



**SapuraKencana**  
P E T R O L E U M

*SapuraKencana Petroleum Berhad*  
*(Formerly known as Sapura-Kencana Petroleum Berhad)*  
*(Company No. 950894-T)*  
*(Incorporated in Malaysia under the Companies Act, 1965)*



Listing of SapuraKencana Petroleum Berhad  
*(Formerly known as Sapura-Kencana Petroleum Berhad)*  
on the Main Market of  
Bursa Malaysia Securities Berhad



Joint Principal Advisers

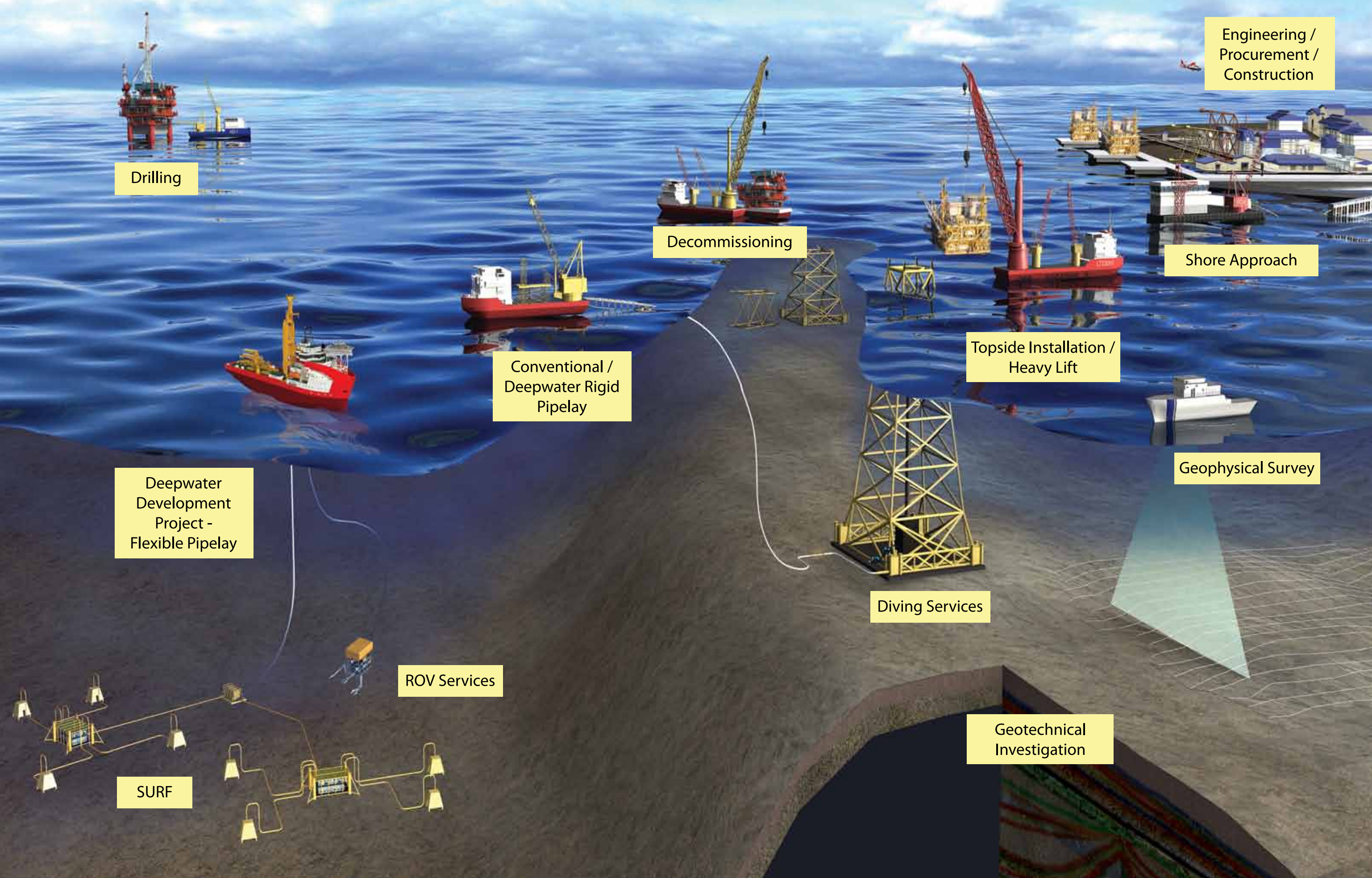


SapuraKencana Petroleum Berhad (950894-T)  
*(Formerly known as Sapura-Kencana Petroleum Berhad)*  
Level 6, Menara SapuraKencana Petroleum  
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YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS. THIS PROSPECTUS IS ISSUED FOR INFORMATION PURPOSES ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES IS OR WILL BE MADE ON THE BASIS OF THIS PROSPECTUS. THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA. LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

# PROVIDING SERVICES ACROSS THE VALUE CHAIN...

GEOTECHNICAL & GEOPHYSICAL SURVEYS • ENGINEERING • EPC • TRANSPORTATION & INSTALLATION • DIVING / ROV • TOPSIDE HOOK-UP & COMMISSIONING • DRILLING • FIELD DEVELOPMENT & PRODUCTION • DECOMMISSIONING



## Growing Global Presence



## Combined Asset Base to Support the Business



## RESPONSIBILITY STATEMENTS

OUR DIRECTORS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

MAYBANK INVESTMENT BANK BERHAD ("**MAYBANK IB**") AND CIMB INVESTMENT BANK BERHAD ("**CIMB**"), BEING THE JOINT PRINCIPAL ADVISERS, ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") ("**LISTING**").

## STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION MALAYSIA ("**SC**") HAS APPROVED OUR LISTING AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL OF THE SC, AND THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR LISTING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR COMPANY, THE ORDINARY SHARES OF RM1.00 EACH IN OUR COMPANY ("**SHARES**"), THE MERGER (AS DEFINED HEREIN) OR OUR LISTING.

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

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR LISTING. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

OUR COMPANY HAS OBTAINED THE APPROVAL OF BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR OUR SHARES. OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR COMPANY, OUR SHARES, THE MERGER OR OUR LISTING.

A COPY OF THIS PROSPECTUS HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHICH TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

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

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

OUR SHARES ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC (“SAC”) BASED ON AMONG OTHERS, OUR UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JANUARY 2011, AND THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SAC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES ON THE LAST FRIDAY OF MAY AND NOVEMBER OF EACH YEAR.

THE DISTRIBUTION OF THIS PROSPECTUS IS SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. WE WILL NOT MAKE OR BE BOUND TO MAKE ANY ENQUIRY IN RESPECT OF THE DISTRIBUTION OF THIS PROSPECTUS AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA. WE WILL NOT ACCEPT ANY LIABILITY WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION TO IT. IT IS TO BE NOTED THAT THE DISTRIBUTION OF THIS PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW AND IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT THE DISTRIBUTION OF THIS PROSPECTUS WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECT TO. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE DISTRIBUTION OF THIS PROSPECTUS WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECT TO. OUR COMPANY AND OUR JOINT PRINCIPAL ADVISERS HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. WE WILL FURTHER ASSUME THAT YOU HAVE ACCEPTED THIS PROSPECTUS IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION TO IT.

THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES IN ANY LAWS OF COUNTRIES OR JURISDICTIONS OR IN ANY CIRCUMSTANCES.

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA MALAYSIA BERHAD’S WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com).

## GENERAL INFORMATION AND INDICATIVE TIMETABLE

All terms used are defined under “**Presentation of financial and other information**”, “**Definitions**” and “**Glossary of technical terms**” sections commencing on pages v, ix and xviii respectively.

On 11 July 2011, we made the Offer with the aim of merging the SapuraCrest Business and the Kencana Petroleum Business under our Company.

On 5 August 2011, both SapuraCrest and Kencana Petroleum accepted the Offer.

As at the date of this Prospectus, the Acquisitions, the Capital Reduction and Repayment and the Shares Issue have been completed. The details of the Consideration paid to SapuraCrest and Kencana Petroleum pursuant to the Acquisitions are as follows:

Company	Shares		Cash Payments	Total
	<sup>(1)</sup> No. of Shares	RM	RM	RM
SapuraCrest	2,498,928,847	4,997,857,694	875,065,566	5,872,923,260
Kencana Petroleum	2,505,437,349	5,010,874,698	968,689,380	5,979,564,078
<b>Total</b>	<b>5,004,366,196</b>	<b>10,008,732,392</b>	<b>1,843,754,946</b>	<b>11,852,487,338</b>

**Note:**

<sup>(1)</sup> Issued at an issue price of RM2.00 per Share.

Following the Completion, we now own the SapuraCrest Business and the Kencana Petroleum Business. The Completion and the completion of the Capital Reduction and Repayment took place on 15 May 2012. Simultaneous with the Capital Reduction and Repayment, SapuraCrest and Kencana Petroleum undertook the Shares Issue respectively.

The events leading up to our Listing are as follows:

Events	Date
Announcement of the Entitlement Date	23 April 2012
Entitlement Date	8 May 2012
Distribution of our Shares and Cash Payments to the Entitled Shareholders	15 May 2012
Listing of our Shares on the Main Market of Bursa Securities	17 May 2012

**GENERAL INFORMATION AND INDICATIVE TIMETABLE (cont'd)**

Our Shares that you are entitled to receive based on your shareholdings in SapuraCrest and/or Kencana Petroleum as at the Entitlement Date have been credited into your CDS account(s) prior to the listing of our Shares on the Main Market of Bursa Securities.

The entitlement of the Entitled Shareholders for the Consideration based on their shareholdings in SapuraCrest and/or Kencana Petroleum as at the Entitlement Date are illustrated below:

<b>At Entitlement Date</b>	<b>No. of Shares</b>	<b>Amount RM</b>
<b>SapuraCrest</b>		
Shareholders holding 1,000 SapuraCrest Shares will receive the following:		
• Cash	-	686
• Shares at RM2.00 per Share	1,957	3,914
<b>Total</b>		<b>4,600</b>
<b>Kencana Petroleum</b>		
Shareholders holding 1,000 Kencana Petroleum Shares will receive the following:		
• Cash	-	486
• Shares at RM2.00 per Share	1,257	2,514
<b>Total</b>		<b>3,000</b>

Fractional entitlements to our Shares have been rounded down and compensated by cash such that each entitled shareholder of SapuraCrest and Kencana Petroleum will receive an aggregate of RM4.60 and RM3.00 (comprising our Shares and Cash Payments) for each SapuraCrest Share and Kencana Petroleum Share held respectively. Any such adjustment has been adjusted from the entitlement of STSB and/or Khasera.

Following the expiry of Kencana Petroleum's employees' share option scheme on 15 November 2011, there were 15,698 Kencana Petroleum employees' share options which remained unexercised. Based on the Kencana Petroleum Consideration of RM5,979,564,078 and the aggregate entitlement of RM3.00 for each Kencana Petroleum Share held, Kencana Petroleum will have RM47,094 (comprising 19,732 Shares and RM7,630 cash payments) not distributed and retained in Kencana Petroleum. In view that Kencana Petroleum is unable to retain these Shares as it has become our wholly-owned subsidiary following Completion, the remaining 19,732 Shares not distributed have been adjusted against the cash portion received by Khasera. Arising therefrom, Khasera has received additional 19,732 Shares amounting to RM39,464 with a corresponding reduction in its cash entitlement.

**You do not need to take any action nor make any payment for our Shares pursuant to the Capital Reduction and Repayment.**

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “**you**” are to the Entitled Shareholders; references to “**our Company**” and “**SKPB**” are to SapuraKencana Petroleum Berhad (*formerly known as Sapura-Kencana Petroleum Berhad*); references to “**our Group**” in this Prospectus are to our Company and our subsidiaries; and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and save as where the context otherwise requires, shall include our subsidiaries following Completion. References to “**our subsidiaries**”, “**our associate companies**” and “**our jointly-controlled entities**” are to our subsidiaries, our associate companies and our jointly-controlled entities respectively. Unless the context otherwise requires, references to “**Management**” are to our Directors and our key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “**Ringgit**”, “**Ringgit Malaysia**”, “**RM**” and “**sen**” are to the lawful currency of Malaysia. Any discrepancies in the tables included in this Prospectus between the amounts listed and the totals thereof are due to rounding. Other abbreviations used are defined in the “**Definitions**” section appearing on pages (ix) to (xvii) of this Prospectus while certain acronyms and technical terms used are defined in the “**Glossary of technical terms**” section appearing on pages (xviii) to (xxi) of this Prospectus. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of Bursa Securities shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of Bursa Securities (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulation, enactment or rules of Bursa Securities for the time being in force.

All references to dates and times are references to dates and times in Malaysia, unless otherwise indicated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the report prepared by ISL, an independent energy industry analyst. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, we and our advisers have not independently verified these data and projections. Further, certain background information on our substantial shareholders contained in this Prospectus was obtained from publicly available sources, which neither we nor our advisers have verified. We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data and projections and accordingly, you should not place undue reliance on the statistical data and projections cited in this Prospectus.

The annual reports of SapuraCrest for the past 3 years ended 31 January 2009 to 2011 and Kencana Petroleum for the past 3 years ended 31 July 2009 to 2011 can be viewed or downloaded from Bursa Malaysia Berhad’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The information on any website stated in this Prospectus or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

All references to “**LPD**” in this Prospectus are to 23 April 2012, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

All the information set out in this Prospectus is presented as at the LPD, unless otherwise indicated.

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION** *(cont'd)*

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All references to the “**year ended/ending**” in this Prospectus are to the respective financial year ended or ending 31 January, as the case may be unless otherwise indicated. References to the “**period ended/ending**” in this Prospectus are to the financial period in the number of months as stated in this Prospectus.

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## FORWARD LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, financial estimates, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. 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 we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “**may**”, “**will**”, “**would**”, “**could**”, “**believe**”, “**expect**”, “**anticipate**”, “**intend**”, “**estimate**”, “**aim**”, “**plan**”, “**forecast**” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) the demand for our products and services and general industry environment;
- (ii) our business strategies, trends and competitive position and future plans;
- (iii) plans and objectives of our Company for future operations;
- (iv) our financial position;
- (v) the regulatory environment and effects of future regulation; and
- (vi) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) fluctuations in global energy demand and oil prices;
- (ii) the general state of, as well as the global demand drivers in the offshore O&G industry;
- (iii) the general economic, business, social, political and investment environment in Malaysia and globally;
- (iv) government policy, legislation or regulation;
- (v) interest rates, foreign exchange rates and tax rates;
- (vi) the competitive environment in our industry;
- (vii) delays, cost overruns, shortages in labour or problems with the execution of our growth plans;
- (viii) the activities and financial health of our customers and suppliers;
- (ix) fixed and contingent obligations and commitments;
- (x) significant capital expenditure requirements;
- (xi) future regulatory or government policy changes affecting us or the countries in which we operate or may operate; and
- (xii) any other factors beyond our control.

**FORWARD LOOKING STATEMENTS** *(cont'd)*

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Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Sections 5 and 9 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD. Subject to us complying with the provisions of Section 238(1) of the CMA and Paragraph 1.02 of the Prospectus Guidelines (Supplementary Prospectus), we expressly disclaim any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any changes in our expectations with regards to them or any change in events, conditions or circumstances on which any such statement is based.

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## DEFINITIONS

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The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Acquisition of Kencana Petroleum Business	:	Our acquisition of the Kencana Petroleum Business satisfied by the Kencana Petroleum Consideration
Acquisition of SapuraCrest Business	:	Our acquisition of the SapuraCrest Business satisfied by the SapuraCrest Consideration
Acquisitions	:	Collectively, the Acquisition of SapuraCrest Business and the Acquisition of Kencana Petroleum Business
Act	:	Companies Act, 1965
AGM	:	Annual general meeting
Articles	:	Articles of Association
Assets	:	All the assets of SapuraCrest and Kencana Petroleum, including but not limited to all cash and short-term funds, deposits and placements with financial institutions, investment securities being money market instruments, quoted and unquoted securities (including government, corporate and other bonds) and shares, including all shares of the subsidiaries, associate companies and jointly-controlled entities of SapuraCrest and Kencana Petroleum, loans and advances, any accrued interest on the foregoing assets that has not yet been received as at the Completion Date and, in relation to the deposit accounts, interest that has accrued but remains unposted as at the Completion Date, outstanding purchase contracts, other assets by way of debtors, deposits, all concession and other agreements, rights and entitlements, all fixed assets including land (if any) and those other fixed assets including assets utilised for the operation, administration or management of the SapuraCrest Business and the Kencana Petroleum Business by way of office furniture, fittings, equipment and renovations, data processing equipment, electrical and security equipment, motor vehicles, buildings-in-progress, all intellectual property rights, including, without limitation, the rights to computer software owned by SapuraCrest and Kencana Petroleum and used in or for the purposes of SapuraCrest Business and Kencana Petroleum Business respectively, and all records so owned and used and any other assets not specifically described, including any claim, demand, judgment, award or legal proceedings by or obtained by SapuraCrest and Kencana Petroleum against any person
BCSB	:	Brothers Capital Sdn Bhd
Board	:	Board of Directors
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Capex	:	Capital expenditure
Capital Reduction and Repayment	:	Collectively, the SapuraCrest Capital Reduction and Repayment and the Kencana Petroleum Capital Reduction and Repayment
Carigali-PTTEPI	:	Carigali PTTEPI Operating Company Sdn Bhd

**DEFINITIONS** (cont'd)

Cash Payments	:	Cash payments by our Company as part payment of the Consideration
CDS	:	Central Depository System
CEO	:	Chief Executive Officer
CHOCSB	:	Carigali HESS Operating Company Sdn Bhd
CIMB	:	CIMB Investment Bank Berhad
Clough	:	Clough Limited
Clough Business Acquisition	:	The acquisition by our wholly-owned subsidiary, Sapura Australia (as nominated by SPAPL) of Clough's Marine Construction Business from Clough and certain of its subsidiaries for a total purchase consideration of AUD127.0 million fully satisfied in cash. This acquisition was completed on 22 December 2011
Clough Group	:	Collectively, Clough and its subsidiaries
Clough's Marine Construction Business	:	Clough's marine construction business comprising the following entities and assets: <ul style="list-style-type: none"> <li>(i) 100% shareholding in SapuraClough Java (and its wholly-owned subsidiary, SapuraClough Singapore, the owner of Java Constructor Derrick Pipelay Barge);</li> <li>(ii) 100% shareholding in SapuraClough USA (together with at least 51% interest in Peritus US and 70% interest in OFI);</li> <li>(iii) 100% shareholding in Sapura REM Clough (which leases the Normand Clough, a Class 2 dynamic positioning subsea construction vessel);</li> <li>(iv) at least 51% interest in Peritus Australia;</li> <li>(v) at least 51% interest in Peritus UK;</li> <li>(vi) 50% shareholding in SapuraHelix;</li> <li>(vii) Clough Challenge (shallow water lay barge), 2 ROVs, SDS and other assets (of which the legal and beneficial ownership has been transferred to Sapura REM Clough);</li> <li>(viii) its participating interest in the joint venture between Clough Projects Australia Pty Ltd and Sea Trucks Australia Pty Ltd and interest in the Domgas Contract; and</li> <li>(ix) other transferring client and supplier contracts</li> </ul>
Clough Operations	:	Clough Operations Pty Ltd
CMSA	:	Capital Markets and Services Act, 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Company or SKPB	:	SapuraKencana Petroleum Berhad ( <i>formerly known as Sapura-Kencana Petroleum Berhad</i> )
Completion	:	Completion of the transfer of the SapuraCrest Business and the Kencana Petroleum Business from SapuraCrest and Kencana Petroleum respectively, to our Company
Completion Date	:	15 May 2012, being the date of Completion
Consideration	:	Collectively, the SapuraCrest Consideration and the Kencana Petroleum Consideration

**DEFINITIONS** *(cont'd)*

Court	:	High Court of Malaya
Domgas Contract	:	DomGas Pipeline Contract dated 13 December 2010 entered into between Clough Projects Australia Pty Ltd and Sea Trucks Australia Pty Ltd (contracting as Sea Trucks joint-venture between Clough Projects Australia Pty Ltd and Sea Trucks Australia Pty Ltd) and Chevron Australia Pty Ltd
EBITDA	:	Earnings before finance cost, taxation, depreciation and amortisation
EGM	:	Extraordinary general meeting
EMEPMI	:	ExxonMobil Exploration & Production Malaysia Inc
Entitled Shareholders	:	The holders of SapuraCrest Shares and Kencana Petroleum Shares whose names appear on the ROD of SapuraCrest and Kencana Petroleum respectively, as at the Entitlement Date
Entitlement Date	:	8 May 2012
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC on 8 May 2009 (effective 3 August 2009 and updated on 10 August 2011)
FRS	:	Financial Reporting Standards
Group	:	Collectively, SKPB and our subsidiaries
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
IADC	:	International Association for Drilling Contractors
IPLOCA	:	International Pipeline & Offshore Contractor Association
IPSB	:	Indera Permai Sdn Bhd
ISL	:	Infield Systems Limited
Joint Principal Advisers	:	Collectively, Maybank IB and CIMB
KCA	:	Kencana Capital Assets Sdn Bhd
KCSB	:	Kencana Capital Sdn Bhd
Kencana Petroleum Business	:	Entire businesses and undertakings of Kencana Petroleum, including all its Assets and Liabilities as at the Completion Date
Kencana Petroleum Capital Reduction and Repayment	:	Capital repayment by Kencana Petroleum by way of a capital reduction exercise pursuant to Section 64 of the Act to distribute the Kencana Petroleum Consideration received pursuant to the Acquisition of Kencana Petroleum Business to the entitled shareholders of Kencana Petroleum

**DEFINITIONS** (cont'd)

Kencana Petroleum Consideration	:	The consideration of RM5,979,564,078 which has been paid or satisfied by our Company to or in favour of Kencana Petroleum in cash payments and Shares pursuant to the Acquisition of Kencana Petroleum Business as at the Completion Date
Kencana Petroleum Group	:	Collectively, Kencana Petroleum and its subsidiaries, prior to the Completion
Kencana Petroleum Shares	:	Ordinary shares of RM0.10 each in Kencana Petroleum
Khasera	:	Khasera Baru Sdn Bhd
KPOC	:	Kebabangan Petroleum Operating Company Sdn Bhd
Labuan Shipyard	:	Our shipyard located at Labuan, which is held via LSE
Larsen & Toubro	:	Larsen & Toubro Limited and/or its group of companies
Liabilities	:	All debts and liabilities of SapuraCrest and Kencana Petroleum (whether in Malaysia or elsewhere) as at the Completion Date, including (but not limited to) subordinated obligations, outstanding sales contracts, any tax, present or contingent, any obligation to pay, off-balance sheet items which have not crystallised or which may, in future, give rise to an indebtedness and other liabilities not specifically described earlier, including any claim, demand, right of set-off or legal proceeding by any person against SapuraCrest and Kencana Petroleum respectively, and any amount due to trade or other creditors and accrued charges relating thereto
Listing	:	Admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital comprising 5,004,366,198 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	23 April 2012, being the latest practicable date prior to the registration of this Prospectus
LMTSB	:	Lumut Maritime Terminal Sdn Bhd
Lumut Fabrication Yard	:	Our fabrication yard located at Lumut Industrial Park, Perak
Market Day	:	Any day between Monday to Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for trading of securities
Maybank IB	:	Maybank Investment Bank Berhad
Merger	:	The restructuring scheme resulting in the merger of the SapuraCrest Business and the Kencana Petroleum Business under our Company, which was facilitated by the Acquisitions, the Capital Reduction and Repayment and the Shares Issue
MoF	:	Ministry of Finance Malaysia
MITI	:	Ministry of International Trade and Industry Malaysia

