured by work time between work-related fatalities and lost time accidents or incidents.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

Generally, competition among companies in the offshore topside maintenance services for the Oil and Gas Industry is moderate. Considerations on competitive intensity are as follows:-

Factors that Increase Competitive Intensity:-

- ❖ A large proportion of the contracts are awarded on an open tender basis. This system tends to create a highly competitive environment;
- ❖ In practice, in all-open tender situations, once the technical specifications are fully complied, the bid with the lowest price normally wins.

4. INFORMATION ON OUR GROUP (Cont'd)

- ❖ In many situations, international firms with highly reputable track records are involved in the bidding process where large, complex and high value projects are placed on tender.
- ❖ In many situations, there are many bidders with the relevant credentials for tender and non-tender jobs.

Factors that Moderate Competitive Intensity:-

- ❖ Competition for contracts within the Oil and Gas Industry in Malaysia is ultimately restricted to service providers with the relevant PETRONAS licences or registrations. The number of service providers with the relevant licences or registrations to provide a particular service or product may be limited, particularly in the case of more specialised services for offshore environment;
- ❖ Some clients may award certain contracts based on closed tender, restricted tender or through direct negotiation. In these instances, competitive intensity is reduced;
- ❖ The technical requirements and specifications for some complex projects may be so challenging that only a small number of the more specialised service companies are able to meet the requirements;
- ❖ In some cases, customers may take into consideration other non-price factors, such as ability to provide the extensive services and ability to meet the requirement and specifications timely, in awarding more challenging projects;
- ❖ Barriers to entry for the provision of offshore topside maintenance services are moderate to high, primarily due to the technical skills and knowledge required and the ability to demonstrate a good safety record. Typically good safety record is measured by work time between work-related fatalities and lost time accidents or incidents. These factors will help reduce the competitive pressure and provide some barriers to entry;
- ❖ Companies that have large capacities and operations have the ability to undertake more and larger sized projects compared to smaller companies. Larger companies are able to enjoy economies of scale thus increasing their cost effectiveness. All these would reduce the competitive pressure for larger companies; and
- ❖ The provision of offshore topside maintenance services is a critical part of the Oil and Gas Industry. Thus, the Oil and Gas Industry would favour established companies with sufficient track record and experience in the required areas of expertise.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

Players in the Industry

As at December 2007, there were approximately 59 companies in the provision of offshore topside structural maintenance services. *(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)*

4. INFORMATION ON OUR GROUP (Cont'd)

4.4.6 Laws and Regulations

4.4.6.1 Government Regulations

All rights related to the exploration and extraction of petroleum in Malaysia is vested in PETRONAS under the PDA. PETRONAS was also granted control over the carrying out of downstream activities and development relating to petroleum and its products under the PDA.

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 MOF and the 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 and 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 one (1) year. However, the effective period of more than one (1) year can be considered.

Our Group has obtained the following licences and registrations from the relevant authorities:-

PETRONAS Licences - DESB

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

4. INFORMATION ON OUR GROUP (Cont'd)**PETRONAS Licences - DMSSB**

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

Registration with the CIDB

With effect from 20 July 1995, it is mandatory under the Act of Parliament Act 520 (Act 520) for all builders, contractors and sub-contractors, whether local or foreign, to register with the CIDB, before undertaking or executing any construction work in Malaysia.

According to Act 520 of the Construction Industry Development Board Act 1994, all organisations that undertake some form of civil engineering mechanical and electrical works must register with CIDB and hold a valid certificate of registration in order to carry out any construction work.

DESB, a wholly-owned subsidiary within our Group, is registered with the CIDB for the following activities, which are valid until 19 June 2009.

Grade	Descriptions
G7	Offshore Construction Works
G7	General Civil Engineering Works
G7	Specialised Fabrication and Treatment

Domestic Shipping Licence

With effect from 1 January 2001 onwards, all ships that are involved in providing services, other than fishing in Malaysian waters or exclusive economic zone shall be required to obtain the licence from the Domestic Shipping Licensing Board.

DMSSB has obtained the following licences from the Domestic Shipping Licensing Board:-

Name Of Vessel	Descriptions	Validity Period
Dayang Pertama	Maintenance Support Vessel	22 September 2006 until 21 September 2008
Dayang Berlian	Maintenance Support Vessel	12 January 2007 until 11 January 2009
Dayang Maju	Supply Boat/Landing Craft	8 February 2007 until 7 February 2009

4. INFORMATION ON OUR GROUP (Cont'd)

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

4.4.6.2 Government Incentives

PETRONAS Initiatives

As part of the aim to promote and encourage local participation in the Oil and Gas Industry, PETRONAS has implemented the following initiatives:-

- ❖ licensing and registration of companies with preference given to local companies; and
- ❖ implementation of the Vendor Development Programme (VDP) for Bumiputera entrepreneurs.