**DEFINITIONS** (cont'd)

MSESB	:	Malaysia Shipyard and Engineering Sdn Bhd
MTJDA	:	Malaysia-Thailand Joint Development Area
Murphy Sarawak	:	Murphy Sarawak Oil Co Ltd
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
Newfield	:	Newfield Peninsula Malaysia Inc
NOEML	:	Nippon Oil Exploration (Malaysia) Ltd
NTA	:	Net tangible assets
O&G	:	Oil and gas
Offer	:	Our offer vide the Offer Letters to acquire the SapuraCrest Business and the Kencana Petroleum Business at the Consideration
Offer Letters	:	Our offer letters dated 11 July 2011 in respect of the Offer,
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Optimal	:	Optimal Olefins (M) Sdn Bhd
PAT	:	Profit after taxation
PATAMI	:	Profit after taxation and minority interests
PBT	:	Profit before taxation
PCPP	:	PCPP Operating Company Sdn Bhd
PCSB	:	PETRONAS Carigali Sdn Bhd
PE Multiple	:	Price-earnings multiple
PED	:	Petrofac Energy Developments Sdn Bhd
Peremba Construction	:	Peremba Construction Sdn Bhd
Peritus Group	:	Collectively, Peritus Australia, Peritus UK and Peritus US
Petrofac E&C	:	Petrofac E&C Sdn Bhd
PETRONAS	:	Petroleum Nasional Berhad
PGB	:	PETRONAS Gas Berhad
PRC	:	People's Republic of China
Prospectus Guidelines	:	Prospectus Guidelines – Equity and Debt issued by the SC on 8 May 2009 (effective 3 August 2009)

**DEFINITIONS** *(cont'd)*

ROD	:	Record of Depositors
Rules	:	Rules of Bursa Depository
SAC	:	Shariah Advisory Council of the SC
Saipem	:	Saipem S.p.A
Sapura Group	:	Collectively, SHSB and its subsidiaries
SapuraAcergy Companies	:	Collectively, SapuraAcergy, SapuraAcergy Assets Pte Ltd and SapuraAcergy (Australia) Pty Ltd
SapuraCrest Business	:	Entire businesses and undertakings of SapuraCrest, including all its Assets and Liabilities as at the Completion Date
SapuraCrest Capital Reduction and Repayment	:	Capital repayment by SapuraCrest by way of a capital reduction exercise pursuant to Section 64 of the Act to distribute the SapuraCrest Consideration received pursuant to the Acquisition of SapuraCrest Business to the entitled shareholders of SapuraCrest
SapuraCrest Consideration	:	The consideration of RM5,872,923,260 which has been paid or satisfied by our Company to or in favour of SapuraCrest in cash payments and Shares pursuant to the Acquisition of SapuraCrest Business as at the Completion Date
SapuraCrest Group	:	Collectively, SapuraCrest and its subsidiaries, prior to the Completion
SapuraCrest Shares	:	Ordinary shares of RM0.20 each in SapuraCrest
SC	:	Securities Commission Malaysia
SCSB	:	Sapura Capital Sdn Bhd
Seadrill	:	Seadrill Limited
Seadrill Group	:	Seadrill and its group of companies
Shares	:	Ordinary shares of RM1.00 each in our Company
Shares Issue	:	The issuance of 2 new SapuraCrest Shares and 2 new Kencana Petroleum Shares to our Company at par, simultaneously with the Capital Reduction and Repayment, such that SapuraCrest and Kencana Petroleum became our wholly-owned subsidiaries
SHSB	:	Sapura Holdings Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SMEP	:	Shell Malaysia Exploration and Production
sq. ft.	:	Square feet
SRB	:	Sapura Resources Berhad
SSB	:	Sarawak Shell Berhad
SSESB	:	Sime SembCorp Engineering Sdn Bhd



**DEFINITIONS** *(cont'd)*

SSPCL	:	Sabah Shell Petroleum Co. Ltd.
STSB	:	Sapura Technology Sdn Bhd
Subsea 7	:	Subsea 7 S.A. and/or its group of companies
U.K.	:	United Kingdom
U.S.	:	United States of America

**CURRENCIES**

AUD	:	Australian Dollar, being the lawful currency of Australia
BRL	:	Brazilian Real, being the lawful currency of Brazil
GBP	:	Great British Pound, being the lawful currency of U.K.
HKD	:	Hong Kong Dollar, being the lawful currency of Hong Kong
INR	:	Indian Rupee, being the lawful currency of India
Riyal	:	Qatari Riyal, being the lawful currency of Qatar
RM and sen	:	Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
SD	:	Sudanese Dinar, being the lawful currency of Sudan
SGD	:	Singapore Dollar, being the lawful currency of Singapore
UAE Dhs	:	United Arab Emirates Dirham, being the lawful currency of the United Arab Emirates
USD	:	United States Dollar, being the lawful currency of the U.S.

**SUBSIDIARIES**

AME	:	Allied Marine & Equipment Sdn Bhd
CMESB	:	Crest Marine Engineering Sdn Bhd
CTR	:	Crest Tender Rigs Pte Ltd
KBW	:	Kencana Bestwide Sdn Bhd
Kencana Petroleum	:	Kencana Petroleum Berhad
KESB	:	Kencana Energy Sdn Bhd
KHL	:	Kencana HL Sdn Bhd
KMD	:	Kencana Marine Drilling Sdn Bhd
KMR Labuan	:	Kencana Marine Rig 1 (Labuan) Pte Ltd
KMR1	:	Kencana Marine Rig 1 Pte Ltd
KPV	:	Kencana Petroleum Ventures Sdn Bhd

**DEFINITIONS** *(cont'd)***SUBSIDIARIES** *(cont'd)*

KPW	:	Kencana Pinewell Sdn Bhd
KTC	:	Kencana Torsco Sdn Bhd
MARS	:	Malaysian Advanced Refurbishment Services Sdn Bhd
MHSB	:	Maju Hydro Sdn Bhd
OFI	:	Ocean Flow International LLC
Oilserve (L)	:	Oilserve (L) Berhad
Peritus Australia	:	Peritus International Pty Ltd
Peritus UK	:	Peritus International Limited
Peritus US	:	Peritus International Inc
Petcon	:	Petcon (Malaysia) Sdn Bhd
Sapura Australia	:	Sapura Australia Pty Ltd
SapuraClough Java	:	SapuraClough Java Offshore Pte Ltd <i>(formerly known as Clough Java Offshore Pte Ltd)</i>
SapuraClough Singapore	:	SapuraClough Singapore Pte Ltd <i>(formerly known as Clough Singapore Constructor Pte Ltd)</i>
SapuraClough USA	:	SapuraClough USA Holdings Inc <i>(formerly known as Clough USA Holdings Inc)</i>
SapuraCrest	:	SapuraCrest Petroleum Berhad
SapuraHelix	:	SapuraHelix Joint Venture Pty Ltd <i>(formerly known as Clough Helix Joint Venture Pty Ltd)</i>
Sapura REM Clough	:	Sapura REM Clough Pty Ltd <i>(formerly known as REM Clough Pty Ltd)</i>
Sarku Marine	:	Sarku Marine Sdn Bhd
SCVSB	:	SapuraCrest Ventures Sdn Bhd
SDSSB	:	Sapura Diving Services Sdn Bhd
SESB	:	Sapura Energy Sdn Bhd
SESSB	:	Sarku Engineering Services Sdn Bhd
SEV	:	Sapura Energy Ventures Sdn Bhd
SPAPL	:	Sapura Petroleum (Australia) Pty Ltd
SPSSB	:	Sapura Power Services Sdn Bhd
SRSSB	:	Sapura Retail Solutions Sdn Bhd

**DEFINITIONS** *(cont'd)*

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**SUBSIDIARIES** *(cont'd)*

Tioman	:	Tioman Drilling Company Sdn Bhd
TL Oilserve	:	TL Oilserve Sdn Bhd
TLGSB	:	TL Geosciences Sdn Bhd
TLOSB	:	TL Offshore Sdn Bhd
TMTPL	:	Total Marine Technology Pty Ltd

**ASSOCIATE COMPANIES**

GSB	:	Geowell Sdn Bhd
LSE	:	Labuan Shipyard & Engineering Sdn Bhd

**JOINTLY-CONTROLLED ENTITIES**

SapuraAcergy	:	SapuraAcergy Sdn Bhd
SapuraCrest Qatar	:	SapuraCrest Qatar LLC

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## GLOSSARY OF TECHNICAL TERMS

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The following glossary of technical terms contains terms used in this Prospectus as they relate to the businesses of our Group. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms:

ABS	: American Bureau of Shipping, a U.S classification society which has established rules and regulations for the classification of seagoing vessels or equipment
AHT	: Anchor handling tug, used to support offshore barges in laying out their anchors and retrieving their anchors from location to location, serve and standby duty for the barges and able to tow them away in case of emergency. A prime mover for the barges
AHTS	: Anchor handling tug and supply, used to provide logistic support to offshore oil rigs, production platforms and other offshore installations, to tow rigs, barges and mobile structures from location to location as well as making sure their anchor are well placed in suited position
BHP	: Brake horsepower, which is the amount of power generated by a motor without taking into consideration any amount of the various auxiliary components that may slow down the actual speed of the motor
Bollard Pull	: Pulling capacity of the AHTS/AHT vessel towing and/or working winch
brownfield	: An O&G field that has previously been developed
CAD	: Computer aided design
CAM	: Computer aided manufacturing
CFD	: Computational fluid dynamics
CPP	: Central processing platform
DES	: Derrick equipment set, which is installed on a platform to enable drilling work
DP	: Dynamic positioning, a computer-controlled system to automatically maintain a vessel's position and heading by using its propellers and thrusters. The dynamic positioning level (e.g. DP2, DP3) indicates the degree of redundancy built into the system
EPC	: Engineering, procurement, construction, used to describe a contract between a company and a contractor to perform detailed engineering, procurement of materials and equipments, and construction of structures
EPCC	: Engineering, procurement, construction and commissioning
EPIC	: Engineering, procurement, installation and commissioning
EPCIC	: Engineering, procurement, construction, installation and commissioning, used to describe a contract between a company and contractor to perform detailed engineering, procurement of materials, construction of structures, transport to site, installation and commissioning (preparatory activities to commence operations)
FEA	: Finite element analysis

**GLOSSARY OF TECHNICAL TERMS (cont'd)**

FEED	: Front end engineering design, which includes all engineering design and other activities for an engineering project. It starts from the project brief and works through to the visualisation, conceptualisation and definition stages. It involves translating the customer's needs into a conceptual design and then a basic design
FPS	: Floating production system, a collective term for all types of floating production units, including FPSOs, semi-submersibles, TLPs, SPARs and FPSOs. Semi-submersibles, TLPs and SPARs are normally deployed in deepwater and locations with pipeline infrastructure, since they typically do not have storage facilities
FPSO	: Floating, production, storage and off-loading system, an offshore system comprising a large tanker or similar vessel equipped with a high capacity production facility. FPSOs are normally moored at the bow to the seabed to maintain a geo-stationary position, and serve as a fixed point for risers to connect subsea wellheads to on-board processing/production, storage and offloading system. Produced oil is periodically offloaded to smaller shuttle tankers, which transport the oil to onshore facilities for further processing
FSO	: Floating, storage and offloading, a vessel that stores crude oil produced from a fixed or floating platform
geophysical	: The physics of the earth and its environment. It provides information on the earth's internal structure and composition, as well as the contour and structure of the seabed. The information is used to analyse potential petroleum reservoir and mineral deposits and to assist in determining the location to install production structures and pipelines. It is also used to detect and mitigate natural hazards such as shallow gas
geotechnical	: A branch of engineering concerned with the behavior of earth material. It provides information on physical/mechanical and chemical properties of the soil and rock such as the type of components, strength and porosity. The information is needed to design structure to determine the ability of the soil to handle the structures and subsea equipment
greenfield	: An O&G field that has not been developed
HP	: Horsepower
HSE	: Health, safety and environment
HSSE	: Health, safety, security and environment
HUC	: Hook-up and commissioning
IPF	: Installation of pipelines and facilities
IRM	: Inspection, repair and maintenance
jacket	: Steel structures partly submerged that support the above water or Topside of an offshore platform
LAT	: Lowest astronomical tide, which is the height of the lowest tidal water level
LNG	: Liquefied natural gas

**GLOSSARY OF TECHNICAL TERMS** *(cont'd)*


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manifold	:	Seabed structure which gathers hydrocarbon products from other seabed structures, primarily satellite wells, which are then transported back to the tieback host through flowlines
modules	:	Any or various modular sets or equipment designed to perform one or more functions and be installed on an offshore platform
MOPU	:	Mobile offshore production unit, a movable and transportable facility that is used to perform offshore production. Basic types of mobile units include bottom-supported units and floating units
MOSES	:	Meta-optimising semantic evolutionary search
MPOSV	:	Multi-purpose offshore support vessel
MSF	:	Module support frame, which is attached to the jacket to support the footprint area of the topside modules and transfer the topside weight evenly into the jacket structure
mt	:	Metric tonne
OHSAS	:	Occupational health and safety assessment series
offshore platform	:	A structure located in a marine environment that houses workers and equipment required to drill and/or extract O&G from underground reserves. Offshore platforms typically comprise two parts, the Topside and the jacket. Various modules are installed on the Topside
PDMS	:	Plant design and management system
platform	:	Offshore structure that is fixed to the seabed
PLEM	:	Pipeline end manifold
PLET	:	Pipeline end termination
process skid system	:	Any type of equipment or system that is housed on a transportable mini platform
PSC	:	Production sharing contract
riser	:	A pipe or assembly of pipes used to transfer product fluids from the seabed to the surface facilities or to transfer injection fluids, control fluids or lift gas from the surface facilities and the seabed
ROV	:	A remotely operated vehicle, which is a tethered underwater vehicle
RSC	:	Risk service contract
SACS	:	Structural analysis computer system
SBM	:	Single buoy mooring
SCR	:	Steel catenary risers
SDS	:	Saturation diving systems
SETR	:	Self-erecting tender rigs

**GLOSSARY OF TECHNICAL TERMS** (cont'd)

SLED	:	A type of subsea component
SPAR	:	A vertical, cylindrical structure with the majority of the hull underwater. The deep hull of spar lowers its centre of gravity, making the structure more stable. Also known as the deep draught caisson vessel
st	:	Short tonne
subsea services	:	Offshore diving and underwater related services for inspection, repair and maintenance of structures, pipelines and risers and for the construction of underwater facilities
substructure	:	Structure that supports Topsides and normally contains space for storage and well-control equipment
SURF	:	Subsea, umbilicals, risers and flowlines, refers to the infrastructure required for O&G production in the offshore environment and found between the seabed and the waterline
TLP	:	Tension leg platform, comprising a deck on a pontoon column structure moored to the seabed with steel tendons. The deck supports production processing facilities
Topside	:	The portion of any offshore platform above water which includes among others, the process and production facilities, living quarters and modules
TRCF	:	Total recordable case frequency
Turret	:	Rotating structures used with FPSOs to attach lines to the unit, allowing the lines to remain connected while the unit moves. Turrets may be internal or external to the FPSO
UCUA	:	Unsafe condition unsafe act

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## 1. CORPORATE DIRECTORY

### DIRECTORS

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Dato' Hamzah bin Bakar <i>(Chairman and Independent Non-Executive Director)</i>	No. 14, Jalan Bola Lisut 13/17 40100 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Dato' Mokhzani bin Mahathir <i>(Non-Independent Executive Director and Executive Vice-Chairman)</i>	No. 5, Lorong 1/80C, Damaisari Off Jalan Medang Kapas Bukit Bandaraya 59100 Kuala Lumpur	Company Director	Malaysian
Dato' Seri Shahril bin Shamsuddin <i>(Non-Independent Executive Director and President and Group CEO)</i>	No. 66, Jalan Kuda Emas The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Company Director	Malaysian
Shahriman bin Shamsuddin <i>(Non-Independent Non-Executive Director)</i>	No. 67, Jalan Kuda Emas The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Company Director	Malaysian
Chong Hin Loon <i>(Non-Independent Executive Director)</i>	No. 25, Jalan BRP 7/1A1 Bukit Rahman Putra 47000 Sungai Buloh Selangor Darul Ehsan	Company Director	Malaysian
Yeow Kheng Chew <i>(Non-Independent Executive Director)</i>	Unit No. 18, Villa Mont' Kiara No. 16, Jalan Kiara 50480 Kuala Lumpur	Company Director	Malaysian
Tan Sri Nik Mohamed bin Nik Yaacob <i>(Independent Non-Executive Director)</i>	No. 30, Jalan PJU 1A/52 Damansara Idaman 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo <i>(Independent Non-Executive Director)</i>	No. 325, Jalan Siol Kandis Petra Jaya 93050 Kuching Sarawak	Company Director	Malaysian
Tan Sri Ibrahim bin Menudin <i>(Independent Non-Executive Director)</i>	No. 15, Jalan Kedondong Off Jalan Ampang Hilir 55000 Kuala Lumpur	Company Director	Malaysian
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin <i>(Independent Non-Executive Director)</i>	No. 4, Jalan 4G Ampang Jaya 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Mohamed Rashdi bin Mohamed Ghazalli <i>(Independent Non-Executive Director)</i>	No. 7, Lorong Batai Barat Damansara Heights 50490 Kuala Lumpur	Company Director	Malaysian
Mohd Adzahar bin Abdul Wahid <i>(Independent Non-Executive Director)</i>	Lot 616, Kg. Sungai Makau Jalan Sungai Tekali Bt 1 <sup>1</sup> / <sub>2</sub> 43100 Hulu Langat Selangor Darul Ehsan	Company Director	Malaysian

**1. CORPORATE DIRECTORY (cont'd)****AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Mohd Adzahar bin Abdul Wahid	Chairman	Independent Non-Executive Director
Tan Sri Nik Mohamed bin Nik Yaacob	Member	Independent Non-Executive Director
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Member	Independent Non-Executive Director
Mohamed Rashdi bin Mohamed Ghazalli	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Hamzah bin Bakar	Chairman	Chairman and Independent Non-Executive Director
Tan Sri Nik Mohamed bin Nik Yaacob	Member	Independent Non-Executive Director
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Member	Independent Non-Executive Director
Mohd Adzahar bin Abdul Wahid	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Hamzah bin Bakar	Chairman	Chairman and Independent Non-Executive Director
Dato' Mokhzani bin Mahathir	Member	Non-Independent Executive Director and Executive Vice-Chairman
Dato' Seri Shahril bin Shamsuddin	Member	Non-Independent Executive Director and President and Group CEO
Tan Sri Nik Mohamed bin Nik Yaacob	Member	Independent Non-Executive Director

**COMPANY SECRETARIES** : Ng Heng Hooi (MAICSA 7048492)  
462A, Jalan 5/46  
Taman Petaling  
46000 Petaling Jaya  
Selangor Darul Ehsan

Aliza binti Ashari (MIA 10400)  
No. 90, Jalan PJU1A/1D  
Ara Damansara  
47301 Petaling Jaya  
Selangor Darul Ehsan

**REGISTERED OFFICE** : Lot 6.08, 6<sup>th</sup> Floor  
Plaza First Nationwide  
161, Jalan Tun H.S. Lee  
50000 Kuala Lumpur

Tel.: +603-2072 8100

## 1. CORPORATE DIRECTORY (cont'd)

<b>HEAD OFFICE/MANAGEMENT OFFICE</b>	: Level 6, Menara SapuraKencana Petroleum Solaris Dutamas, 1, Jalan Dutamas I 50480 Kuala Lumpur  Tel.: +603-6209 8000 Website: www.sapurakencana.com
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	: Ernst & Young (AF:0039) Level 23A, Menara Milenium Jalan Damanela Pusat Bandar Damansara 50490 Kuala Lumpur  Tel.: +603-7495 8000
<b>JOINT PRINCIPAL ADVISERS</b>	: Maybank Investment Bank Berhad 32 <sup>nd</sup> Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur  Tel.: +603-2059 1888  CIMB Investment Bank Berhad 10 <sup>th</sup> Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur  Tel.: +603-2084 8888
<b>SOLICITORS FOR OUR COMPANY</b>	: Kadir Andri & Partners 8 <sup>th</sup> Floor, Menara Safuan 80 Jalan Ampang 50450 Kuala Lumpur  Tel.: +603-2078 2888
<b>SOLICITORS FOR SAPURACREST</b>	: Zul Rafique & Partners D3-3-8 Solaris Dutamas No. 1 Jalan Dutamas 50480 Kuala Lumpur  Tel.: +603-6209 8228
<b>SOLICITORS FOR KENCANA PETROLEUM</b>	: Albar & Partners 6 <sup>th</sup> Floor, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur  Tel.: +603-2078 5588
<b>PRINCIPAL BANKERS</b>	: Affin Bank Berhad 17 <sup>th</sup> floor, Menara Affin 80, Jalan Raja Chulan 50200 Kuala Lumpur  Tel.: +603-2095 9000

**1. CORPORATE DIRECTORY (cont'd)**

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**PRINCIPAL BANKERS** : Al Rajhi Banking & Investment Corporation (Malaysia) Bhd  
(cont'd) Ground Floor, East Block Wisma Selangor Dredging

142-B Jalan Ampang  
50450 Kuala Lumpur

Tel.: +603-2301 7000

AmBank (M) Berhad  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur

Tel.: +603-2036 2633

AmInvestment Bank Berhad  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur

Tel.: +603-2078 2633/44/55

Australia and New Zealand Banking Group Limited  
Unit 02-02, Level 2, Menara Dion  
27, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

Tel.: +603-2078 1588

Bank Islam Malaysia Berhad  
Suite 20-01  
Level 20, G Tower  
199 Jalan Tun Razak  
50400 Kuala Lumpur

Tel.: +603-2688 2688

Bank Muamalat Malaysia Berhad  
Menara Bumiputra  
21 Jalan Melaka  
50913 Kuala Lumpur

Tel.: +603-2698 8787/2059 1200/2615 7000

BNP Paribas Labuan Branch  
Level 9(D), Financial Park Labuan  
Jalan Merdeka  
87000 Wilayah Persekutuan Labuan

Tel.: +6087-422 328/419 103

CIMB Bank Berhad  
10<sup>th</sup> Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

Tel.: +603-2084 8888

**1. CORPORATE DIRECTORY (cont'd)**

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**PRINCIPAL BANKERS  
(cont'd)**

: Deutsche Bank (Malaysia) Berhad  
Level 18-20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel.: +603-2053 6788

HSBC Bank Malaysia Berhad  
Main Office  
2, Jalan Leboh Ampang  
50100 Kuala Lumpur

Tel.: +603-2050 7676

Kuwait Finance House (Malaysia) Berhad  
Level 18, Tower 2, Etiqa Twins  
11, Jalan Pinang  
50704 Kuala Lumpur

Tel.: +603-2055 7777

Malayan Banking Berhad  
Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur

Tel.: +603-2070 8833

OCBC Al-Amin Bank Berhad  
25<sup>th</sup> Floor Wisma Lee Rubber  
1 Jalan Melaka  
50100 Kuala Lumpur

Tel.: +603-2034 5034

RHB Bank Berhad  
Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur

Tel.: +603-9287 8888

Standard Chartered Bank Malaysia Berhad  
Level 13, Menara Standard Chartered  
30, Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel.: +603-2117 7777

Standard Chartered Saadiq Berhad  
Level 16, Menara Standard Chartered  
30, Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel.: +603-2117 7777

**1. CORPORATE DIRECTORY (cont'd)**

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**PRINCIPAL BANKERS**  
*(cont'd)* : United Overseas Bank (Malaysia) Berhad  
Level 11, Menara UOB  
Jalan Raja Laut  
P.O. Box 11212  
50738 Kuala Lumpur

Tel.: +603-2692 7722

**SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Tel.: +603-7849 0777

**INDEPENDENT MARKET  
RESEARCHER** : Infield Systems Limited  
Suite 502  
1, Alie Street  
London E1 8DE  
United Kingdom

Tel.: +44 (0)20 7423 5000

**LISTING SOUGHT** : Main Market of Bursa Securities

**SHARIAH STATUS** : Approved by the SAC

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## 2. INTRODUCTION

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This Prospectus is dated 16 May 2012.

As at the date of this Prospectus, we, SapuraCrest and Kencana Petroleum have received all requisite approvals for among others, the Acquisitions, the Capital Reduction and Repayment and the Shares Issue and the Acquisitions, the Capital Reduction and Repayment and the Shares Issue have been completed. Following the Completion, we now own the SapuraCrest Business and the Kencana Petroleum Business. The Completion and the completion of the Capital Reduction and Repayment took place on 15 May 2012. Simultaneous with the Capital Reduction and Repayment, SapuraCrest and Kencana Petroleum undertook the Shares Issue respectively.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus with the Registrar of Companies, who takes no responsibility for its contents.

**The approval of the SC, and the registration of this Prospectus, should not be taken to indicate that the SC recommends our Listing or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of our Company, our Shares, the Merger or our Listing. You should rely on your own evaluation to assess the merits and risks of our Listing. If you are in any doubt as to the action to be taken, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.**

We have received the approval of Bursa Securities for the admission of our Shares to the Official List and our Listing. Our admission to the Official List is not to be taken as an indication of the merits of our Company, our Shares, the Merger or our Listing.

**Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we have deposited our Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules. We will not issue any share certificate to the Entitled Shareholders.**

In accordance with the Listing Requirements, at least 25% of our issued and paid-up share capital for which listing is sought must be held by at least 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. Based on the shareholdings of the shareholders of SapuraCrest and Kencana Petroleum respectively, as at the Entitlement Date, we will, upon our Listing, be in compliance with the public shareholding spread requirement prescribed under the Listing Requirements.

You should rely only on the information contained in this Prospectus. We or our advisers have not authorised any person to provide you with information that is different from those contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, represent or imply that there has been no material change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of our Listing, we shall further issue a supplemental or replacement Prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

**THIS PROSPECTUS IS ISSUED FOR INFORMATION PURPOSES ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES IS OR WILL BE MADE ON THE BASIS OF THIS PROSPECTUS.**

### 3. INFORMATION SUMMARY

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**This section is only a summary of the salient information about us and our Listing, which is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus.**

#### 3.1 Overview of our Group

We were set up as a special purpose company to facilitate the Merger. On Completion Date, the SapuraCrest Business and the Kencana Petroleum Business have been merged under our Company.

We were incorporated in Malaysia under the Act on 30 June 2011 as a private limited company under the name of Integral Key Sdn Bhd. On 20 September 2011, we were converted into a public limited company and assumed the name of Integral Key Berhad. On 19 December 2011, we changed our name to Sapura-Kencana Petroleum Berhad and subsequently on 5 April 2012, assumed our present name. Our enlarged Group which consists of the SapuraCrest Business and the Kencana Petroleum Business, is an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities with presence in Malaysia and various regions including Asia, Australasia, Middle East, Europe, Americas and Africa, and services spread out across the O&G value chain specifically in the areas of development and production, drilling, EPCIC, marine services, and operations and maintenance.

Please refer to Section 7 of this Prospectus for further information on our business and operations.

#### 3.2 Our competitive strengths and advantages

We believe our competitive strengths and advantages include the following:

- (i) We are an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities;
- (ii) We have a large asset base to support our businesses;
- (iii) We have international partnerships to support our businesses;
- (iv) We have an established track record and financial strength;
- (v) We have experienced management and skilled technical team;
- (vi) We have quality control and safety track record; and
- (vii) We have scale-driven cost efficiencies.

Please refer to Section 7.2 of this Prospectus for further information on our competitive strengths and advantages.

**3. INFORMATION SUMMARY** *(cont'd)*

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**3.3 Future plans and business strategies of our Group**

Following the Completion, we intend to leverage on the key synergies identified to grow our businesses to realise their full potential. The intended future plans and strategies of our Group include the following:

**3.3.1 Value of the Merger**

- (i) Securing turnkey EPCIC projects;
- (ii) Cross-selling;
- (iii) Procurement optimisation;
- (iv) End-to-end operational harmonisation; and
- (v) Growth in new businesses and/or markets capitalising on larger combined balance sheet.

**3.3.2 Synergies expected from the Merger**

The key synergies which are expected to be derived from the Merger are as follows:

- (i) Revenue synergies; and
- (ii) Cost synergies.

Please refer to Section 7.4 of this Prospectus for further information on the future plans and business strategies of our Group.

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### 3. INFORMATION SUMMARY (cont'd)

#### 3.4 Financial information

The following proforma consolidated statement of financial position as at 31 January 2012 and proforma consolidated income statements for the past 3 years ended 31 January 2010 to 2012 are provided for illustrative purposes only.

You should read the proforma consolidated statement of financial position as at 31 January 2012 and proforma consolidated income statements for the past 3 years ended 31 January 2010 to 2012 in conjunction with the management's discussion and analysis on financial conditions and results of operations of SapuraCrest Group and Kencana Petroleum Group in Sections 9.3 and 9.5 of this Prospectus respectively, and the Reporting Accountants' Letter on our unaudited proforma consolidated financial information as included in Section 9.6 of this Prospectus.

#### Proforma consolidated statement of financial position as at 31 January 2012

	As at 31 January 2012	Adjustment for the drawdown of borrowing	Adjustment for the Acquisition of SapuraCrest Business	RM 000			
				Proforma 1	Proforma 2	Proforma 3	Proforma 4
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	-	-	1,293,048	1,293,048	1,504,004	2,797,052	-
Intangible assets	-	-	247,756	247,756	4,664,004	4,911,760	-
Investment in associates	-	-	6,080	6,080	2,137	8,217	-
Investment in jointly-controlled entities	-	-	217,298	217,298	6	217,304	-
Other receivables	-	-	41,115	41,115	-	41,115	-
Deferred tax assets	-	-	9,093	9,093	2,113	11,206	-
<b>Total non-current assets</b>	-	-	1,814,390	1,814,390	7,986,654	7,986,654	2,797,052
							4,911,760
							8,217
							217,304
							41,115
							11,206
							7,986,654





### 3. INFORMATION SUMMARY (cont'd)

#### Proforma consolidated income statement for the past 3 years ended 31 January 2010 to 2012

	Year ended 31 January		
	2010	2011	2012
	RM 000		
<b>Income statement data:</b>			
Revenue	4,592,545	4,347,133	4,672,610
Cost of sales	(3,853,735)	(3,547,281)	(3,742,142)
Gross profit	738,810	799,852	930,468
Other income	25,712	40,306	59,343
Operating and administrative expenses	(216,965)	(293,606)	(343,163)
Operating profit	547,557	546,552	646,648
Finance costs	(68,226)	(56,662)	(61,285)
Share of profit/(loss) from associates	764	(503)	(311)
Share of (loss)/profit of jointly-controlled entities	(45,729)	46,432	103,053
PBT	434,366	535,819	688,105
Taxation	(66,393)	(64,367)	(90,412)
PAT	367,973	471,452	597,693
Profit attributable to:			
Owner of the parent	233,977	308,201	454,547
Non-controlling interest	133,996	163,251	143,146
	367,973	471,452	597,693

#### 3.5 Dividend policy

As our Company is an investment holding company, our income and therefore our ability to pay dividends, is dependent largely upon the dividends that we receive from our subsidiaries.

The payment of dividends by our subsidiaries will depend upon their operating results, financial condition, Capex plans and any other relevant factors. Currently, we do not have any fixed dividend policy. The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, our Company intends to take into account various factors including:

- (i) The level of our cash, gearing, debt profile and retained earnings;
- (ii) Our expected financial performance;
- (iii) Our projected levels of Capex and other investment plans; and
- (iv) Any circumstances which may affect or restrict our ability to pay dividends.

Please refer to Section 5.3.5 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

### 3. INFORMATION SUMMARY (cont'd)

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#### 3.6 Our Listing

The objective of our Listing is to enhance our profile and recognition within the global investing community and provide our Group better access to the capital markets in the future which will give us the financial flexibility to pursue future expansion and growth opportunities.

Pursuant to the Acquisitions, SapuraCrest received 2,498,928,847 new Shares at an issue price of RM2.00 per new Share and Cash Payments of RM875,065,566, and Kencana Petroleum received 2,505,437,349 new Shares at an issue price of RM2.00 per new Share and Cash Payments of RM968,689,380. Upon obtaining all requisite approvals for the Merger (which includes the approvals for the Acquisitions, the Capital Reduction and Repayment and the Shares Issue), SapuraCrest and Kencana Petroleum have distributed our new Shares and the Cash Payments to the Entitled Shareholders.

Please refer to Section 4 of this Prospectus for further information on our Listing.

#### 3.7 Proceeds

We are not receiving any subscription monies from the Entitled Shareholders for the issuance of our new Shares as our new Shares have been issued as part of the Consideration.

#### 3.8 Risk factors

***Please take note that our operations are subject to the legal, regulatory and business environment in the countries in which we operate. Our operations are subject to a number of factors, many of which are outside our control. The risks and investment considerations set out below are not an exhaustive list of the challenges that we may face or may develop in the future that may have a significant impact on our future performance. These and other risks, whether known or unknown, may have a material adverse effect on us and/or our Shares.***

##### 3.8.1 Risk factors relating to the industry in which we operate

- (i) Our operations may be affected by fluctuation of O&G prices;
- (ii) We operate in a global, competitive environment and may face substantial competition;
- (iii) We may be affected by implementation or changes in laws, regulations or policies of governments or other governmental activities in the countries that we operate and may not be able to obtain, renew or maintain the permits, licences and registrations required by our Group for our operations;
- (iv) Our business operations are subject to weather and natural hazards;
- (v) Our operations may be affected by fluctuation in prices of raw materials; and
- (vi) The O&G industry is reliant on the continuous discovery of hydrocarbon reserves.



### 3. INFORMATION SUMMARY (cont'd)

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#### 3.8.2 Risk factors relating to our operations

- (i) The occurrence of major HSE and operational incidents may have a substantial adverse impact on our Group;
- (ii) We may not be able to fulfill our contractual obligations to our customers in a timely manner or within our cost constraints;
- (iii) We are dependent on the availability, timeliness and quality of delivery from third party sub-contractors;
- (iv) We are exposed to foreign exchange fluctuation risks;
- (v) We may face claim and incur additional rectification costs during the warranty period for defects and warranties arising from products delivered or services performed;
- (vi) Maintenance and repair of our equipment and/or facilities may require substantial expenditure and breakdown of the key assets which we are dependent upon may cause losses to our Group;
- (vii) Our ability to generate sufficient cash flow to fulfil our debt obligations is not assured;
- (viii) Our development and operational plans may have significant Capex and financing requirements, which are subject to a number of risks and uncertainties;
- (ix) Our performance may be affected if we are unable to retain our key personnel or attract and retain new personnel;
- (x) Our insurance coverage may not be sufficient and may not adequately protect our Group against certain operating hazards;
- (xi) We may face labour shortages and rising labour costs;
- (xii) Our dependency on a limited number of major customers;
- (xiii) We may not be able to replenish our order book; and
- (xiv) We may face integration risks when integrating the operations of SapuraCrest Group and Kencana Petroleum Group post Completion Date.

#### 3.8.3 Risk factors relating to our Shares

- (i) Upon the crediting of our Shares to you, you are exposed to the performance of our operations;
- (ii) There has been no prior trading market for our Shares and our Listing may not result in an active or liquid market for our Shares;
- (iii) Like all other companies listed on Bursa Securities, the market price of our Shares may be volatile and this may affect your investment in our Shares;
- (iv) Delay or failure in our Listing;

**3. INFORMATION SUMMARY** *(cont'd)*

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- (v) Our ability to pay dividends will be affected by various factors; and
- (vi) Our major shareholders' interests may not be aligned with those of our other shareholders.

**3.8.4 Other risks**

- (i) Forward-looking statements are subject to uncertainties and contingencies;
- (ii) Impairment of goodwill; and
- (iii) Our Group has significant indebtedness.

Please refer to Section 5 of this Prospectus for further information on our risk factors.

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## 4. DETAILS OF OUR LISTING

### 4.1 Timetable

The events leading up to our Listing are as follows:

Events	Date
Announcement of the Entitlement Date	23 April 2012
Entitlement Date	8 May 2012
Distribution of our Shares and Cash Payments to the Entitled Shareholders	15 May 2012
Listing of our Shares on the Main Market of Bursa Securities	17 May 2012

### 4.2 Rationale for the Merger and objectives of our Listing

The rationale for the Merger are as follows:

- (i) The combined SapuraCrest Business and Kencana Petroleum Business under our Group will make us an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities;
- (ii) The Merger is expected to enhance our market position and competitiveness and bring about cost savings. With this, we will be in a strong position to undertake larger and more complex projects given our larger asset base and wider pool of skilled and knowledge based personnel, thus improving our business prospects;
- (iii) The combined SapuraCrest Business and Kencana Petroleum Business will help support growth opportunities and act as a platform to further strengthen our presence globally; and
- (iv) The Merger would help Malaysia to achieve objectives under the Economic Transformation Program to transform Malaysia into an Asian hub for the O&G industry, strengthen EPCIC capabilities and facilitate sectorial and industrial consolidation. In this case, the Merger would be in the long-term interest of the Malaysian O&G industry.

The objectives of our Listing is to enhance our profile and recognition within the global investing community and provide our Group with better access to the capital markets in the future which will give us the financial flexibility to pursue future expansion and growth opportunities.

#### 4. DETAILS OF OUR LISTING (cont'd)

##### 4.3 Details of the Merger

The restructuring scheme resulting in the merger of the SapuraCrest Business and the Kencana Petroleum Business under our Company was facilitated by the Acquisitions, the Capital Reduction and Repayment and the Shares Issue.

As at the date of this Prospectus, the Acquisitions, the Capital Reduction and Repayment and the Shares Issue have been completed. The details of the Consideration paid to SapuraCrest and Kencana Petroleum pursuant to the Acquisitions are as follows:

Company	Shares		Cash Payments	Total
	<sup>(1)</sup> No. of Shares	RM	RM	RM
SapuraCrest	2,498,928,847	4,997,857,694	875,065,566	5,872,923,260
Kencana Petroleum	2,505,437,349	5,010,874,698	968,689,380	5,979,564,078
<b>Total</b>	<b>5,004,366,196</b>	<b>10,008,732,392</b>	<b>1,843,754,946</b>	<b>11,852,487,338</b>

**Note:**

<sup>(1)</sup> Issued at an issue price of RM2.00 per Share.

Both SapuraCrest and Kencana Petroleum implemented a capital repayment exercise by way of a capital reduction exercise in accordance with Section 64 of the Act, whereby all the SapuraCrest Shares and the Kencana Petroleum Shares have been cancelled and distributed to the Entitled Shareholders, their entitlement to the Consideration of RM4.60 per SapuraCrest Share and RM3.00 per Kencana Petroleum Share respectively.

In order to facilitate the Capital Reduction and Repayment, SapuraCrest and Kencana Petroleum have immediately prior to the implementation of the Capital Reduction and Repayment undertaken a bonus issue, effected by way of capitalising all sums standing to the credit of the share premium account, retained profits and/or any other reserves which may be capitalised, including the gains arising from the disposal of the SapuraCrest Business and the Kencana Petroleum Business respectively.

Following the Completion, we now own the SapuraCrest Business and the Kencana Petroleum Business. The Completion and completion of the Capital Reduction and Repayment took place on 15 May 2012. Simultaneous with the Capital Reduction and Repayment, SapuraCrest and Kencana Petroleum undertook the Shares Issue respectively.

##### 4.4 Share capital

	No. of Shares	RM
Authorised share capital	10,000,000,000	10,000,000,000
Issued and fully paid-up share capital before Completion	2	2
Our new Shares issued pursuant to the Merger	5,004,366,196	5,004,366,196
Enlarged issued and fully paid-up share capital upon Completion	5,004,366,198	5,004,366,198

Based on the issue price of RM2.00 per Share and our enlarged issued and paid-up share capital of 5,004,366,198 Shares, our illustrative market capitalisation upon Listing will be RM10,008,732,396.

#### 4. DETAILS OF OUR LISTING *(cont'd)*

##### 4.5 Classes of shares and ranking

As at the date of this Prospectus, our Company has only 1 class of shares, being ordinary shares of RM1.00 each.

Our Shares rank equally in all respects with one another including voting rights and are entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of our Shares.

At any of our Company's general meeting, each of our shareholders shall be entitled to vote in person or by proxy or by attorney or by duly authorised representative and, on a resolution to be decided by show of hands. Every person who is a shareholder or proxy or attorney or representative of a shareholder shall have 1 vote and on a poll, every shareholder present in person or by proxy or by attorney or by a duly authorised representative shall have 1 vote for each Share he holds. A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

Subject to any special rights attaching to any shares that we may issue in the future, our shareholders shall, in proportion to the amount paid-up on our Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions and any surplus in the event of our liquidation, in accordance with our Articles and provisions of the Act.

##### 4.6 Basis of arriving at the issue price of our Shares

The issue price of RM2.00 per Share was arrived at based on the total share consideration of approximately RM10 billion (for the Offer) and the intended share capital base of approximately 5 billion Shares which we have determined with the objective of achieving an appropriate trading liquidity of our Shares upon our Listing.

##### 4.7 Underwriting arrangement

We are not required to underwrite our new Shares as we are not receiving subscription monies from the Entitled Shareholders for the issuance of our new Shares. Our new Shares have been issued as part of the Consideration.

##### 4.8 Proceeds

We are not receiving subscription monies from the Entitled Shareholders for the issuance of our new Shares as our new Shares have been issued as part of the Consideration.

##### 4.9 Estimated expenses pursuant to the Merger and our Listing

The estimated expenses of approximately RM130.8 million pursuant to the Merger and our Listing comprise the following:

<b>Details of estimated expenses</b>	<b>RM 000</b>
Professional fees <sup>(1)</sup>	50,350
Fees to authorities pursuant to the Merger and our Listing	2,400
Upfront finance costs <sup>(2)</sup>	30,750
Other fees and expenses <sup>(3)</sup>	31,750
Miscellaneous expenses and contingencies <sup>(4)</sup>	15,500
<b>Total estimated expenses</b>	<b>130,750</b>

#### 4. DETAILS OF OUR LISTING *(cont'd)*

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**Notes:**

- <sup>(1)</sup> *Include fees for, among others, the Joint Principal Advisers, the Solicitors and the Reporting Accountants.*
- <sup>(2)</sup> *Upfront fees in relation to the funding incurred for the Cash Payments.*
- <sup>(3)</sup> *Include fees and expenses for, among others, stamp duty, branding and communications, printing and advertisement expenses.*
- <sup>(4)</sup> *Include contingency expenses of RM15.0 million to cater for any additional expenses that may arise from the Merger and our Listing such as additional stamp duty and branding and communications expenses.*

#### 4.10 Trading and settlement in the secondary market

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (which is operated by Bursa Depository), which will be effected in accordance with the Rules for the operation of CDS accounts and the provisions of the SICDA. Accordingly, we will not deliver certificates to the Entitled Shareholders.

Beneficial owners of our Shares are required under the Rules to maintain CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in our ROD will be treated as our shareholders in respect of the number of Shares credited to their respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of our Shares sold and the buyer's CDS account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market. All of our Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) To facilitate a share buy-back;
- (ii) To facilitate conversion of debt securities;
- (iii) To facilitate company restructuring process;
- (iv) Where a body corporate is removed from the Official List;
- (v) To facilitate a rectification of any error; and
- (vi) In any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 units. Investors who desire to trade less than 100 units shall trade under the odd lot. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

**Prior to our Listing, there has been no trading market for our Shares within or outside Malaysia. You should take note that the market prices of our Shares upon our Listing are subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You are reminded to read the risk factors as set out in Section 5 of this Prospectus.**

## 5. RISK FACTORS

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*Please take note that our operations are subject to the legal, regulatory and business environment in the countries in which we operate. Our operations are subject to a number of factors, many of which are outside our control. The risks and investment considerations set out below are not an exhaustive list of the challenges that we may face or may develop in the future that may have a significant impact on our future performance. These and other risks, whether known or unknown, may have a material adverse effect on us and/or our Shares.*

### 5.1 Risk factors relating to the industry in which we operate

#### 5.1.1 Our operations may be affected by fluctuation of O&G prices

As our customers operate mainly in the offshore O&G industry, our operations are dependent on the level of activities in the offshore O&G industry. Historically, demand for offshore exploration, development and production services have been volatile and closely linked to O&G prices. O&G prices have a direct bearing on the level of activities in the O&G industry, thus affecting the level of offshore exploration, development and production activities.

During the periods of upward movement in O&G prices, O&G exploration, development and production activities are expected to increase as the potential return from the upstream activities increase. O&G companies are likely to be motivated to explore and develop potential fields that are commercially feasible and profitable for the operators in the industry. In such event, we may experience higher demand for our products and services.

Conversely, O&G exploration, development and production services may tend to slow down when O&G prices fall to a level where such activities are not commercially viable for O&G operators. Hence, the prolonged period of lower O&G prices may discourage various explorations, development and production activities resulting in lower demand for our products and services. This may result in a decrease in our business activities, and consequently affect our Group's results of operations and financial conditions.