In addition, PETRONAS also initiated Cost Reduction Alliance ("**CORAL**") in 1995 with the primary objective to reduce the operating cost of upstream operations. CORAL is a forum that seeks to reduce costs and enhance efficiency through sharing of facilities and logistics, standardising of equipment specifications and effective coordination of operations. The introduction of CORAL has enabled the Oil and Gas Industry in Malaysia to reduce costs by awarding a significant proportion of the projects to local companies.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

4.4.6.3 Environmental Regulations

The disposal of waste created during our operations include the following categories:-

- ❖ Waste oil and dirty oil;
- ❖ Waste thinner mixed with used paint;
- ❖ Waste thinner; and
- ❖ Used garnet

All the wastes listed above are categorised under the scheduled waste in the Environmental Quality (Scheduled Waste) Regulation 1989.

Our Group uses OMA Shipping and Forwarding Sdn Bhd for the collection of scheduled wastes from offshore structures and uses Kualiti Alam Sdn Bhd for the disposal of the scheduled wastes once they arrive on land.

4.4.7 Demand and Supply Conditions

4.4.7.1 Demand Dependencies

The demand for offshore topside maintenance services is primarily dependent on the performance of the Oil and Gas Industry in Malaysia. Production of Oil and Gas in Malaysia may be classified into two (2) broad categories:-

- ❖ Production of Crude Oil and Condensates; and
- ❖ Production of Natural Gas

4. INFORMATION ON OUR GROUP (Cont'd)

The demand for supporting products and services, particularly those related to exploration and production, is also dependent on the number of recently signed PSCs. Under the terms of PSCs normally signed by PETRONAS, the exploration period (including Appraisal) is between 5 to 7 years, while the development period is between 4 to 6 years, and the production period is between 15 and 25 years.

The number of PSCs in operation between PETRONAS and PSC operators/contractors increased from 41 for the FYE 31 March 2002, to 64 for the FYE 31 March 2007.

Demand for offshore topside maintenance services in Oil and Gas production are also dependent on the number of Oil and Gas fields that are currently in operation in Malaysia. Based on the latest announcement from PETRONAS on 28 June 2007, for the FYE 31 March 2007, a total of 85 fields were in operation, of which 59 were oil fields while the remainder 26 were gas fields.

The following analysis also provides an indication of the performance of the Oil and Gas Industry in Malaysia:-

- ❖ Between 2002 and 2006, daily production of crude oil decreased at an estimated average annual rate of 2.1%. In 2006, preliminary data indicated that daily production of crude oil decreased by 4.0%, to 548,487 barrels per day.
- ❖ Between 2002 and 2006, daily production of natural gas increased at an estimated average annual growth rate of 5.4%. In 2006, the daily natural gas production decreased by 0.4% to 5.8 billion standard cubic feet per day.
- ❖ Between 2002 and 2006, sales value of the manufacture of refined petroleum products grew at an average annual rate of 27.1%. In 2006, the sales value of the manufacture of refined petroleum products increased by 13.7% to RM82.1 billion.
- ❖ Between 2002 and 2006, the export value of petroleum oils, crude, and crude oils obtained from bituminous minerals increased at an average annual rate of 28.8%. In 2006, export value increased by 7.7% to RM32.6 billion.
- ❖ Between 2002 and 2006, the export value of refined petroleum products increased at an average annual rate of 29.8%. In 2006, export value increased by 26.2% to RM19.2 billion.
- ❖ Between 2002 and 2006, the export value of natural gas, whether or not liquefied increased at an average annual rate of 23.9%. In 2006, the export value of natural gas, whether or not liquefied increased by 12.0% to approximately RM23.3 billion.

(Source: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Topside Maintenance, Vital Factor Consulting Sdn Bhd)

4.4.7.2 Supply Dependencies – Raw Materials

There are no raw material purchases per se as our Group is in the provision of offshore topside maintenance services for the Oil and Gas Industry.

Our Group's purchases primarily consist of consumables, parts and components, which are used to facilitate the provision of offshore topside maintenance services to the Oil and Gas Industry. Some of the purchases include:-