#### 5.1.2 We operate in a global, competitive environment and may face substantial competition

We face keen competition from local and global players providing similar products and services. The principal competitive factors in the market that our Group serves include experience, duration required for completion of projects, access to suitable equipment, machineries and vessels to carry out projects, established track record, financial strength and reputation, technical capability, price, range, quality of products and services, capability to deliver innovative products and services and/or greater economies of scale. Our competitors may have longer operating histories and experience, greater financial, technical and marketing capabilities, larger asset base and/or other resources than our Group.

In addition, we are one of the few licensed contractors of offshore structures that are eligible to bid for any fabrication contracts tendered by the PSC operators in Malaysia. If PETRONAS group were to change its policies by either increasing the number of licensed companies or allowing non-Malaysian companies to bid for these fabrication contracts, our Group would face increased competition, especially from new entrants with advanced technology.

## 5. RISK FACTORS (cont'd)

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### 5.1.3 We may be affected by implementation or changes in laws, regulations or policies of governments or other governmental activities in the countries that we operate and may not be able to obtain, renew or maintain the permits, licences and registrations required by our Group for our operations

Our operations are subject to local and international laws, regulations and policies in jurisdictions where we operate. These laws, regulations and policies govern, among others, workers' health and safety, immigration (visas and work permits for our Group's workers), good practices and governance of business, security, manning, construction and environmental standards. In addition, our rigs and vessels are also required to comply with the prevailing standards and the costs of compliance with these standards may increase from time to time.

New implementation or changes to current laws and regulations or the introduction of new laws or regulations by local and/or international bodies, or the imposition of additional conditions to our Group's licences, permits and registrations to conduct business or operate in the jurisdiction which we conduct business or operate could cause us to incur significant or additional compliance costs. Any failure to comply with such legal or regulatory requirements may result in the termination of our contracts by our customers, failure to secure new contracts or the imposition of fines, penalties or sanctions, including stop work orders issued by the relevant authorities to our Group, revocation or non-renewal of our Group's permits, licences or registration or prohibition from continuing our Group's operations, each of which could have a material and adverse effect on our Group's business and/or financial condition.

Our qualification to tender for and secure various O&G projects locally and globally may be dependent on the permits, licences and registrations issued to our Group by various authorities. All of these permits, licences and registrations may be valid for certain periods of time with renewals subject to our compliance with the respective requirements imposed by the relevant authorities. Failure by us to obtain, renew or maintain the required permits, licences and registration may interrupt our Group's operations and consequently have an adverse effect on our Group's results of operations, financial condition and prospects.

Our ability to carry out our projects is also dependent on our workers obtaining the necessary clearances, approvals and work papers from the immigration authorities of the jurisdictions which our Group has projects. Certain countries may restrict issuance of work papers for certain skill set and require us to utilise and/or train local resources to meet the relevant skills. Failure by us or our customers to obtain the necessary immigration clearances, approvals and work papers for our workers, especially experienced skilled workers, could adversely affect our ability to carry out our project smoothly or in a timely manner which may lead to an adverse effect on our Group's operations.

Whilst this risk has not materially and adversely affected the operations of our Group in the past, there is no assurance that the permits, licences, registrations, clearances, approvals and work papers will be obtained or renewed, and if they are obtained or renewed, that such new permits, licences, registrations, clearances, approvals and work papers would be effected within an anticipated time frame or without any terms and conditions imposed, which may materially and adversely affect the operations of our Group.



## 5. RISK FACTORS *(cont'd)*

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### 5.1.4 Our business operations are subject to weather and natural hazards

Our vessels and equipment are subject to weather and natural hazards. Adverse changes in weather such as monsoon and/or hurricane seasons may affect our Group's ability to carry out offshore implementation either in whole or in part. In addition, any natural hazards such as the occurrence of any typhoon, tsunami and earthquake in the area where we operate may cause damage to our Group's equipment, offshore structures, civil engineering works or other products and services provided by our Group. Our Group's operations may be disrupted if any of our Group's equipment or vessels suffers significant downtime. This may have a material adverse impact on our Group's revenue and profits and our financial position.

### 5.1.5 Our operations may be affected by fluctuation in prices of raw materials

The cost of materials represents a significant part of our Group's aggregate operating costs. For example, among the major materials which our Group uses in various business segments is steel. We utilise steel products especially for our offshore installation, HUC, maintenance activities, fabrication of O&G production facilities, modules, process skid systems and other structures and equipment in our yards.

Accordingly, there is a risk that the increase in the price of materials may have a negative impact on our Group's operations. Most of the contracts which our Group enters with our customers are based on fixed rate or lump sum. In certain instances where we are required to procure the supply of materials as part of the lump sum contract and there is an increase in material prices prior to our Group purchasing such material, there can be no assurance that our Group may be able to pass on the increase in price to our customers. In such event, our Group's financial results could be adversely and materially affected. Nevertheless, this risk has not materially and adversely affected us in the past.

### 5.1.6 The O&G industry is reliant on the continuous discovery of hydrocarbon reserves

Our business is dependent on the continuous discovery of hydrocarbon reserves globally. However, hydrocarbon is non-renewable energy which depletes over time. In the event no new hydrocarbon reserve is discovered or the number of new hydrocarbon reserves declines, the O&G activities will correspondingly reduce. As a result, the demand for our products and services may also decline in tandem and adversely affect our Group's financial position and performance.

## 5.2 Risk factors relating to our operations

### 5.2.1 The occurrence of major HSE and operational incidents may have a substantial adverse impact on our Group

Major HSE and operational incidents could occur in the course of our Group's operations which may affect, directly and/or indirectly, our business operations, financials and reputation in the event such incident is not contained or managed in a satisfactory or timely manner. The insurance coverage taken may not be sufficient to cover all exceptional and consequential costs, losses and damages that may arise therefrom. In addition, our Group may face litigation or penalties in respect of such incident. Further, substantial resources may have to be channeled towards defending and resolving such litigation. Aside from the substantial adverse impact on the business operations and financial position of our Group, we may face reputational damage which may have a long and continuing effect.

**5. RISK FACTORS (cont'd)**

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**5.2.2 We may not be able to fulfill our contractual obligations to our customers in a timely manner or within our cost constraints**

The delivery of our projects is dependent on various factors which include timely deliveries of critical equipment, weather conditions, obtaining the necessary relevant regulatory approvals, satisfactory performance of sub-contractors and suppliers and securing quality construction materials in adequate amounts. Any delay in completion of our projects may subject us to cost overruns, imposition of late penalties and liquidated and ascertained damages which may have an adverse effect on our Group's operations, financial condition and results of operations.

**5.2.3 We are dependent on the availability, timeliness and quality of delivery from third party sub-contractors**

In some of the contracts to be awarded to our Group, we may sub-contract certain portions of the scope of contract.

Where we sub-contract such works, we may not be able to control timely delivery and the quality of the work sub-contracted to our sub-contractors. In the event that our Group's sub-contractors are unavailable to perform the sub-contracted works, we may face delays in completion of our projects or may incur substantial costs to complete the projects on time.

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

**5.2.4 We are exposed to foreign exchange fluctuation risks**

We are subject to foreign exchange fluctuation risks through revenue earned and purchases made that are denominated in foreign currencies, in particular, USD and AUD. The appreciation of the RM against foreign currencies may reduce our Group's revenue in RM terms as well as raise the prices of our Group's products and services against other currencies causing our Group's products and services delivered abroad to be less competitive. On the other hand, the depreciation of RM against foreign currencies may increase the costs of the raw materials which we purchase from overseas and lead to consequential increase in the price of our Group's products. In addition, we are also exposed to foreign exchange fluctuations in the event of mismatches between the amount and timing of receipts and payments in foreign currencies. To the extent there are any such mismatches, a significant fluctuation in the applicable foreign currencies against the RM arising from such timing differences, for example in respect of credit terms given to our Group's customers and by our suppliers, we may incur foreign exchange losses. There is no assurance that our Group's profitability and financial position will not be materially and adversely affected by foreign exchange fluctuation.

**5. RISK FACTORS (cont'd)**

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**5.2.5 We may face claim and incur additional rectification costs during the warranty period for defects and warranties arising from products delivered or services performed**

We may face claims by our customers in respect of defects, poor workmanship or non-conformity to our customers' specifications in respect of products to be delivered or services to be performed by our Group. We typically grant a warranty of up to 24 months and during the warranty period, we are required to provide corrective services to resolve any problems that may arise from such defects. We recognise a provision at the end of each financial year for expected warranty claims based on our Group's past experience of required levels of repairs and returns. These warranty provisions, or our Group's insurance coverage, may not be sufficient to cover costs incurred that are in excess of our Group's warranty provisions. If the costs of any rectification works exceed our Group's warranty provisions or are not covered by our Group's insurance policies, our operations, financial condition, results of operations and prospects may be adversely affected.

**5.2.6 Maintenance and repair of our equipment and/or facilities may require substantial expenditure and breakdown of the key assets which we are dependent upon may cause losses to our Group**

We are required to maintain our equipment and/or facilities such as our rigs and/or vessels to certain standards. Such maintenance may involve substantial expenditure and result in loss of opportunity from downtime, which may materially and adversely affect our Group's results of operations. In addition, we are dependent on a small number of rigs or vessels to provide our services. These rigs and vessels operate in a hazardous marine environment. In the event of a service disruption or damage to these rigs and vessels, our Group may incur losses which in turn may materially and adversely affect our Group's financial condition and results of operation.

Our operations are dependent on the operating efficiency and reliability of our equipment and/or facilities in terms of operational worthiness and compliance with safety standards. Breakdown maintenance of the equipment and/or facilities are cost-intensive and time-consuming which may result in significant tangible and intangible losses to our Group. Any unexpected breakdown or non-performance of equipment and/or facilities is difficult to predict and in the event of downtime, additional costs and losses may be incurred by our customers arising from the disruption of our workflow and scheduled activities. Rectification of the breakdown or non-performance, depending on its severity, may also require replacement or repair of key components and there may be long lead times required in the procurement of these components. Such rectification on the affected equipment and/or facilities may require our Group to incur substantial expenditure and may result in such equipment and/or facilities being out of service and being unable to generate revenue for our Group over extended periods of time. In such an event, we may be unable to meet our contractual obligations with our customers, which in turn may materially and adversely affect our Group's reputation as well as our results of operations and financial conditions.

**5. RISK FACTORS (cont'd)**

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**5.2.7 Our ability to generate sufficient cash flow to fulfil our debt obligations is not assured**

Based on our unaudited proforma consolidated statement of financial position as at 31 January 2012, the total interest-bearing indebtedness of our Group (including the borrowings of approximately RM317 million incurred to fund the Clough Business Acquisition) stood at approximately RM4,498.9 million. There can be no assurance that our Group will be able to generate sufficient cashflow in the future to fulfil our debt obligations. Further, our Group's indebtedness may, among others, limit our ability to obtain additional financing and require our Group to dedicate a substantial portion of our cash flow to service our current and future debt obligations, which will reduce funds available for other purposes.

**5.2.8 Our development and operational plans may have significant Capex and financing requirements, which are subject to a number of risks and uncertainties**

We may incur significant Capex from time to time in connection with acquisition and/or upgrading of our equipment and facilities, including our rigs and vessels in order to undertake projects of larger scale. Failure to obtain sufficient financing on a timely and satisfactory basis could cause our Group to forfeit our interest in certain acquisitions or opportunities to tender for certain projects. There can be no assurance that debt or equity financing, or internal cash to be generated by our Group's operations is available or sufficient to meet these requirements as our Group's ability to obtain external financing, at terms reasonably acceptable to us, is subject to various uncertainties, such as future results of operations, financial conditions and cash flows of our Group and the condition of the global economy.

In addition, any changes in interest rates for external fundings which our Group obtain may result in an increase in the cost of borrowings to our Group. If such change occurs, there is no assurance that the financial results of our Group will not be affected.

**5.2.9 Our performance may be affected if we are unable to retain our key personnel or attract and retain new personnel**

Being in a highly specialised industry, our Group's continued success and future performance is dependent to a large extent on our key management personnel and experienced skilled workers with specialised skills, particularly in design and engineering, project management and quality and safety assurance. Our Group is managed by a team of qualified key management personnel, including experienced skilled workers who have extensive knowledge and experience in the O&G industry. The loss of any of these individuals, or failure to attract, recruit and retain appropriate replacements and successors, may adversely affect the quality of our Group's services, operational prospects, financial condition and ability to compete.

**5. RISK FACTORS (cont'd)**

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**5.2.10 Our insurance coverage may not be sufficient and may not adequately protect our Group against certain operating hazards**

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

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

**5.2.11 We may face labour shortages and rising labour costs**

Our Group's operations are dependent on skilled and experienced workers who are able to apply highly advanced technology and knowledge. The number of people with the required expertise and experience may be limited, whilst competition to acquire their services is usually intense within the O&G industry. With the rapid growth in the O&G industry in recent years, the industry has faced labour shortages, especially in relation to these skilled and experienced workers. As such, we will and could continue to experience difficulties in attracting, recruiting and retaining the appropriate number of skilled and experienced workers for our business activities. We may be required to increase our remuneration packages to attract and retain such personnel. As our Group's future performance is dependent on the continued services of these skilled and experienced workers, a sudden loss of such workers could adversely affect the quality of our services, the growth of our business and result in increased costs. There can be no assurance that our Group will be able to maintain our existing workers, recruit new workers or obtain sufficient number of skilled and experience workers. Failure to maintain, recruit or secure sufficient numbers of skilled and experience workers could affect our Group's ability to implement our projects in a timely manner with quality meeting the expectations of the customers, which may have a material and adverse impact on our Group's operations and/or growth prospects.

**5. RISK FACTORS (cont'd)**

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**5.2.12 Our dependency on a limited number of major customers**

A substantial amount of our Group's revenue is derived from PETRONAS and PSC operating in Malaysia. Whilst we expect to be awarded PETRONAS contracts in the future, there may be changes in the operations and policies of PETRONAS, which could have a material adverse effect on our Group's prospects. We strive to increase our total business with PETRONAS while at the same time expand our Group's business with other customers. However, our Group's results of operations and financial conditions may be materially and adversely affected if the volume of contracts awarded by PETRONAS is decreased and we are unable to increase our business from other customers to offset such decreases in business.

**5.2.13 We may not be able to replenish our order book**

There can be no certainty that our order book will be replenished in the future given that contracts are based on open tenders and are very competitive due to the numerous players in the O&G industry locally and globally. There can also be no assurance that the O&G industry will remain buoyant. Our inability to maintain a strong order book may have a material adverse impact on our Group's profitability and financial performance.

Additionally, given the forward-looking nature of the order book of our Group, it may not be necessarily indicative of our future earnings. For example, we may not achieve our expected margins, or may suffer losses on one or more of these contracts, in which case our Group's earnings will be reduced.

**5.2.14 We may face integration risks when integrating the operations of SapuraCrest Group and Kencana Petroleum Group post Completion Date**

Integration risks can arise when distinct companies are integrated under a single entity due to, among others, differences in culture, operation processes, practices and policies. For example, SapuraCrest Group and Kencana Petroleum Group have entered into various agreements and arrangements with various parties for various purposes e.g. strategic alliances, to collaborate on a venture and to lean on the expertise of the parties. Moving forward, our Group expects to enter into many similar agreements and arrangements; some of the terms of those agreements or arrangements may be in conflict with the provisions of SapuraCrest Group and/or Kencana Petroleum Group's existing agreements or arrangements. In addition, there is no assurance that the anticipated benefits of the Merger, such as creating a platform for sustainable continuous growth or the strengthening of the balance sheet, will be realised, or if realised, will be realised within the expected timeframe. The anticipated benefits do not represent a forecast of our Group's future performance and are subject to the assumptions set out under "Prospects" and "Future plans and business strategies of our Group" in Sections 7.3 and 7.4 of this Prospectus respectively.

## 5. RISK FACTORS *(cont'd)*

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### 5.3 Risk factors relating to our Shares

#### 5.3.1 Upon the crediting of our Shares to you, you are exposed to the performance of our operations

Upon Completion, our operations cover multiple activities, including, development and production, drilling, EPC, IPF, marine services, operation and maintenance. Upon the crediting of our Shares to you, you are exposed to the inherent risks in these activities. These inherent risks are set out in Section 5.2 of this Prospectus.

You should note that, depending on whether you were a shareholder of SapuraCrest or Kencana Petroleum, the income profile of your investment will change upon the crediting of our Shares to you.

Shareholders of SapuraCrest (which was mainly involved in the development and production, drilling, IPF, marine services, operation and maintenance) who received our Shares are subject to greater exposures to EPC activities.

Shareholders of Kencana Petroleum (which was mainly involved in the development and production, drilling, EPCIC, marine service and operation and maintenance activities) who received our Shares are subject to exposures to IPF activities.

Nonetheless, you should note that whilst you will be subject to the risks inherent in the activities that you previously had no exposure or less exposure to, the varied and market lifecycles of our activities in the various segments of the O&G value chain will provide an opportunity for risk diversification. Further, you would also be able to have exposure to the collective performance of each activity, as well as the potential opportunities and benefits arising from the Merger. Our future plans and business strategies are set out in Section 7.4 of this Prospectus.

#### 5.3.2 There has been no prior trading market for our Shares and our Listing may not result in an active or liquid market for our Shares

Whilst a trading market had existed for the SapuraCrest Shares and Kencana Petroleum Shares prior to the suspension of their respective trading in conjunction with the Capital Reduction and Repayment, there has been no prior trading market for our Shares.

There can be no assurance as to the liquidity of any market that may develop for our Shares, nor can we provide any assurance that the trading price of our Shares may reflect our financial and operating conditions, our prospects and the prospects of the industry in which we operate. We have no obligation to make a liquid public market in our Shares nor is there any assurance that we will be able to maintain our Listing.

#### 5.3.3 Like all other companies listed on Bursa Securities, the market price of our Shares may be volatile and this may affect your investment in our Shares

The market price of our Shares could be affected by numerous factors, including:

- (i) General market, political and economic conditions;
- (ii) Trading and liquidity of our Shares;
- (iii) Changes in earnings estimates and recommendations by financial analysts;
- (iv) Changes in market valuations of listed securities in general and other securities exchanges' shares in particular;

## 5. RISK FACTORS *(cont'd)*

- (v) Changes in governmental policy, legislation or regulation; and
- (vi) General operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares.

The Malaysian, regional and global equity markets have experienced price and volume volatility that have affected the prices of securities of many public listed companies. Prices of securities of many public listed companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Such fluctuations in price may adversely affect the market price of our Shares.

### 5.3.4 Delay or failure in our Listing

The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:

- (i) The approval for our Listing is revoked by the authorities for whatever reason; or
- (ii) The occurrence of certain events or circumstance beyond our Group's control (including any legal suit filed by any party).

Following the crediting of our Shares to your CDS account, which is prior to the anticipated date of our Listing, the Entitled Shareholders of both Kencana Petroleum and SapuraCrest are now our shareholders even if the admission into and the commencement of trading of our Shares on the Main Market of Bursa Securities does not occur. Delays in admission and the commencement of trading in securities on Bursa Securities have also previously occurred.

### 5.3.5 Our ability to pay dividends will be affected by various factors

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

Historically, SapuraCrest and Kencana Petroleum declared and paid different amount of dividends to their respective shareholders. The single-tier dividend per SapuraCrest Share declared by SapuraCrest for the year ended 31 January 2009, 2010, 2011 amounted to 5.0 sen, 7.0 sen and 8.5 sen respectively whilst the single-tier dividend per Kencana Petroleum Share declared by Kencana Petroleum amounted to 0.5 sen for each of the year ended 31 July 2008, 2009, 2010. SapuraCrest and Kencana Petroleum did not declare any dividend for the year ended 31 January 2012 and 31 July 2011 respectively, in view of the implementation of the Merger. SapuraCrest and Kencana Petroleum did not have a fixed dividend policy, As at the LPD, we also do not have a fixed dividend policy and our future dividend payments are not guaranteed and may be less or more than the dividends previously paid by SapuraCrest and Kencana Petroleum respectively, prior to the Merger.



## 5. RISK FACTORS *(cont'd)*

There is no assurance that our Group will be able to record profits and have sufficient funds above our funding requirements, to pay dividends to our shareholders. In addition, changes in the applicable accounting standards may affect our ability to declare and pay dividends.

### 5.3.6 Our major shareholders' interests may not be aligned with those of our other shareholders

Our major shareholders may be able to influence the outcome of certain matters requiring the vote of our shareholders, including approval of final dividends, certain corporate exercises, business transactions and the appointment of directors, unless our major shareholders are required to abstain from voting by law and/or by the relevant authorities. There can be no assurance that the interest of our major shareholders will be aligned with the interest of our other shareholders.

## 5.4 Other risks

### 5.4.1 Forward-looking statements are subject to uncertainties and contingencies

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

### 5.4.2 Impairment of goodwill

Based on our unaudited proforma consolidated statement of financial position as at 31 January 2012, we have goodwill of approximately RM4.91 billion upon Completion, which is subject to impairment test every year. Some examples of events/changes in circumstances which may cause impairment of goodwill are as follows:

- (i) Evidence of obsolescence or physical damage of an asset in the cash generating units ("CGU") which may materially affect the cash generating capability of such asset;
- (ii) Significant changes in the event to which, or manner in which, an asset in the CGU is used or is expected to be used, that have taken place in the period under review or soon thereafter and that will have an adverse effect on it. These changes include the asset becoming idle, plans to dispose of an asset sooner than expected, reassessing the asset's useful life as finite rather than indefinite or plans to restructure the operation to which the asset belongs;
- (iii) Significant adverse changes that have taken place during the period under review, or will take place in the near future, in the technological, market, economic or legal environment in which the CGU operates; and
- (iv) Economic performance of the CGU is, or will be worse than expected.

In the event of goodwill impairment, the profitability of our Group may be adversely affected which may have a corresponding effect on our shareholders' value.

**5. RISK FACTORS** *(cont'd)*

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**5.4.3 Our Group has significant indebtedness**

We incurred new borrowings of RM2.05 billion to fund among others the Cash Payments, upfront funding costs, fixed deposits of 3 months interest of the said borrowings and transaction expenses. Based on our unaudited proforma consolidated statement of financial position as at 31 January 2012, our total interest-bearing indebtedness (including the borrowings of approximately RM317 million) incurred by SapuraCrest to fund the Clough Business Acquisition) stood at RM4,498.9 million, which translates to a gross gearing ratio of approximately 0.88 times. In this respect, our Group's indebtedness may, amongst others, limit our ability to secure new borrowings and will require us to dedicate a substantial portion of our cash flow to service our debt and other contractual obligations, hence reducing available funds for other purposes.

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## 6. INFORMATION ON OUR GROUP

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### 6.1 History and background

#### 6.1.1 SKPB

We were set up as a special purpose company to facilitate the Merger. On Completion Date, the SapuraCrest Business and the Kencana Petroleum Business have been merged under our Company.

We were incorporated in Malaysia under the Act on 30 June 2011 as a private limited company under the name of Integral Key Sdn Bhd. On 20 September 2011, we were converted into a public limited company and assumed the name of Integral Key Berhad. On 19 December 2011, we changed our name to Sapura-Kencana Petroleum Berhad and subsequently on 5 April 2012, assumed our present name. Our enlarged Group which consists of the SapuraCrest Business and the Kencana Petroleum Business, is an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities with presence in Malaysia and various regions including Asia, Australasia, Middle East, Europe, Americas and Africa, and services spread out across the O&G value chain specifically in the areas of development and production, drilling, EPCIC, marine services, and operations and maintenance.

#### 6.1.2 SapuraCrest

SapuraCrest was incorporated in Malaysia under the Act as a private limited company under the name of TH Loy Industries (M) Sdn Bhd on 3 March 1979. SapuraCrest was then in the business of manufacturing consumer electronics and electrical goods. It changed its name to TH Loy Industries (M) Berhad on 5 March 1992 upon its conversion to a public limited company, and was officially listed on the Second Board of Bursa Securities on 15 October 1992. Following the sale of its manufacturing business, SapuraCrest subsequently changed its name to Crest Petroleum Bhd on 4 July 1995 and assumed its current name of SapuraCrest Petroleum Berhad on 9 August 2004. SapuraCrest transferred its entire issued and paid-up ordinary share capital and outstanding warrants from the Second Board to the Main Board (now known as the Main Market) of Bursa Securities on 21 February 2006. SapuraCrest is expected to be delisted from the Main Market of Bursa Securities on the same day of our Listing.

Prior to Completion, the principal activities of SapuraCrest was investment holding and provision of management services to its subsidiaries, while its subsidiaries were mainly involved in IPF, offshore O&G drilling, marine services, operations and maintenance, and development and production of petroleum resources.

Please refer to Section 7.1 of this Prospectus for the description of the businesses above.

#### 6.1.3 Kencana Petroleum

Kencana Petroleum was incorporated in Malaysia on 28 September 2004 under the Act as a private limited company under the name of Radiant Horizon Sdn Bhd. On 12 August 2005, it changed its name to Kencana Petroleum Sdn Bhd. On 14 September 2005, Kencana Petroleum was converted to a public limited company and assumed its current name.

Kencana Petroleum was listed on the Main Market of Bursa Securities on 15 December 2006. Kencana Petroleum is expected to be delisted from the Main Market of Bursa Securities on the same day of our Listing.

## 6. INFORMATION ON OUR GROUP *(cont'd)*

Prior to Completion, Kencana Petroleum was an investment holding company and its subsidiaries were mainly involved in providing EPCIC services for onshore and offshore production facilities, modules and process skid systems, marine engineering, HUC services, provision of offshore drilling and offshore support vessels services, development and production of petroleum resources and provision of subsea services, all within the O&G industry.

Please refer to Section 7.1 of this Prospectus for the description of the businesses above.

### 6.1.4 Share capital and changes in share capital

As at the date of this Prospectus, our authorised share capital is RM10,000,000,000 comprising 10,000,000,000 Shares and our issued and paid-up share capital is RM5,004,366,198 comprising 5,004,366,198 Shares.

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

<u>Date of allotment</u>	<u>No. of our Shares allotted</u>	<u>Par value</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u>
		RM		RM
30 June 2011	2	1.00	Subscribers' shares	2
15 May 2012	5,004,366,196	1.00	Issued as part of the Consideration	5,004,366,198

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## 6. INFORMATION ON OUR GROUP (cont'd)

### 6.2 Subsidiaries, associate companies and jointly-controlled entities

The details of our subsidiaries, associate companies and jointly-controlled entities as at the LPD (assuming the Merger was completed) are set out in the table below:

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b>Subsidiaries of our Company</b>					
SapuraCrest (45631-D)	03.03.1979/ Malaysia	RM0.40	RM6,000,000,000	100	Ceased operations
Kencana Petroleum (667490-M)	28.09.2004/ Malaysia	RM0.20	RM6,000,000,000	100	Ceased operations
Aurabayu Sdn Bhd (820643-P)	06.06.2008/ Malaysia	RM2	RM100,000	100	Special purpose vehicle for the Ijarah facilities
SapuraCrest Deepwater Pte Ltd (36026)	29.10.2004/ Bermuda	USD12,000	USD12,000	100	Chartering and hiring out of barges
TLGSB (170424-M)	06.05.1988/ Malaysia	RM2,500,003	RM3,000,001	100	Provision of offshore geotechnical and geophysical services
SESB (234834-M)	26.02.1992/ Malaysia	RM3,000,000	RM3,000,000	100	Investment holding, provision of operation and maintenance services, provision of management services and lease financing
Petcon (43911-U)	21.12.1978/ Malaysia	RM4,000,000	RM4,000,000	100	License holder for drilling of offshore oilwells
SCVSB (149133-D)	31.12.1985/ Malaysia	RM5,500,000	RM10,000,000	100	Investment holding

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b>Subsidiaries of our Company (cont'd)</b>					
Crest Hidayat (L) Ltd (LL03353)	19.07.2002/ Federal Territory of Labuan, Malaysia	USD300,000	N/A <sup>a</sup>	100	Dormant
Sasaran Perdana Sdn Bhd (296011-H)	16.04.1994/ Malaysia	RM1,000,000	RM10,000,000	100	Dormant
SapuraCrest Dana SPV Pte Ltd (LL04453)	05.10.2004/ Federal Territory of Labuan, Malaysia	USD100	N/A <sup>a</sup>	100	Chartering and hiring out of barges
Probadi Sdn Bhd (211140-X)	15.01.1991/ Malaysia	RM86,400,000	RM109,000,000	100	Investment holding
Bayu Padu Sdn Bhd (693856-V)	06.06.2005/ Malaysia	RM2	RM100,000	100	Special purpose vehicle for the Istisna' bonds, Murabahah commercial papers and Murabahah medium term notes
Nautical Essence Sdn Bhd (707574-K)	24.08.2005/ Malaysia	RM2	RM100,000	100	Investment holding
TLOSB (198612-P)	30.05.1990/ Malaysia	RM2,500,001	RM2,500,001	100	Installation of offshore platforms and marine pipelines
CMESB (138225-K)	10.04.1985/ Malaysia	RM10,800,000	RM25,000,000	100	Rental of equipment and provision of engineering services
Geomark Sdn Bhd (824694-H)	09.07.2008/ Malaysia	RM2	RM100,000	100	Investment holding
SEV (925915-T)	17.12.2010/ Malaysia	RM1,000,000	RM1,000,000	100	Development and production of petroleum resources and investment in related assets

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held %	Principal activities
<b>Subsidiaries of our Company (cont'd)</b>					
Sapura Petroleum Sdn Bhd (formerly known as Energy Way Sdn Bhd) (894036-X)	18.03.2010/ Malaysia	RM2	RM100,000	100	Investment holding
Momentum Energy Sdn Bhd (946938-M)	31.05.2011/ Malaysia	RM2	RM100,000	100	Investment holding
KHL (83307-K)	9.04.1982/ Malaysia	RM100,000,000	RM100,000,000	100	Integrated engineering and fabrication of O&G production facilities and drilling rigs
KBW (348735-P)	28.06.1995/ Malaysia	RM5,000,000	RM5,000,000	100	EPCC, design and engineering and project management
KPV (787379-D)	5.09.2007/ Malaysia	RM10,000,000	RM25,000,000	100	Investment holding
KPW (485768-A)	14.06.1999/ Malaysia	RM5,000,000	RM5,000,000	100	Offshore and onshore construction support services, HUC, maintenance and de-commissioning services
KTC (10439-V)	29.01.1971/ Malaysia	RM10,000,000	RM200,000,000	100	Engineering, fabrication and construction works
KESB (918154-H)	13.10.2010/ Malaysia	RM5,000,000	RM5,000,000	100	Development and production of petroleum resources
AME (176294-K)	28.11.1988/ Malaysia	RM18,700,000	RM25,000,000	100	Provision of offshore diving and underwater related services for inspection, repair and maintenance of structures, pipelines and risers for the construction of underwater facilities for the O&G industry

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b><u>Subsidiaries of Probadi Sdn Bhd</u></b>					
Tioman (26745-H)	12.03.1976/ Malaysia	RM350,000	RM500,000	51	Managing rigs involved in drilling offshore oilwells under contracts
Varia Perdana Sdn Bhd (204711-K)	24.09.1990/ Malaysia	RM34,000,002	RM40,800,002	51	Drilling of offshore oilwells under contracts and managing of rigs chartered out as bareboats
CTR (LL04002)	12.11.2003/ Federal Territory of Labuan, Malaysia	USD100,000	N/A <sup>^</sup>	51	Leasing of vessels/barges
<b><u>Subsidiaries of TLOSB</u></b>					
TMTPL (ACN 086 117 660)	02.02.1999/ Australia	AUD100	N/A <sup>^</sup>	94	Development of marine technology and marine chartering, specialising on ROVs
Excercise Pty Ltd (ACN 117 452 623)	06.12.2005/ Australia	AUD1	N/A <sup>^</sup>	94	Owner and operator of ROVs for the offshore O&G industries
Babalon Pty Ltd (ACN 117 549 541)	13.12.2005/ Australia	AUD1	N/A <sup>^</sup>	94	Owner and operator of ROVs for the offshore O&G industries
Seabras Sapura Participações S.A. (333.0029908-4)	19.07.2011/ Brazil	BRL27,059,175	N/A <sup>^</sup>	100	Investment holding
Seabras Sapura Holdco Ltd (46037)	01.12.2011/ Bermuda	USD100	USD100	100	Investment holding
Sapura Navegação Marítima S.A. (333.0029906-8)	27.07.2011/ Brazil	BRL54,154,875*	N/A <sup>^</sup>	100	Own, operate, manage, charter and hire vessel and carry on other offshore related services and business activities



## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
<b><u>Subsidiaries of TLOSB (cont'd)</u></b>					
TL Offshore PLSV1 Ltd (46038)	01.12.2011/ Bermuda	USD100	USD100	100	Own, operate, manage, charter and hire vessel and carry on other offshore related services and business activities
TL Offshore PLSV2 Ltd (46039)	01.12.2011/ Bermuda	USD100	USD100	100	Own, operate, manage, charter and hire vessel and carry on other offshore related services and business activities
<b><u>Subsidiaries of TLGSB</u></b>					
TL Geohydrographics Sdn Bhd (209441-K)	13.12.1990/ Malaysia	RM2,500,001	RM2,500,001	100	Hydrographic surveys and related services
TL Geotechnics (S) Pte Ltd (198904819D)	04.11.1989/ Singapore	SGD1,000,000	N/A^	100	Soil investigation and geotechnical services
TL Geotechnics Sdn Bhd (198593-P)	30.05.1990/ Malaysia	RM2,500,001	RM2,500,001	100	Soil investigation and geotechnical services
TL Jaya Sdn Bhd (194088-P)	27.02.1990/ Malaysia	RM100,000	RM100,000	100	Chartering of vessels
TL Geohydrographics Pte Ltd (199101860R)	25.04.1991/ Singapore	SGD100,000	N/A^	100	Hydrographic surveys and related services
TL Geohydrographics Pty Ltd (ACN 094 543 183)	20.09.2000/ Australia	AUD1	N/A^	100	Hydrographic surveys and related services
TL Oilserve (635897-H)	03.12.2003/ Malaysia	RM2,000,000	RM5,000,000	100	Provision of marine vessel transportation services
Oilserve (L) (LL04079)	13.01.2004/ Federal Territory of Labuan, Malaysia	USD1	N/A^	100	Leasing of vessels/barges

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b>Subsidiaries of SESB</b>					
SDSSB (368944-W)	29.11.1995/ Malaysia	RM3,120,000	RM5,000,000	100	Provision of services relating to marine, O&G industries
SRSSB (415838-T)	04.01.1997/ Malaysia	RM2,500,002	RM5,000,000	100	Retail automation systems and maintenance services
SE Projects Sdn Bhd (502647-D)	03.01.2000/ Malaysia	RM2	RM100,000	100	Systems integration, software development, general engineering, maintenance and related activities
SPSSB (371591-D)	22.12.1995/ Malaysia	RM1,800,000	RM5,000,000	94.4	Provision of maintenance services to the power utility and O&G industries
Sapura Petroleum Technologies Sdn Bhd (110475-V)	23.11.1983/ Malaysia	RM5,100,000	RM10,000,000	99.7	Provision of maintenance services to the O&G industries
MARS (558122-A)	06.09.2001/ Malaysia	RM2,600,000	RM5,000,000	100	Provision of maintenance services to the energy sector
Energy Unlimited Sdn Bhd (527807-D)	02.10.2000/ Malaysia	RM1,000	RM100,000	100	Investment holding and provision of operations and maintenance services to the O&G industry
Sarku Resources Sdn Bhd (117172-P)	28.03.1984/ Malaysia	RM7,000,000	RM20,000,000	100	Investment holding and the provision of management services
SESSB (13911-D)	03.05.1973/ Malaysia	RM203,000,000	RM300,000,000	100	Provision of offshore engineering and diving services and marine support and logistic assistance for the O&G industries
Sarku Marine (156370-K)	27.09.1986/ Malaysia	RM5,512,000	RM6,000,000	100	Chartering and hiring out of barges, vessels and operational equipment
Sarku Engineering Services (Offshore) Sdn Bhd (514319-T)	15.05.2000/ Malaysia	RM2	RM100,000	100	Chartering and hiring out of barges, vessels and operational equipment

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b><u>Subsidiaries of SESB (cont'd)</u></b>					
Sarku 2000 Sdn Bhd (483181-P)	10.05.1999/ Malaysia	RM100	RM100,000	100	Dormant
Sarku Samudera Sdn Bhd (514315-A)	15.05.2000/ Malaysia	RM500,000	RM500,000	100	Dormant
Sarku Sambang Sdn Bhd (267252-M)	17.06.1993/ Malaysia	RM2	RM100,000	100	Dormant
Sarku Semantan Sdn Bhd (208433-X)	23.11.1990/ Malaysia	RM100	RM25,000	100	Special purpose vehicle to facilitate financial facilities transactions
Sarku Utama Sdn Bhd (483169-W)	10.05.1999/ Malaysia	RM100	RM100,000	100	Dormant
Sarku Vessels Pte Ltd (LL04140)	16.03.2004/ Federal Territory of Labuan, Malaysia	USD20,000	N/A^	100	Leasing of barges, vessels and operational equipment
Prominent Energy Sdn Bhd (701334-T)	30.06.2005/ Malaysia	RM2	RM100,000	100	Leasing of barges, vessels and operational equipment
<b><u>Subsidiaries of Sapura Petroleum Sdn Bhd (formerly known as Energy Way Sdn Bhd)</u></b>					
Nautical Bay Pte Ltd (201012904H)	17.06.2010/ Singapore	SGD2	N/A^	100	Provision of man power and procurement services
Nautical Power Pte Ltd (201012921C)	17.06.2010/ Singapore	SGD2	N/A^	100	Investment holding
<b><u>Subsidiaries of Momentum Energy Sdn Bhd</u></b>					
Sapura Australia (ACN 153 397 374)	26.09.2011/ Australia	AUD1	N/A^	100	Investment Holding

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b>Subsidiaries of Momentum Energy Sdn Bhd (cont'd)</b>					
SapuraClough Offshore Pty Ltd (formerly known as SC Offshore Pty Ltd) (ACN 153 658 532)	10.10.2011/ Australia	AUD1	N/A^	100	Investment Holding
Peritus UK (7111769)	23.12.2009/ England and Wales	GBP1000	N/A^	51	Provision of advanced subsea, pipeline and floating systems engineering and project management services to offshore projects
Peritus Australia (ACN 141 233 061)	21.12.2009/ Australia	AUD1000	N/A^	51	Provision of advanced subsea, pipeline and floating systems engineering and project management services to offshore projects
SapuraClough USA (4704788)	30.06.2009/ USA	USD11,017,200	100 shares of USD0.01 each	100	Investment holding
SPAPL (ACN 152 511 021)	05.08.2011/ Australia	AUD1	N/A^	100	Investment holding
SapuraClough Java (199707775H)	13.11.1997/ Singapore	SGD500,000	N/A^	100	Chartering of ships, barges and boats with crew (freight) and ship management services
Sapura REM Clough (ACN 125 200 820)	02.05.2007/ Australia	AUD2	N/A^	100	The owner of marine assets such as SDS, ROVs and others, as well as a charterer of the Normand Clough vessel
SC Projects Australia Pty Ltd (ACN 152 687 860)	16.08.2011/ Australia	AUD2	N/A^	100	Partner in an unincorporated joint venture providing engineering and project management services to the O&G industry
SC Projects Pty Ltd (ACN 153 397 365)	26.09.2011/ Australia	AUD1	N/A^	100	Investment Holding

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held %	Principal activities
<b>Subsidiaries of Momentum Energy Sdn Bhd (cont'd)</b>					
OFI (07071491)	07.07.2000/ USA	N/A <sup>(e)</sup>	N/A <sup>(e)</sup>	70	Provision of subsea and project management services associated with the installation and operation of sub-sea O&G field
Peritus US (801214784)	07.01.2010/ USA	USD1,000	USD100,000	51	Provision of advanced subsea, pipeline and floating systems engineering and project management services to offshore projects
SapuraClough Singapore (200516881C)	06.12.2005/ Singapore	SGD2	N/A <sup>^</sup>	100	Chartering of ships, barges and boats with crew (freight)
SapuraHelix (ACN 142 038 784)	15.02.2010/ Australia	AUD100	N/A <sup>^</sup>	50	Subsea services and ancillary activities
<b>Subsidiaries of KHL</b>					
Kencana Marine Sdn Bhd (543161-W)	28.03.2001/ Malaysia	RM1,000,000	RM1,000,000	100	Operation and management of fabrication yard
Kencana Metering Sdn Bhd (543106-M)	28.03.2001/ Malaysia	RM250,000	RM500,000	100	Dormant
Kencana Infrastructure Sdn Bhd (594894-P)	7.10.2002/ Malaysia	RM1,000,000	RM1,000,000	100	Specialised fabrication and infrastructure construction
Kencana Steelworks Sdn Bhd (700394-X)	16.06.2005/ Malaysia	RM1,000	RM100,000	70	Dormant
<b>Subsidiaries of KPV</b>					
KMD (789765-P)	26.09.2007/ Malaysia	RM1,000,000	RM1,000,000	100	Offshore drilling and drilling related services in the O&G industry

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b>Subsidiaries of KPJV (cont'd)</b>					
KMR Labuan (LL07061)	11.05.2009/ Federal Territory of Labuan, Malaysia	USD68,000,000	N/A^	100	Leasing activities
KMR1 (200719465W)	19.10.2007/ Singapore	USD2,000,000	N/A^	100	Dormant
Kencana Marine Rig 2 (Labuan) Pte Ltd (LL08343)	18.07.2011/ Federal Territory of Labuan, Malaysia	USD1	N/A^	100	Dormant
Kencana Marine Rig 3 (Labuan) Pte Ltd (LL08341)	18.07.2011/ Federal Territory of Labuan, Malaysia	USD1	N/A^	100	Dormant
Kencana Nautilus Sdn Bhd (882459-A)	11.12.2009/ Malaysia	RM100,000	RM100,000	100	Provision of marine transportation and support services
<b>Subsidiaries of KTC</b>					
Kencana Torasco Overseas Sdn Bhd (27950-W)	12.08.1976/ Malaysia	RM120,002	RM500,000	100	Provision of engineering, fabrication and construction works
Kencana Torasco Assets Sdn Bhd (137082-P)	20.03.1985/ Malaysia	RM2	RM100,000	100	Property investment
Kencana Torasco (Hong Kong) Private Limited (1591650)	21.04.2011/ Hong Kong	HKD50,000 <sup>(b)</sup>	HKD100,000	100	Onshore steel fabrication and construction
King Hang Engineering Company Limited (701563)	19.01.2000/ Hong Kong	HKD5,750,000	HKD5,750,000	60	Steel fabrication and erection

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b><u>Subsidiary of King Hang Engineering Company Limited</u></b>					
Dong Guan Hang Hoi Steel Structure Company Limited (441900400085228)	11.10.2005/ PRC	USD1,050,000	USD1,050,000 (registered capital)	100	Steel fabrication and erection
<b><u>Subsidiaries of Kencana Nautilus Sdn Bhd</u></b>					
Gemia (Labuan) Pte Ltd (LL07505)	12.02.2010/ Federal Territory of Labuan, Malaysia	RM32,700	N/A^	100	Owner and operator of an offshore support vessel
Teras-Kencana Ventures Sdn Bhd (806114-M)	12.02.2008/ Malaysia	282,000 ordinary shares 5,646,000 preference shares	4,000,000 ordinary shares 6,000,000 preference shares	67	Owner and operator of an offshore support vessel
Redang (Labuan) Pte Ltd (LL08066)	31.01.2011/ Federal Territory of Labuan, Malaysia	USD1	N/A^	100	Vessel owner and to conduct vessel leasing business
Dhow Offshore Sdn Bhd (838160-H)	11.11.2008/ Malaysia	RM100,000	RM100,000	100	Service provider for offshore support vessel
Badang (Labuan) Pte Ltd (LL08747)	16.02.2012/ Federal Territory of Labuan, Malaysia	USD1	N/A^	100	Vessel owner and to conduct vessel leasing business
<b><u>Subsidiaries of AME</u></b>					
AME Marine Services Sdn Bhd (644333-U)	03.03.2004/ Malaysia	RM1,000	RM100,000	100	Provision of vessel related management services

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b><u>Subsidiaries of AME (cont'd)</u></b>					
Allied Support Corporation (LL 06534)	28.05.2008/ Federal Territory of Labuan, Malaysia	USD1	N/A <sup>^</sup>	100	Vessel owner and letting of its dynamic positioning vessels and related equipment
MHSB (513376-M)	4.05.2000/ Malaysia	RM250,000	RM500,000	100	Dormant
AME Corporation (LL 08213)	28.04.2011/ Federal Territory of Labuan, Malaysia	USD1	N/A <sup>^</sup>	100	Provision of offshore diving and underwater related services for inspection, repair and maintenance of structures, pipelines and risers and for the construction of underwater facilities for the O&G industry overseas
AME Robotics Corporation (LL08672)	10.01.2012/ Federal Territory of Labuan, Malaysia	USD1	N/A <sup>^</sup>	100	Leasing of ROV
Allied Marine & Equipment (Thailand) Ltd (0105555037057)	8.03.2012/ Thailand	2,000,000 Baht	N/A <sup>^</sup>	100	Provision of offshore diving and underwater related services for inspection, repair and maintenance of structures, pipelines and risers for the construction of underwater facilities for the O&G industry
<b><u>Associate companies of our Company</u></b>					
GSB (191013-A)	16.12.1989/ Malaysia	RM5,000,000	RM5,000,000	30	Provision for wireline, production testing and associated services for O&G companies



## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b><u>Associate companies of our Company (cont'd)</u></b>					
Subang Properties Sdn Bhd (121182-K)	07.06.1984/ Malaysia	RM184,253	RM40,000,000	36.2	Dormant
LSE (710954-H)	26.09.2005/ Malaysia	RM50,000,000	RM50,000,000	50	Shipbuilding, ship repair, naval craft maintenance and O&G fabrication
<b><u>Associate companies of KBW</u></b>					
Best Wide Engineering (M) Sdn Bhd (319161-X)	07.10.1994/ Malaysia	RM1,000,000	RM1,000,000	30	Provision of design and engineering services
Matrix Maintenance Sdn Bhd (525537-V)	08.09.2000/ Malaysia	RM300,000	RM500,000	30	Provision of valve testing and maintenance services
<b><u>Associate companies of KPV and SEV</u></b>					
Berantai Floating Production Limited (LL08133)	11.3.2011/ Federal Territory of Labuan, Malaysia	USD350,000	N/A^	(c)49	Ownership and provision of bareboat charter of FPSO
<b><u>Jointly-controlled entities of our Company</u></b>					
BTL Sdn Bhd (180908-X)	12.04.1989/ Malaysia	RM30,000	RM250,000	50	Under members' voluntary liquidation
Uzmal Oil Inc (1210)	06.09.1994/ Uzbekistan	USD2,000,000	N/A^	50	Oilfield production
SapuraAcergy (708868-K)	07.09.2005/ Malaysia	RM3,600,000	RM100,000,000	50	Managing and operating of vessel and provision of offshore related works

## 6. INFORMATION ON OUR GROUP (cont'd)

Name of company	Date and place of incorporation	Total issued and paid-up share capital	Authorised share capital	Equity interest held	Principal activities
				%	
<b><u>Jointly-controlled entities of our Company (cont'd)</u></b>					
SapuraAcergy Assets Pte Ltd (LL05212)	15.02.2006/ Federal Territory of Labuan, Malaysia	USD22,000,000	N/A^	50	Leasing of vessel and operational equipment
SapuraAcergy (Australia) Pty Ltd (ACN 141 920 005)	08.02.2010/ Australia	AUD200,000	N/A^	50	Managing and operating of vessel and provision of offshore related works
Offshore International FZC (1746)	23.09.2007/ United Arab Emirates	UAE Dhs.250,000	UAE Dhs.250,000	40	Under members' voluntary liquidation
Quippo Prakash Pte Ltd (200808322H)	29.04.2008/ Singapore	SGD100,000	N/A^	26	Vessel owner
L&T Sapura Shipping Pvt Ltd (U61100TN2010PTC077217)	02.09.2010/ India	INR1,588,530,830	INR1,800,000,000	40	Vessel owner
L&T Sapura Offshore Pvt Ltd (U11200TN2010PTC077214)	02.09.2010/ India	INR100,000	INR225,000,000	40	Provision of engineering and installation services
SapuraCrest Qatar (47032)	01.09.2010/ Qatar	Riyal700,000	N/A^	49	Dormant
<b><u>Jointly-controlled entities of KBW</u></b>					
Bestwide MCCS Sdn Bhd (448031-H)	25.09.1997/ Malaysia	RM100,000	RM100,000	50	Undertaking of engineering contracts and provision of related consultancy services

**6. INFORMATION ON OUR GROUP (cont'd)**

**Notes:**

- \* 50% which is held in trust for Seadrill pending formalisation of a shareholders' agreement pursuant to the joint-venture between SapuraCrest and Seadrill to jointly participate in the contracts which is awarded to TLOS by Petróleo Brasileiro S.A. and in relation to the building, construction and operations of 3 units of pipe laying support vessels.
- ^ No authorised share capital for companies incorporated in the Federal Territory of Labuan, Australia, England and Wales, Brazil, Singapore, Uzbekistan, Qatar and Thailand.
- <sup>(e)</sup> Not applicable as OFI is a limited liability company and accordingly, no issued and paid-up share capital.
- <sup>(e)</sup> HKD1.00 paid and HKD49,999 allotted but unpaid.
- <sup>(e)</sup> KPV and SEV each holds 24.5% equity interest in Berantai Floating Production Limited.

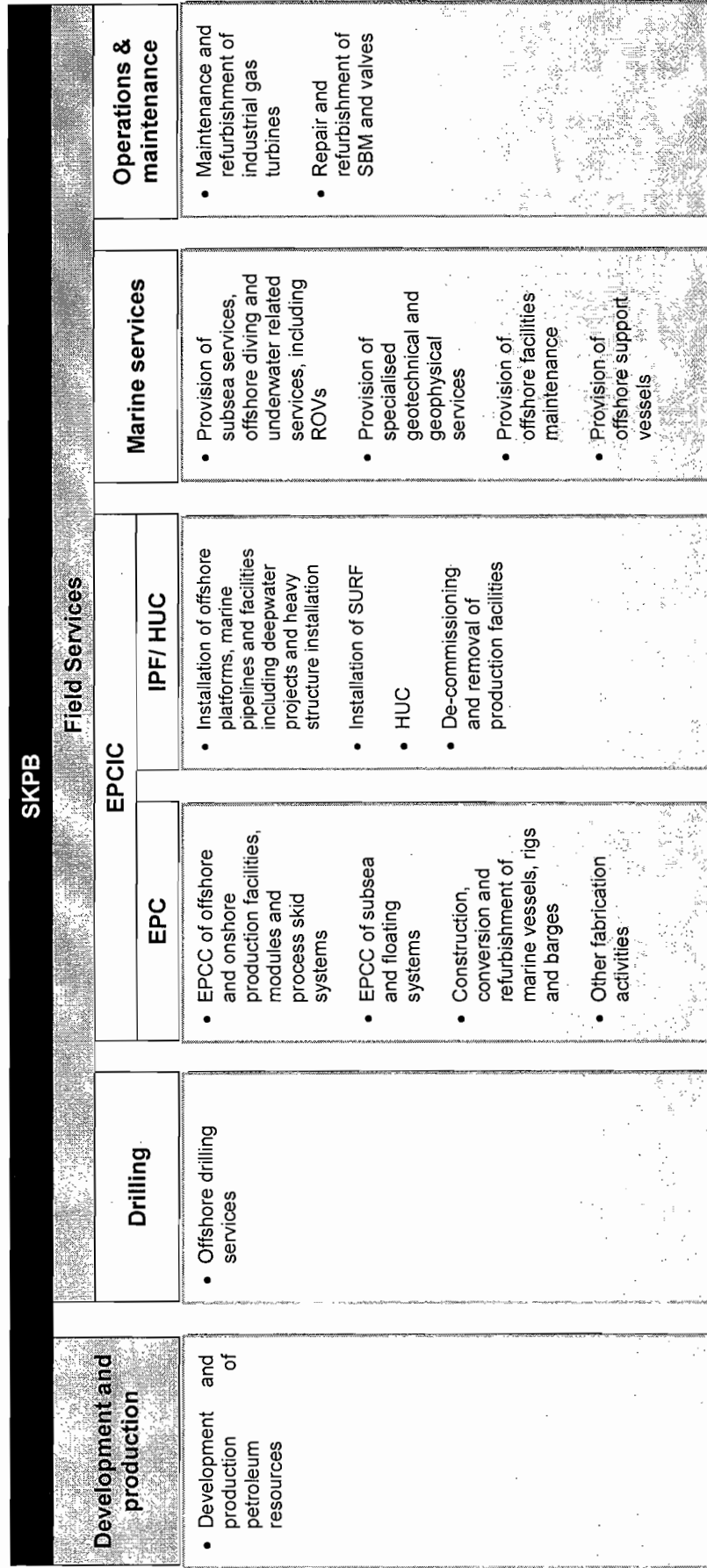
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7. BUSINESS OVERVIEW

7.1 BUSINESS OVERVIEW OF OUR GROUP

We are a proven integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities with presence in Malaysia and various regions including Asia, Australasia, Middle East, Europe, Americas and Africa.

A diagrammatical illustration of our activities in the O&G value chain is set out below:



## 7. BUSINESS OF OUR GROUP (cont'd)

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The key revenue contributors to our Group are EPCIC and drilling activities.

Details of our Group's activities across the O&G value chain are follows:

### 7.1.1 Development and production of petroleum resources

Our development and production activities involve the provision of field development plans, development, execution and completion of the field development for O&G production. Following the completion of the field development, we operate and maintain the field.

Our diverse experiences and key assets available to apply our competencies and experience have won us the first domestic marginal field RSC by PETRONAS whereby we jointly develop and operate the field with PED on behalf of PETRONAS and provide the FPSO vessel which is jointly owned by PED and us. We are able to expand our role within the O&G value chain by participating in field development and operation. The RSC is to carry out the development and production of petroleum resources from Berantai, a marginal field off Terengganu, for a period of 8 years. The RSC was awarded on 31 January 2011 to a consortium comprising PED (50%-interest) and our subsidiaries, namely SEV (25%-interest) and KESB (25%-interest).

With the Clough Business Acquisition, we acquired Peritus Group and OFI which provides advanced subsea and floating systems engineering and project management services and field development to offshore O&G projects across the globe.

Field development consists of identifying and defining, as a system, all components required for successfully developing and operating offshore O&G fields. It is a multi-disciplinary task, requiring both technical and commercial skills, including subsurface, drilling, facilities, project, operations and commercial competences. Field development activities can occur early in support of O&G companies' exploration efforts. In such cases development scenarios and costs are generated to support economic assessment of license bids or farm-in opportunities. More typically, field development begins following exploration success when O&G companies commence the assess phase of project development which, if successful, continues through to the define phase and Final Investment Decision ("FID"). In some cases field development addresses brown-field redevelopment opportunities.

Our field development planning capabilities encompass:

- Pre-exploration quick field development concept selection and cost estimating in support of exploration or farm-in valuation and economic assessment;
- Post discovery, multi-disciplinary development concept selection and cost estimating including economic trade off evaluations to suit needs whether it is an early production scenario, a full field development, or a brown-field redevelopment;
- Managing all front-end activities including coordination of multiple disciplines, cost estimating, and "total field development" if required, from concept through FID, including all aspects of assess and define phases of field development;
- Provision and coordination of SURF and floating systems technical disciplines as well as of third party sub-surface, drilling, process facilities, operations, commercial, HSE and regulatory approval consultants;

## 7. BUSINESS OF OUR GROUP (cont'd)

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- Provision of or contribution to operators' field development project teams. In addition to field development planning, with the Clough Business Acquisition, we also provide engineering and project management services across all phases of project development.

Other scope of services includes:

- Systems engineering;
- Technology management;
- Project management;
- Procurement and construction management;
- Start-up and commissioning;
- Integrity management; and
- Health, safety, environment and quality

### 7.1.2 Drilling services

Our drilling activities involve operating rigs for drilling of offshore wells. The activities focus on development drilling which involves the drilling of production wells from existing drilling platforms.

Offshore drilling is generally carried out using mobile drilling unit. Our Group's mobile drilling unit consist of 6 units of SETRs namely, our wholly-owned rig KM-1, and T-3, T-6, T-9, T-10 and Teknik Berkat via a joint-venture partnership with Seadrill Group. We are currently building 2 more units of SETRs. SETRs are more suitable for development drilling and are usually contracted on a long term basis.

The drilling rigs are specially designed as a cost-efficient and flexible drilling system for development scenarios involving multiple well slot fixed offshore platforms whereby the rig moves from platform to platform using its own DES which is lifted by its own crane. All our drilling rigs are contracted on long term contract save for Teknik Berkat whose contract has expired in April 2012. As at the LPD, we are in the midst of sourcing for a new contract for Teknik Berkat.

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## 7. BUSINESS OF OUR GROUP (cont'd)

Details of the 6 drilling rigs are as follows:

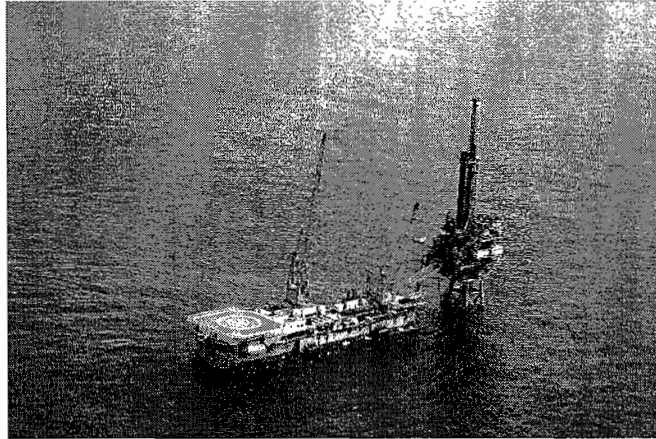
Rig	Specification	Current use
KM-1	<b>Design</b> : SETR <b>Year</b> : 2010 <b>Country of registration</b> : Malaysia <b>Classification</b> : ABS + A1 Barge <b>Water depth</b> : 11.88 metres - 243.84 metres	KM-1 is currently contracted to PCSB from September 2010 to August 2015, with an option to extend the term for up to another 5 years.
T-3	<b>Design</b> : SETR <b>Year</b> : 1980, modified in 2001 <b>Country of registration</b> : Panama <b>Classification</b> : ABS + A1 Barge <b>Water depth</b> : 10 metres -122 metres	T-3 is currently contracted to Seadrill Group which is ultimately serving PTT Exploration & Production Public Company Limited, from February 2005 to June 2012 pursuant to a long term contract.
T-6	<b>Design</b> : SETR <b>Year</b> : 1982, modified in 2000 <b>Country of registration</b> : Panama <b>Classification</b> : ABS + A1 Barge <b>Water depth</b> : 10 metres -122 metres	T-6 is currently contracted by CHOCSB and Carigali-PTTEPI from December 2010 to April 2013, with an option for 2 extensions of 3 months each.
T-9	<b>Design</b> : SETR <b>Year</b> : 2003 <b>Country of registration</b> : Panama <b>Classification</b> : ABS + A1 Barge <b>Water depth</b> : 9 metres - 2,000 metres with pre-laid mooring	We received a letter of award for T-9 from PCSB to commence operations from April 2012 to March 2013, with an option to extend for another 12 months.
T-10	<b>Design</b> : SETR <b>Year</b> : 2007 <b>Country of registration</b> : Panama <b>Classification</b> : ABS + A1 Barge <b>Water depth</b> : 9 metres - 2,000 metres with pre-laid mooring	T-10 is currently contracted to Seadrill Group which is ultimately serving Chevron Thailand Exploration & Production from January 2011 to January 2013.
Teknik Berkat	<b>Design</b> : SETR <b>Year</b> : 1990, modified in 2005 <b>Country of registration</b> : Panama <b>Classification</b> : ABS + A1 Barge <b>Water depth</b> : 10 metres – 152 metres	Teknik Berkat was previously contracted to PCSB from April 2008 to April 2012 <sup>^</sup> .

**Note:**

<sup>^</sup> As at the LPD, we are in the midst of sourcing for a new contract for Teknik Berkat.

## 7. BUSINESS OF OUR GROUP (cont'd)

We maximise the utilisation of our drilling rigs by extending contracts with our customers as well as actively sourcing for new contracts locally and globally.



*T-3, an SETR performing drilling works at an offshore platform (The offshore platform illustrated in the picture does not belong to us).*

### 7.1.3 EPCIC

We have an integrated in-house capability to undertake the full spectrum of the EPCIC business. Our EPCIC activities comprise the following:

- (i) EPC, which includes:
  - Engineering, procurement, fabrication and pre-commissioning of offshore and onshore production facilities, modules and process skid systems;
  - Engineering, procurement, fabrication and pre-commissioning of subsea systems including seabed structures (PLEMs, PLETs, manifolds, etc);
  - Construction, conversion and refurbishment of vessels, rigs and barges; and
  - Other fabrication works,
- (ii) IPF/HUC, which includes:
  - Installation of offshore platforms, marine pipelines and facilities;
  - Installation of SURF;
  - FEED, subsea pipeline design including risers, SCRs, control system, umbilicals, subsea trees and subsea related installation;
  - HUC; and
  - Decommissioning.



## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.1.3.1 EPC

Our EPC activities include the provision of engineering, procurement, construction and pre-commissioning services involved in the construction of facilities for the offshore and onshore O&G industry. We provide a full range of construction and engineering services, from detailed engineering, design, procurement to construction and pre-commissioning. We also focus on the fabrication, building and upgrading of rigs, vessels, jackets, Topsides and other O&G facilities. Most of our contracts are EPCC, EPCIC or variations of these structures. Engineering works carried out by us include initial conceptualisation, process simulations, studies, development and analysis to optimise solutions, computer run-through and 3-dimensional modelling, and undertaking multi-discipline detailed engineering designs.

We are able to apply a wide range of engineering skills to meet our customers' needs, including process, mechanical, piping, electrical, instrumentation, pipeline, marine, subsea and civil/structural works.

With the Clough Business Acquisition, we acquired Peritus Group and OFI which has the capability to provide subsea and floating systems engineering services encompassing conceptual, FEED and detailed design for projects including in deepwater and difficult environments.

Our fabrication division provides all kinds of fabrication activities, including construction of offshore platforms, onshore plants/facilities and/or ocean going vessels, modules, Topside, jacket and process skid systems utilising in-house design.

We are also able to fabricate both onshore and offshore production facilities at our Lumut Fabrication Yard, which is located 3 kilometres from the open seas of the Straits of Malacca and our Labuan Shipyard, which is located within the port of Victoria Harbour, Labuan with deepwater access.

#### (i) Lumut Fabrication Yard

Our Lumut Fabrication Yard occupies a total area of 240 acres (including rented yard space of 20 acres) and has an estimated capacity of 90,000 mt per annum. It has covered fabrication workshops with an area of 85,600 square metres that allow 24-hours fabrication activities in all weather conditions. The facilities that we enjoy from the major facilities and infrastructure at our Lumut Fabrication Yard include:

- Large covered workshop with headroom of up to 35 metres and overhead crane capacity of up to 50 tonne to enable construction of large structures in all weather conditions;
- A 633 metres water front with several load out jetties including a jetty that has a capacity of up to 30,000 mt, which enables us to handle the load out of large and complex offshore structures onto transport vessels;
- Crawler, rough terrain, mobile and gantry cranes capacity ranging from 25 tonnes to 600 tonnes; and
- Low tide quayside water depth of approximately 9 metres to 12 metres below the lowest astronomical tide enabling docking of large vessels.

## 7. BUSINESS OF OUR GROUP (cont'd)

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- The yard space, geographical diversity and raw material arrangement at our Lumut Fabrication Yard enables us to take on various steel fabrication works for O&G and general industries, as well as specialty engineering in aviation structures.

### (ii) Labuan Shipyard

Our main operations are located in the Federal Territory of Labuan. In terms of accessibility, Labuan is strategically located within international, shipping and air routes between the Indian and Pacific Ocean. Sea transport and import/export of goods are well served by the Labuan Liberty Port, one of the deepwater ports in the East Malaysia region.

Over the years, Labuan Shipyard has built-up track record for building innovative, quality products for sea transportation as well as for the O&G and energy industries

To-date, Labuan Shipyard has built a wide range of vessels with increasing sophistication and complexity from fishing trawlers to chemical and clean product tankers. These include MV Bunga Semarak and MV Bunga Santian and a 97-metre SETR.

Labuan Shipyard has also serviced small coastal craft, cargo ships, naval/fast patrol craft, yachts, tugs, landing craft, ferries, floating docks, log carriers and coastal tankers. It also caters to the repairs and maintenance needs of the Royal Malaysian Navy especially those vessels stationed in East Malaysia, ranging from small assault craft to the latest new generation offshore patrol vessels.

Labuan Shipyard has also constructed a broad spectrum of offshore structures and platforms including modules, module frames, topsides/decks and facilities, living quarters, helidecks, flare-booms and bridges. Among Labuan Shipyard's major accomplishments were the Lawit-A Project (5 Modules and MSF totalling some 10,000 tonnes) and the Kinabalu-A Project (KNDP-A Integrated Deck weighing 3,400 tonnes).

In addition to the above, Labuan Shipyard has successfully completed the repairs and refurbishments of the following:

- SBM;
- Drill barge "Ile de Sein";
- Mobile offshore accommodation module "Safe Marina";
- Jack-up rig "Key Singapore" for Sante Fe Braun; and
- Drill barge "Grand Large".

**7. BUSINESS OF OUR GROUP (cont'd)**

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Details of the products produced and services provided by us under the EPC activity are as follows:

**(a) Engineering, procurement, fabrication and pre-commissioning of offshore production facilities**

We are involved in the engineering and fabrication of offshore platforms, including Topsides and jackets.

We undertake all engineering and fabrication works for offshore platforms utilising mostly in-house resources.

We are also responsible for full system integration of the completed offshore production platform, whereby all the separate systems are installed on the platform, including those fabricated by third parties, hooked-up and commissioned.

Topside modules and jackets (including (i) jacket and substructures and (ii) jacket with either Topsides or modules) are fabricated then typically fitted with equipment and brought as close as possible to full operational status at our Lumut Fabrication Yard and Labuan Shipyard. This is to minimise the amount of on-site equipment installation required, as well as to facilitate testing and corrective action should any of these systems fail to function as per their specifications.

We fabricate jacket, which is made up of three to eight main legs, connected to each other by bracings. All elements are tubular unlike onshore lattice structures which are usually made from angular profiles. A jacket used to an offshore platform or the like comprises at least one vertical column member, laterally and vertically spaced guide sleeves for piles to be driven into the sea floor and lateral bracing connecting the guide sleeves to the column member. The jacket may be installed with the piles prepositioned extending through the guide sleeves and temporarily secured thereto until the jacket and pile assembly is in position on the sea floor and ready for pile driving. The vertical column member may receive a pile which may include a well casing. A method of installation for the jacket may include drilling a well through the column member after installation of the jacket and securement to the sea floor by the piles which extend through the guide sleeves. On an offshore platform, Topside refers to the surface hardware installed, i.e. the upper part of a ship's side, above the waterline. This includes the oil production plant, the accommodation block and the drilling rig. They are often modular in design and so can be changed out if necessary allowing expensive platforms to be more readily updated with newer technology. We are also involved in the pre-commissioning of equipment and electrical systems of the topsides at the yard prior to the loadouts.

We have the yard space and resources required to undertake simultaneously fabrication of Topsides, modules and their accompanying jackets.

**7. BUSINESS OF OUR GROUP (cont'd)**

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**(b) Engineering and fabrication of onshore production facilities**

Onshore production facilities refer to a broad range of onshore facilities including storage and transportation facilities.

The facilities engineered, designed and fabricated by us include pressure vessels, skid and module, building and infrastructure, onshore plant, steel fabrication, shell and tube heat exchanger, storage tank, process piping, metering system, compression equipment related to pipeline hydrocarbon transmission and pumping system. We also design, install, test and commission the instruments, controls, electrical and telecommunications systems for a complete plant.

**(c) Construction, conversion and refurbishment of vessels, rigs and barges**

We have expertise in designing and fabricating vessels, rigs and barges. We had successfully completed, among others, the construction of SETR, pipe-lay barge and the refurbishment and conversion of an offshore drilling rig into a MOPU.

KM-1, which is a SETR, was built at our Lumut Fabrication Yard. We are also currently building another 2 SETRs at our Lumut Fabrication Yard.

The pipelay barge that was constructed at our Lumut Fabrication Yard was a maritime vessel used for the installation of subsea pipelines. To carry out this installation work, a typical pipelaying vessel carries a stinger and equipment to lay pipe.

For the MOPU, we have had refurbished and converted a jack-up rig into a mobile production platform that can be moved from one location to another. MOPU enables faster field development.

**(d) Other fabrication works**

We also undertake the fabrication of equipment used for the O&G industry as follows:

**(i) Modules**

A module may be engineered and fabricated independently from the rest of the offshore platform, with the condition that the module can ultimately be physically and functionally integrated with the rest of the offshore platform.

Conceptually, a module is similar to a process skid system, with the exception that a module is much larger and more complex.

## 7. BUSINESS OF OUR GROUP (cont'd)

Some of the modules fabricated by our Group include, among others, the following:

<b>Modules</b>	<b>Description</b>
Gas compression modules	To compress gas on offshore production facilities.
Carbon dioxide removal modules	To reduce high carbon dioxide content from natural gas to comply with gas sales specification.
Glycol dehydration modules	To reduce water content from natural gas to overcome corrosion and hydrate problems.
Water injection modules	To treat water via filtration and de-aeration to ensure its suitability for injection into the reservoir.

### (ii) Process skid system

A process skid system incorporates all of the piping, electrical, control and instrumentation systems, and other systems that are required for it to function. Process skid systems may be integrated into a larger facility, or used on a stand-alone basis.

The process skid systems fabricated by us include, among others, the following:

<b>Process skid system</b>	<b>Description</b>
Fuel gas skids	Conditions gas to be suitable for use as fuel gas for gas turbines or gas engines.
Instrument gas skids	Conditions gas to be suitable for use as instrument gas, typically on un-manned platforms where compressed air is not available.
Chemical injection skids	Stores and pumps chemicals for various uses such as, corrosion inhibition, pour point depression, preventing formation of emulsion and foam, etc.
Produced water handling skids	Treatment of produced water to reduce oil content so that the produced water may be disposed direct to sea.
Metering skids	To obtain measurement and to record the flow rate of fluids, such as crude oil, gas and condensates.
De-sanding skids	To remove sand, solids and other impurities produced during the extraction of crude oil from underground reserves.
Air compression skids	Installed for purposes of producing compressed air.

**7. BUSINESS OF OUR GROUP (cont'd)**

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**(iii) Marine terminals and Turrets**

We have the capability to carry out engineering, procurement and construction of marine terminals (loading buoys) and Turrets. Turrets are floating structures used with FPSOs to attach production and export risers to the unit, allowing the risers to remain connected when the unit moves. Some Turrets are internal to the unit while others are external.

**(iv) Subsea structures**

We carry out engineering, procurement and construction of subsea manifolds and structures for deepwater operations, and additionally such equipment as PLETs and SLEDs, which are components used to connect subsea production facilities and transport the product to a collecting platform or FPSO.

Manifold systems fabricated by us typically fulfils the following functions:

- (a) Gather production or distribute water or gas from or to multiple production, water, or gas injection wells;
- (b) Direct flow of fluids through manifold headers;
- (c) Contain one or more headers;
- (d) Allow isolation of individual well slots from header;
- (e) Incorporate flowline connections between manifolds and appropriate flowlines and/or test lines; and
- (f) Allow continuity of pigging of flowline system.

**(v) Specialised fabrication**

We also utilise our engineering, design and fabrication capabilities to undertake specialised fabrication structures for non-O&G industries such as steel bridges, water supply, building, wharfs and roof structures.

## 7. BUSINESS OF OUR GROUP (cont'd)

Among the notable EPC projects completed by our Group (including associate companies and jointly-controlled entities) in the past 3 years are as follows:

<u>Year</u>	<u>Project</u>	<u>Brief description of work</u>	<u>Customer</u>
2008-2009	F28DR-A Topside and CPDR-A Topside	Fabrication of F28DR-A Topside and CPDR-A Topside	SSB
2010	PM329 East Piatu Development Project	Procurement and construction of wellhead platform Topside, central processing platform Topside, living quarter and bridge	Newfield
2009-2010	KM-1 drilling rig	Design, construction and completion of SETR	KMR Labuan
2007-2009	JDA Block B-17 Field Development Project: EPCC of LQ deck and jacket, CFP and tripod and 3 bridges	EPCC of LQ Deck and jacket, CFP and tripod and 3 bridges	Carigali-PTTEPI Operating Company Sdn Bhd
2008-2010	Tangga Barat Cluster Development Project	Procurement and construction of Tangga Barat Cluster Development Project	PCSB
2008-2010	Kinabalu Development Project	Procurement and construction of Kinabalu Drilling Platform	PCSB
2008-2010	Dulang Compressed Gas Capacity Enhancement Project	Procurement and construction of Dulang Compressed Gas Capacity Enhancement Project (DULANG)	PCSB
2009	D30 and Dana Wellhead Support Frame ("WHSF") and D35 Deck Extension and PLEM for D1 Cluster Development Project	Procurement and construction of WHSF, deck extension and PLEM	PCPP
2009	Serampang-A ("SEPA") Production Topsides Facilities for Phase 1 SK-309/311 Sarawak Gas Development Project	Procurement and construction of Topside	Murphy Sarawak
2010	GSPC DDW-1 Project	Fabrication, load-out and sea-fastening of a 6-legged jacket and piles	Larsen & Toubro
2010-2011	Deen Dayal West Field Development Project	Fabrication, loadout and seafastening of a 6-legged jacket	Larsen & Toubro

## 7. BUSINESS OF OUR GROUP (cont'd)

The current ongoing notable EPC projects of our Group (including associate companies and jointly-controlled entities) as at the LPD include the following:

<u>Year</u>	<u>Project</u>	<u>Brief description of work</u>	<u>Customer</u>
2010-2012	F13 and E8 WHP (wellhead platform) and gas compression module	Supply, fabricate, test, pre-commissioning, loadout and sea-fastening of E8K and F13K compression module	SSB
2011-2012	Gorgon LNG Jetty and Marine Structures Project, Barrow Island	Fabrication of Gorgon LNG jetty and marine structures	Saipem S.A.
2011-2013	EPC of compressor module (2 nos)	EPC of AMPA 9 compressor module	An international O&G company
2010-2012	PM329 East Piatu development Project	Procurement and construction for jackets of PM329 East Piatu	Newfield
2009-2012	Brownfield Projects	Provision of construction services for brownfield projects	EMEPMI
2011-2012	Wellhead platform, jacket, EPC of Berantai Field Development Project	EPCC of wellhead platform and the Angsi Field tie-in at the Andr-A Platform for Berantai Field Development Project, Block PM309	PED
2011-2012	Kebabangan substructure	Fabrication of KBB substructures	KPOC
2011-2015	Wheatstone Project LNG Plant Facility	Fabrication and assembly of components for an LNG plant	Bechtel International Inc
2011-2012	Sarawak SK309/311 SPSA Development Project	EPC of Patricia Satellite Substructure and Serendah Wellhead Template	Murphy Sarawak
2011-2012	Sarawak SK309/311 SPSA Development Project	EPC of Serendah-PA (SN-PA) and Serendah Accommodation (SN-AA) substructures and topsides facilities	Murphy Sarawak
2012-2013	Tapis re-development Project	Procurement, fabrication, testing, loadout and tie-down of Tapis-R Jacket, Piles and Appurtenances	EMEPMI
2012	West Desaru MOPU Facility	Upgrade and refurbishment of West Desaru MOPU Facility	Petrofac E&C



## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.1.3.2 IPF/HUC

Our offshore installation and HUC activities include the provision of transportation and installation of pipelines and structures (both deep and shallow water projects) for the O&G industry as well as HUC of platforms. We are an IPF service provider with an established presence in Malaysia and the region since 1989 as a major O&G service provider in this area.

The IPF activities commence when the pipelines and structures are transported from the pipe coating yard and fabrication yard respectively to the offshore location where the installation and pre-commissioning activities are carried out. Subsequently, various facilities such as piping, hydraulic and compressed air lines, electrical and electronic cables will be hooked-up. The system will then be commissioned thereafter.

To address the specific needs of our customers, we also provide specialised services that include project management, project material procurement and workpacking. Our wide range of available resources allows us to tailor and customise our project teams based on customers' requirements.

**(a) Installation of offshore platforms, marine pipelines and facilities including deepwater projects and heavy structure installation**

The operation of our offshore installation activities are supported by our experienced personnel who provide a range of experience and skills in our integrated services. In addition, we also have our own fleet of derrick lay barges, diving support vessels, engineering work barges and construction equipment to meet our customer's requirements. In particular, we own Sapura 3000 via a joint venture, to enable us to undertake deepwater projects. We are also currently building 2 additional deepwater capable derrick lay vessels to further enhance our capacity and capability.

Our offshore installation activities also expand into both regional and global markets. We have formed partnerships and strategic alliances with international partners such as Seadrill Group, Subsea 7 and Larsen & Toubro to jointly undertake projects abroad. Through the joint venture partnerships with our international partners, we have the opportunity to expand our deepwater capability, expand our regional presence and enhance our human capital. Via these joint ventures, we also own 2 other derrick lay barges, namely LTS 3000 and QP 2000.

We also focus in building on the strength and depth of our deepwater capabilities via our partnership with Subsea 7, which is a major global player in seabed-to-surface engineering construction and services, to take advantage of the growth of the deepwater construction market throughout the Asia Pacific region. Through this joint venture, one of our subsidiaries has secured the first 2 deepwater projects in Malaysia, which are the Kikeh and Gumusut Kakap deepwater development projects. We also strive to enhance our deepwater capabilities through investments in strategic deepwater capable assets and by expanding into new markets across the region and penetrating into Latin America and North American market.

## 7. BUSINESS OF OUR GROUP (cont'd)

We also have the capability to carry out heavy structure installations by jackets launch and floatover. In 2011, we executed a Mumbai High North Redevelopment Project in India involving launch and installation of Mumbai High North jacket with structural weight of approximately 13,380 mt. In 2004, we completed a project for ConocoPhillips Pty Ltd in Bayu Undan field, Timor Sea involving the installations of two Topsides (11,500 mt and 15,000 mt) by floatover method.

Among the notable offshore installation projects completed by our Group (including associate companies and jointly-controlled entities) in the past 3 years are as follows:

<u>Year</u>	<u>Project</u>	<u>Brief description of work</u>	<u>Customer</u>
2010 - 2011	Belanak CALM Buoy Recovery	Involved venting, flushing and isolating the buoy system before disconnecting and recovering the buoy and floating hoses	SBM IMODCO Inc
2010 - 2011	Lufeng Well Decommissioning Project	Involved the utilisation of Normand Clough to plug and abandon 5 subsea wells	Well Ops SEA Pty Ltd
2011	Huizhou Field Phase 2 Salvage	Involves complete salvage of a typhoon-damaged FPSO subsea system and installation of a new turret loading buoy and associated risers, mid water arches, anchors, mooring chains and wire segments	COOEC Subsea Technology Co Ltd
2010	Provision of construction works of 4 wellheads platforms for Mumbai High North Re-development Project in Mumbai High North Field	Transportation and installation of platforms and facilities	Larsen & Toubro/Oil and Natural Gas Corp Ltd
2010	Ujung Pangkah Development Offshore Phase II (central processing platform and accommodation utilities processing)	Installation of central processing platform and 4-legged jacket	HESS (Indonesia Pangkah) Ltd
2009	Devil Creek Development Project	Transportation and installation of offshore facilities	Apache Energy Limited
2009	Transportation and installation of platforms, bridges and EPCIC of inter-field pipelines for JDA Block B-17 Field Development Project	Transportation and installation of platforms, bridges and inter-field pipelines	Carigali-PTTEPI

## 7. BUSINESS OF OUR GROUP (cont'd)

<u>Year</u>	<u>Project</u>	<u>Brief description of work</u>	<u>Customer</u>
2007-2009	Transportation and installation of facilities (extension)	Transportation and installation of structures and pipeline	PCSB
2007-2009	Kikeh gas pipeline system for Kikeh development	Transportation and installation of structures and pipeline	Murphy Sarawak
2011	Yetagun Project	Provision of transportation and installation of offshore facilities	PC Myanmar (Hong Kong) Limited
2009	Neptune LNG Deepwater Port Terminal	Installation of 2 Submerged Turret Loading (STL) buoys, the associated gas risers, umbilicals, suction anchors, mooring chains and wire segments	Advance Production & Loading Pte Ltd
2009	Montara Development Project	Transportation and installation of the 750 tonne Montara Wellhead Platform deck, 285 tonne mooring buoy with 9 associated mooring legs, approximately 26km of infield pipelines and the 100 tonne Swift subsea manifold	PTTEP Australasia (Ashmore Charter) Pty Ltd
2008 - 2010	Wild Well Control (Normand Clough charter)	Provided subsea intervention services for Wild Well's offshore platform decommissioning and subsea construction works as well as completing salvage works for Wild Well's parent company Superior Energy Services	Apache Limited

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## 7. BUSINESS OF OUR GROUP (cont'd)

The current ongoing notable offshore installation projects of our Group (including associate companies and jointly-controlled entities) as at the LPD include the following:

<b>Year</b>	<b>Project</b>	<b>Brief description of work</b>	<b>Customer</b>
2012	BC Petroleum Project	Transportation and installation of Guyed Caisson Platforms for Balai, Bentara, Spaoh and West Acis Fields	BC Petroleum Sdn Bhd
2011-2012	Montara Development Project	Provision of offshore transportation and construction activities	PTTEP Australasia (Ashmore Cartier) Pty Ltd
2010-2012	Integrated transportation and installation of offshore facilities	Transportation and installation of pipelines, structures and facilities	PCSB/ SSB/ SSPCL/ Newfield/ Murphy Sarawak/ NOEML/ EMEPMI/ Talisman Malaysia Limited/ Petrofac (Malaysia-PM304) Limited/ PETRONAS Carigali/PCPP / KPOC
2011-2012	Pipelines, structures and FPSO installation for Berantai Field Development Project, Block PM309	Provision of transportation and installation of pipelines, structures and facilities including FPSO	PED
2009-2013	Gumusut-Kakap Deepwater Project	Provision and performance of project management, procurement, engineering, transportation and installation services and works	SSPC
2011-2012	Bumi-B and Cakerawala-D Wellhead Platforms and Pipelines Project	Provision of offshore installation and transportation services	Carigali Hess Operating Company Sdn Bhd
2011-2012	Lan Do Block 06.1 Phase III	Provision of Subsea Installation Services	TNK Vietnam BV
2010 - 2012	Domgas Contract	Installation and construction of upstream facilities at the Gorgon Upstream Project Australia, in particular the Domgas pipeline	Chevron Australia Pty Ltd

## 7. BUSINESS OF OUR GROUP (cont'd)

Our key assets in the IPF division are as follows:

Vessel	Specification
Sapura 3000	<b>Category</b> : DP Class 2 self propelled heavy lift pipe laying vessel <b>Country of registration</b> : Bahamas <b>Year built</b> : 2008
LTS 3000	<b>Category</b> : Heavy lift pipe-lay vessel <b>Country of registration</b> : India <b>Year built</b> : 2010
QP 2000	<b>Category</b> : Derrick lay barge <b>Country of registration</b> : Panama <b>Year built</b> : 2009
Java Constructor <sup>^</sup>	<b>Category</b> : General purpose construction support barge <b>Country of registration</b> : Panama <b>Year built</b> : 1982 (2009 upgraded)
Clough Challenge <sup>^</sup>	<b>Category</b> : Shallow water lay barge <b>Country of registration</b> : Australia <b>Year built</b> : 1996

**Note:**

<sup>^</sup> Acquired following the completion of the Clough Business Acquisition.

We are presently building 3 pipe-lay support vessels with a laying capability of up to 2,500 meters water depth which are expected to be delivered in 2014. In addition, 2 DP heavy lift and pipe-lay vessels are being constructed to further increase the capacity and capability of this division. One of these vessels is expected to be delivered in the fourth quarter of 2013 whilst the other vessel is expected to be delivered in 2014 and are primarily targeted for the international market.

**(b) Installation of SURF**

With the Clough Business Acquisition, we acquired the capability and market penetration in the SURF market. This will enable us to address the high end area in both shallow and deepwater construction works. Among the areas covered under the SURF include:

- (i) Subsea structures/manifolds/riser/bases/protection structures;
- (ii) Spools and tie-in systems;
- (iii) FPSO or TLP moorings installation and hook-up;
- (iv) Full subsea field installations including all the above;
- (v) Inspection, repair, maintenance and light construction; and
- (vi) Umbilicals, risers, flowlines, TLP and SCR.

## 7. BUSINESS OF OUR GROUP (cont'd)

Dedicated design engineering services are provided via affiliated companies, OFI and Peritus Group. OFI is a subsea specialist based in Houston that has subsea capabilities that cover structural and metallurgical engineering, design, FEED, installation and project management services. Peritus Group provides advanced subsea and floating systems engineering and project management services to offshore projects globally, with a particular focus on deepwater and difficult environmental or operating conditions. Peritus Group works on a network of regional engineering centres in Perth, Houston and London, which enable specialised skills, knowledge and expertise to be shared globally.

### (c) HUC

Following the engineering and fabrication work for offshore platforms, all the separate systems installed on the platform are hooked up and commissioned at customer's site.

HUC activities involve the interconnecting 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.

Our HUC activities include the provision of HUC services, project management, procurement services, construction support, manpower, construction equipment, tools and consumables for both greenfield and brownfield services projects.

To address the specific needs of our customers, we also provide specialised services that include project management, project material procurement and workpacking. Our wide range of available resources including marine vessels and our ability to leverage on our other divisions allows us to tailor and customise project solutions based on our customers' requirements.

Among the notable HUC projects completed by our Group (including associate companies and jointly-controlled entities) in the past 3 years are as follows:

Year	Project	Brief description of work	Customer
2010	Provision of HUC of 10" x 20.754Km Pipeline PL 347 From BEP-A to BKP-A	PL 347 HUC for 10" x 20.754 KM Pipeline	PCSB
2008-2010	North Belut Project HUC of wellhead platforms	HUC of North Belut wellhead platforms offshore Indonesia	ConocoPhillips Indonesia Inc Ltd
2007-2010*	Provision of HUC of PCSB facilities for year 2007 – 2010*	HUC for Kanowit CPP (KAKG-A) Platform (Kumang Cluster Development Project - Phase 1)	PCSB
2005-2010	Provision of integrated topside major maintenance services	Provision of construction crew and equipment, project management team, workscoping personnel procurement	EMEPMI

## 7. BUSINESS OF OUR GROUP (cont'd)

<u>Year</u>	<u>Project</u>	<u>Brief description of work</u>	<u>Customer</u>
2010	Phase 1 Development of JDA Block B-17	Procurement, onshore prefabrication, offshore installation, and commissioning of wells tie-ins under batch 2 HUC Campaign on JKA, MDA, MDB and MDC wellhead platforms	Carigali-PTTEPI
2011	FSO Cendor RLE Phase II	FSO cendor repair and life extension Phase II	FPSO Ventures Sdn Bhd (MISC Berhad)/ Petrofac Malaysia Ltd
2007-2010 <sup>#</sup>	Provision of HUC of PCSB facilities for year 2007 – 2010*	HUC for Sumandak non associated gas development project	PCSB
2007-2010 <sup>#</sup>	Provision of HUC of PCSB facilities for year 2007 – 2010*	HUC for Samarang (Phase 1 - Accelerated Infill Drilling) redevelopment project	PCSB
2011	Provision of procurement, construction and commissioning of Topside and pipeline for PM318 Puteri Restoration Project	Site visit workscoping, workpack preparation, procurement, onshore pre-fabrication and offshore HUC of the Puteri Platform Topside Facility restoration and modification - to restore the platform back to the operational condition	Newfield
2011-2012	Provision of EPCC of Sepat Early Production System (GPS) Project	Sepat MOPU HUC Project	Petrofac E&C

**Notes:**

\* *This project is under an umbrella contract. The duration of the project was extended to end of 2011 due to additional works requested by the customer.*

# *This project is under an umbrella contract. The duration of the project has been extended to 2012 due to additional works requested by the customer.*

The current ongoing notable HUC projects of our Group (including associate companies and jointly-controlled entities) as at the LPD include the following:

<u>Year</u>	<u>Project</u>	<u>Brief Description of Work</u>	<u>Customer</u>
2009-2012	Brownfield construction services	Provision of offshore construction services, HUC work orders, skilled manpower and other services	EMEPMI
2008-2012	Provision of HUC and major maintenance services contract	Provision of HUC and major maintenance services, work Package B	SSB/SSPCL

## 7. BUSINESS OF OUR GROUP (cont'd)

<u>Year</u>	<u>Project</u>	<u>Brief Description of Work</u>	<u>Customer</u>
2011-2012	FSO Cendor RLE Phase III	FSO Cendor Repair and Life Extension Phase III	FPSO Ventures Sdn Bhd (MISC Berhad)/ Petrofac Malaysia Ltd
2011-2012	Berantai Field Development Project	Angsi (ANDR-A) drilling riser platform host tie-in for	PED
2012-2013	HUC of D21 and Host Tie-In for D35	Supply, delivery, installation and commissioning of Refurbished Wellhead Platform, Pipeline and Host Tie In for D21 Project	IEV Engineering Sdn Bhd
2012	Kebabangan Northern Hub Development Project	The provision of welding crew for integrated transportation and installation of offshore facilities	GOM Resources Sdn Bhd
2012-2013	Engagement of Electrical & Instrument Subcontractor Package	Procurement, construction and commissioning of MLNG Dua New Incinerator at Bintulu, Sarawak	Malaysia LND Dua Sdn Bhd

### (d) Decommissioning and removal of production facilities

Our decommissioning and removal of production facilities activities comprises flushing the system of O&G residue, dismantling, removing and transporting Topsides and jackets to locations specified by our customers.

In 2009, our jointly-controlled entity SapuraAcergy was awarded a RM220.0 million contract by Nippon Steel Engineering Co. Ltd to carry out the Iwaki Platform Decommissioning Project offshore Japan. The decommissioning project works included the removal of heavy lift Topsides, the upper section of the jacket and a section of the gas export pipeline using the Sapura 3000.

### 7.1.4 Marine services

Our marine services activities primarily comprise of the subsea services and diving services, geotechnical and geophysical services, offshore platform maintenance services as well as offshore support vessels.

#### 7.1.4.1 Subsea services, offshore diving and underwater related services

Our subsea services and diving services activities include installation of subsea components and inspection of subsea facilities. The work involves air and saturated diving activities as well as unmanned ROVs.

Our capabilities include, among others, the following:

- Construction, installation of structures and subsea pipelines;
- Major inspection, repair and maintenance of subsea facilities;
- Installations, repair and inspection of export/import facilities;



## 7. BUSINESS OF OUR GROUP (cont'd)

- Underwater inspection and repair of floating systems including FSOs and FPSOs;
- Shallow and deepwater ROVs services; and
- All other underwater services related to the offshore industry.

We own and operate the resources and assets required to execute such work including DP diving support vessels, SDS and ROVs.

Such services require qualification and certification of our diving equipment and specially trained skilled manpower. All the diving equipments are maintained and certified according to the best industry practices and requirements.

Our key assets in the subsea services division are 6 vessels detailed as follows:

<b>Vessel</b>	<b>Specification</b>
Allied Achiever	<b>Category</b> : DP Class 2 diving support and ROV vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 2001
Allied Centurion	<b>Category</b> : DP Class 2 diving support and ROV vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : Original – 1966 (rebuilt 1999)
Allied Conquests	<b>Category</b> : DP Class 2 diving support and ROV vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 2006
Allied Jane	<b>Category</b> : DP Class 2 diving support and ROV vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 2010
Sarku Clementine	<b>Category</b> : DP Class 2 diving and ROV support vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 1997
Sarku Sambang	<b>Category</b> : Air diving and ROV support vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 1975 (converted in 1999/2000 to diving support/ survey vessel)

Please refer to Section 2 of Appendix II of this Prospectus for further information on our subsea services division's vessels.

## 7. BUSINESS OF OUR GROUP (cont'd)

### 7.1.4.2 Geotechnical and geophysical services

Our geotechnical and related services provide information to our clients on the soil properties at the seabed which can be used during engineering foundation design and operational consideration. This is done by drilling and taking soil samples as well as by using the results of cone penetration test to determine soil properties such as soil type, tip resistance, pore pressure and soil friction.

The geophysical and related services provide information on the seabed profile and contours safe navigation and facilitate construction work. It also provides information on the condition below the seabed. This is done by sending acoustic signals to the seabed and measuring the reflections.

We own and operate 4 specially designed geotechnical and geophysical vessels to execute these services. Details of the geophysical vessels are as follows:

Vessel	Specification
Teknik Samudra	<b>Category</b> : Geotechnical survey vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 1975, converted in 1984 and 1989
Teknik Wira	<b>Category</b> : Geotechnical survey vessel <b>Country of registration</b> : Malaysia <b>Year built</b> : 2010
Teknik Perdana	<b>Category</b> : Geophysical survey <b>Country of registration</b> : Panama <b>Year built</b> : 1973, refitted in 2000 with transducer
Teknik Putra	<b>Category</b> : Geophysical survey <b>Country of registration</b> : Panama <b>Year built</b> : 1980, refitted in 1995 with survey equipment

Please refer to Section 2 of Appendix II of this Prospectus for further information on our specially designed geotechnical and geophysical vessels.

### 7.1.4.3 Offshore platform maintenance

Our offshore platform maintenance services provide periodic and also ad hoc maintenance, upgrading and refurbishment services on existing platforms. This includes addition or replacement of equipment, structure, piping and other appurtenance. It also includes general maintenance such as stripping and re-painting of Topside facilities and sub-structures.

To perform this work, we own and operate 3 engineering work barges and 3 work boats.

## 7. BUSINESS OF OUR GROUP (cont'd)

Details of our work barges and work boats are as follows:

<u>Vessel</u>	<u>Specification</u>
KPV Redang	<b>Category</b> : Accommodation work boat <b>Country of registration</b> : Malaysia <b>Year built</b> : 2010
Sarku 300	<b>Category</b> : Accommodation work barge <b>Country of registration</b> : Panama <b>Year built</b> : 2007/ 2008
Sarku 2000	<b>Category</b> : Accommodation work barge <b>Country of registration</b> : Malaysia <b>Year built</b> : 1991
Sarku Samudera	<b>Category</b> : Accommodation work barge <b>Country of registration</b> : Malaysia <b>Year built</b> : 1983
Sarku Santubong	<b>Category</b> : Accommodation work boat <b>Country of registration</b> : Malaysia <b>Year built</b> : 1979
Sarku Semantan	<b>Category</b> : Accommodation work boat <b>Country of registration</b> : Malaysia <b>Year built</b> : 1974

Please refer to Section 2 of Appendix II of this Prospectus for further information on our work barges and work boats.

### 7.1.4.4 Offshore support vessels

We own, operate and charter vessels to provide support for exploration, development and production activities in the offshore O&G industry. The vessels are chartered to external parties on a time charter basis, either on a long-term charter or spot charter or used to primarily support other divisions.

We own 2 AHTS (1 with DP capability and 1 which is DP enabled) and 2 AHTs. These vessels are used to support our HUC, brownfield services as well as drilling operations and are also chartered to third parties from time to time to maximise utilisation of the vessels.

<u>Vessel</u>	<u>Specification</u>
Gemia	<b>Category</b> : AHTS <b>Year</b> : 2009 <b>Country of registration</b> : Malaysia <b>Horsepower</b> : 8,080 BHP <b>Bollard Pull</b> : 101 mt
KPV Kapas	<b>Category</b> : AHTS <b>Year</b> : 2009 <b>Country of registration</b> : Malaysia <b>Horsepower</b> : 5,220 BHP <b>Bollard Pull</b> : 73 mt
Teknik Alpha	<b>Category</b> : AHT <b>Year</b> : 1998 <b>Country of registration</b> : Malaysia <b>Horsepower</b> : 4,000 BHP <b>Bollard Pull</b> : 55 mt

## 7. BUSINESS OF OUR GROUP (cont'd)

<u>Vessel</u>	<u>Specification</u>
Teknik Beta	<b>Category</b> : AHT <b>Year</b> : 1999 <b>Country of registration</b> : Malaysia <b>Horsepower</b> : 4,000 BHP <b>Bollard Pull</b> : 53 mt

Please refer to Section 2 of Appendix II of this Prospectus for further information on our AHTS and AHTs.

The table below provides the current ongoing notable marine services projects undertaken by our Group (including associate companies and jointly-controlled entities) as at the LPD include the following:

<u>Year</u>	<u>Project</u>	<u>Brief description of work</u>	<u>Customer</u>
2009-2012	Provision of underwater inspection and maintenance services	Various offshore subsea services works	An O&G company
2009-2014	Underwater works in Australia	Provision of ROVs and tooling on board Atwood Osprey	Chevron Australia Pty Ltd
2010-2014	Underwater works in Australia	Provision of ROVs onboard the Ocean Legend	ConocoPhillips Australia Pty Ltd

### 7.1.5 Operations and maintenance

We provide maintenance and refurbishment of industrial gas turbines under the licence of General Electric Oil & Gas. A dedicated General Electric Oil & Gas approved service centre has been set up to provide these services for Malaysia and South East Asia.

In addition, we also repair and refurbish SBM and valves. We provide SBM maintenance comprising overhaul of the swivel assemblies and related components and testings. We also have yard facilities, experienced and skilled personnel and track record which make us the leader in SBM maintenance in Malaysia.

For valve maintenance, we have a workshop facility in Kemaman, Terengganu which carries out maintenance and overhaul of valves mainly for storage facilities, refinery and petrochemical plants.

### 7.1.6 Other business activities

Apart from the business activities above, we also have the following non-core business activities:

- Supply, installation, commissioning and maintenance of point of sale system for petrol station and asset management services for offshore installation; and
- Supply, installation, commissioning and maintenance of offshore communication system.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.2 Our competitive strengths and advantages

Our competitive strengths and advantages include the following:

#### 7.2.1 We are an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities

Our service offerings spread out across the O&G value chain specifically in the areas of development and production, drilling, EPCIC, marine services and operation and maintenance.

Combining our multi-discipline engineering capabilities together with our expertise in other areas such as development and production, drilling, EPCIC, marine services, and operation and maintenance, our Group's integrated solution will create a significant competitive advantage that few service providers are able to emulate. This will provide our Group with a stronger platform to compete and secure larger and more complex projects in Malaysia as well as global markets. In short, we are an integrated O&G service provider that will be able to bid for and secure larger and more complex EPCIC projects, both globally and locally.

#### 7.2.2 We have a large asset base to support our businesses

We have a large asset base ranging from our own fabrication yards to an extensive range of derrick lay vessels, SETRs, diving vessels, accommodation work barges, AHTS, AHTs, survey vessels, ROVs and other marine support vessels which are capable of supporting our business and operations and will give us an edge in securing new contracts.

Our Lumut Fabrication Yard and our Labuan Shipyard reduce the uncertainty of relying on third-party outsourcing contractors for fabrication-related activities, internalise costs and give our Group the capacity and flexibility to better serve our customers. This is also crucial to our customers as it is significantly more convenient from the aspects of administration, project management and logistics.

In addition to our Lumut Fabrication Yard and our Labuan Shipyard, with a wide range of marine assets available, we are able to deploy and mobilise such assets to provide our customers with a wide range of offshore services in the O&G industry. We will also continuously look for opportunities to grow our fleet of marine assets in order to strengthen our position as a major global O&G player. With a larger and diversified asset base and larger combined balance sheet, we are in a better position to tender for larger and more complex projects, including projects to develop and operate marginal fields.

#### 7.2.3 We have international partnerships to support our businesses

We have various partnerships with international O&G players such as Seadrill Group, Subsea 7, PED, Larsen & Toubro and General Electric Oil & Gas as well as business collaborations on project basis with international O&G service companies such as Saipem group of companies and Leighton International Limited group of companies. Through the long term partnerships and business collaborations that have been established with our international partners, we will be able to gain global market access, technology and production know-how as well as the right equipment and the right people to deliver and to satisfy our customer's requirements in a timely and consistent manner. We will continue to work with our partners to exchange ideas, expand into new markets, collaborate on research and development and share best practices and know-how as part of our on-going efforts to continuously enhance our operations and reputation.

## 7. BUSINESS OF OUR GROUP *(cont'd)*

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### 7.2.4 We have an established track record and financial strength

We have established ourselves as a reliable global integrated O&G service provider as evidenced by our experience and track record. This is demonstrated through the delivery and completion of major projects which include the approximately USD60million Iwaki Platform Decommissioning Project offshore Japan, being the heaviest decommissioning project executed by our Group with total facilities removed in excess of 20,000 mt, the approximately USD170 million Devil Creek Development Project for the transportation and installation of offshore facilities in Australia and the USD875 million Gumusut Deepwater Project in offshore Malaysia. We have extensive track record of executing work in the global markets.

We are amongst the largest service providers within the O&G industry and are a formidable contender to other global O&G service providers. We are well poised to improve our position as a global player as we have the financial strength and the capabilities to compete with larger international O&G players for larger contracts with increasing complexity in the global O&G industry. Large contracts typically require scale, breadth of specialist skills and financial strength to be successfully delivered. In addition, in view that the O&G industry is highly capital intensive, we are in a better position when bidding for new contracts and will have increased chances for being selected as the main contractor which commands better margins for work done compared to work done as a sub-contractor, based on our financial strength.

### 7.2.5 We have experienced management and skilled technical team

We have in-depth knowledge and experience in the O&G industry. Some of the key operating personnel have experience in the O&G industry both locally and overseas and have worked with international O&G companies. In addition, we have a team of skilled engineers and skilled technical personnel who are able to perform the work required in the O&G field.

The dedication and expertise of the senior management team and key technical personnel will play a significant role in the success and growth of our Group. Our management will also focus on achieving high operating efficiency and returns for our Group.

### 7.2.6 We have quality control and safety track record

We have established good reputation among our customers for quality service, maintaining high safety standards and adherence to stringent international standards. As part of our Group's emphasis on quality of products and services and safety track record, our Group has received, among others, accreditations such as ISO 9001:2008, ISO 9001:2000 and ISO 14001:2004.

We have an experienced quality control and assurance team that ensures product quality conforms to customer specifications, as well as external quality and safety standards and requirements.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.2.7 We have scale-driven cost efficiencies

The scale of our business allows us to achieve better cost efficiencies. Scale-driven cost efficiencies are expected to be contributed from procurement optimisation and end-to-end operational harmonisation. There will be optimisation of procurement costs via the adoption of relevant best practices, centre-led procurement and consolidating purchases of materials and services. By doing so, we expect to have increased bargaining power and will therefore be able to source our supplies, whether for materials or for services at competitive prices. Improvements in operational efficiencies via the harmonisation of operations and adoption of relevant best practices of both Kencana Petroleum Group and SapuraCrest Group through better schedule control, improvements in project management practices and tighter coordination of resources across the end-to-end activities, will result in better cost visibility and improved cost efficiencies.

### 7.3 Prospects

*The following has been prepared by ISL, the independent market research consultant for inclusion in this Prospectus:*

The O&G industry is one of the most important mainstays for today's increasingly globalised economy. It provides the energy required for manufacturing and industry, the petrol required for transportation and trading, the packaging and plastics which enable products to come to market in good order whilst also providing the fuel for heating and cooling our homes and offices. Indeed, hydrocarbons are of pivotal importance in the modern world, and they pervade all levels of the global economy.

Today the offshore industry is an increasingly important part of global O&G production. Indeed, as onshore production has levelled-out, and in some cases declined, it has been new offshore developments that have sustained the level of production required to meet increasing global demand for O&G. However, like the onshore industry, the offshore industry is also maturing and ISL has observed a marked decline in the number of large shallow water discoveries in recent years. As this process of maturing continues, an increasing proportion of exploration and production ("E&P") activity will continue to take place in deeper waters, more remote locations and increasingly harsh climates. For many oil companies, these 'frontier' plays form the cornerstone of their offshore operations as the era of 'easy oil', where elephant field discoveries in shallow waters, come to a close. For the international large oil companies which typically cover the upstream and downstream O&G value chain, the importance of deepwater frontiers is compounded by their technical competitive advantage in these difficult operational environments, and the continued nationalisation of traditional onshore and shallow water reserves.

Today, as demand for O&G strengthens and onshore oil production growth struggles to keep pace, the macro environment for the continued development and evolution of the offshore industry remains positive. ISL forecasts total offshore Capex to increase from an estimated USD336 billion between 2006 and 2010 to nearly USD500 billion between 2011 and 2015. This rise in Capex is not only driven by the increasingly sophisticated nature of offshore projects but also by the growing number of field developments. Indeed, between 2011 and 2015, ISL forecasts that a total 1,310 offshore fields will be brought into production, representing an increase of 43% over the previous five-year period. For our Group's target markets consisting of Malaysia, Regional (Asia), Neighbouring (Australasia & the Middle East), Brazil and the North American markets following the completion of the merger of SapuraCrest and Kencana Petroleum, ISL forecasts a total offshore infrastructure Capex of USD298 billion over the next five years – representing a market growth of over 42% compared to the previous five year period.

7. BUSINESS OF OUR GROUP (cont'd)

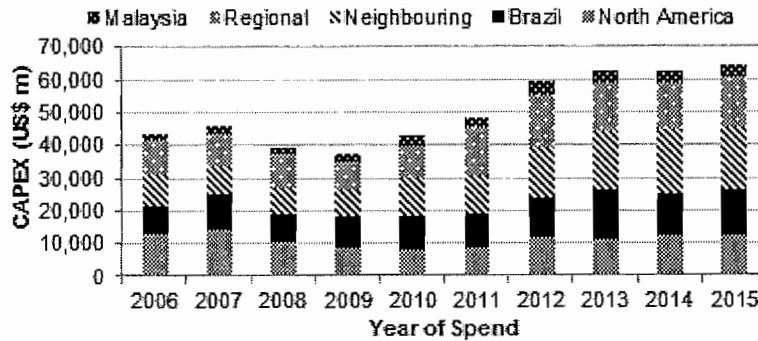


Figure 1.1: Total offshore Oil and Gas infrastructure Capex by region, 2006-2015 [Source: ISL]

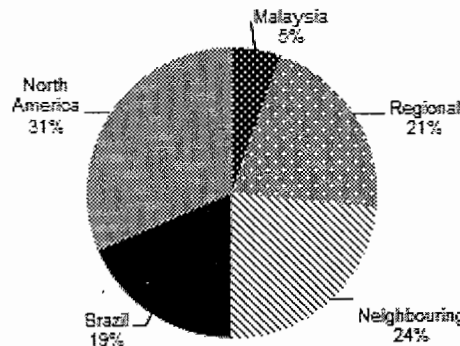


Figure 1.2: Offshore Oil & Gas Capex by region, 2011-2015) [Source: ISL]

**Local Market – Malaysia:** Much like the wider global market. ISL expects growth within our Group's local geographical area. During the next five years, total offshore infrastructure Capex in Malaysia is forecast to increase from USD11.6 billion (2006-2010) to nearly USD20 billion (2011-2015). This growth in Capex is being driven by a significant increase in the number of fields being brought into production. Indeed, over the next five years ISL forecasts a total of 73 project developments, representing a 121% increase compared to the previous five year period. At the same time field developments are becoming increasingly complex as operators explore and develop deepwater reserves with projects such as Gumusut Kakap and Kikeh being key drivers of this trend. Within Malaysia, ISL continues to see the importance of the steady guiding hand of the Malaysian government and PETRONAS, who are looking to develop domestic O&G reserves with as much participation from local companies as possible. Initiatives such as the PETRONAS licenses for services such as fabrication, should mean that a handful of Malaysian based companies have maximum exposure to the Capex that ISL forecasts to be invested.

**Regional Market – Asia:** The level of offshore Capex in the Asia region (not including Malaysia) is expected to peak in the short-term at an estimated USD16 billion during 2012. Thereafter the level of spending is expected to remain relatively steady with an annual average Capex of USD14.6 billion between 2012 and 2015. If this level of spending is realised over the next five years the market would have increased by 52% compared to the previous five year period. One of the real growth opportunities in the Asia region lies within the development of the subsea production market. Indeed, though growing from a relatively limited base, subsea spending is forecast to increase dramatically in Asia with annual demand expected to peak during 2013.



**7. BUSINESS OF OUR GROUP (cont'd)**

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**Neighbouring Market – Middle East & Caspian Sea and Australasia:** The Australasian offshore O&G industry primarily comprises projects and prospects based off the coast of Western Australia and the Northern Territory. Over the next five years, total offshore field development Capex is forecast to increase from an estimated USD3.6 billion in 2011 to USD9.7 billion by 2015. The majority of Australasian Capex is expected to be directed towards projects in water depths of less than 500 metres. However, in the longer term, Australia is expected to have significant deepwater potential, with activity expected to peak in 2015 at almost USD2.1 billion.

The second neighbouring market, the Middle East, is very much a traditional shallow water region that is characterised by large reserve discoveries in benign operating environments. ISL forecasts regional Capex to remain at a high but steady level within the Middle East over the next five years. Indeed, Capex is expected to increase from USD7.7 billion in 2011 to USD10 billion in 2012, where it is expected to remain at this level through to 2015. Given the traditional nature of field developments in the Persian Gulf and Caspian Sea, ISL will see a much higher Capex on fixed platforms and shallow water pipelines rather than the SURF and floating platform markets.

**Brazil:** Driven by the prolific deepwater frontiers and pre-salt plays, Brazil's offshore market has entered a significant and prolonged growth phase. Total infrastructure Capex is now expected to increase year-on-year from a base of USD10.3 billion in 2011 to USD13.7 billion by 2015. The Brazilian deepwater market is forecast to account for nearly 90% of national offshore Capex, with a high proportion of this investment directed towards floating production systems and all the ancillary equipment required for such projects.

**North America:** Despite enduring a difficult three years due to the combined impacts of global economic recession, the Macondo disaster, and a period of depressed gas prices, the North American market, dominated by the Gulf of Mexico ("GoM"), still holds considerable potential for offshore E&P activity. However, this growth is forecast to become increasingly focused on deeper waters. Overall, North American offshore Capex is forecasted to increase from USD9 billion in 2011 to over USD12.5 billion by 2015. Deepwater (more than 500 metres) activity is expected to account for over 76% of total North American offshore infrastructure investment to 2015, with pipelines, subsea equipment, and floating platforms forecasted to assume 94% of this spending.

*(Source: ISL)*

## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.4 Future plans and business strategies of our Group

Given the trends and prospects of the global offshore industry as set out in Section 7.3 above, moving forward, as a proven integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities with presence in Malaysia and various regions including Asia, Australasia, Middle East, Europe, Americas and Africa, our Group's services will be spread out across the O&G value chain specifically in the areas of development and production, drilling, EPCIC, marine services, and operations and maintenance. Premised on the key synergies identified, we intend to leverage on these to grow our businesses to realise their full potential. The intended future plans and strategies of our Group include the following:

#### 7.4.1 Value of the Merger

The Merger will allow us to generate value in 5 key ways:

**(i) Securing turnkey EPCIC projects**

As the Merger results in our Group becoming an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities with a larger combined balance sheet and a larger and diversified asset base, we intend to leverage on this to position ourselves as a one-stop centre for our EPCIC customers. In view that our Group can provide the entire end-to-end EPCIC activity, our Group will have better cost visibility and scheduling control. This translates into a competitive edge for us when bidding for a project. We will therefore leverage on the expertise and capabilities within our Group to bid for and secure larger and more complex EPCIC projects, both globally and locally.

**(ii) Cross-selling**

We intend to leverage on marketing channels, customer relationship management and integrated business development practices to cross-sell our enlarged Group service offerings to our existing customers as well as to new customers of our Group. Our Group's cross-selling strategies entail the introduction of non-common customers of the existing SapuraCrest Group and Kencana Petroleum Group to each other. By doing so, we hope to benefit by penetrating into geographical markets of both SapuraCrest Group and Kencana Petroleum Group. Our Group's cross-selling strategy will also complement our strategy of securing turnkey EPCIC projects or at least capturing a larger portion of any relevant project available in the market.

**(iii) Procurement optimisation**

We would have greater procurement needs due to the pooling of SapuraCrest Group's and Kencana Petroleum Group's required purchases. We intend to leverage on the higher procurement requirement by optimising procurement functions via the adoption of relevant best practices, centre-led procurement and consolidating purchases of materials and services. By doing so, we expect to have increased bargaining power and will therefore be able to source our supplies, whether for materials or for services at competitive prices.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### (iv) End-to-end operational harmonisation

We intend to improve our operational efficiencies via the harmonisation of operations and adoption of relevant best practices of both SapuraCrest Group and Kencana Petroleum Group across our Group's value chain. The strategies in achieving operational efficiencies include, among others, better schedule control, improvements in project management practices and tighter coordination of resources across the end-to-end activities through, among others, in-house conceptual detailed design, which can result in better cost visibility and improve cost efficiencies.

### (v) Growth in new businesses and/or markets capitalising on larger combined balance sheet

With a larger combined balance sheet, we intend to expand into new businesses and/or markets by acquiring or expanding into suitable or complementary businesses. At this juncture, we have yet to finalise our plans and will continuously explore growth opportunities. Some areas of potential expansion include field development, strategic acquisition of complementary business, acquisition of key operational assets and regional diversification through setting up of operating units overseas. Markets which our Group could penetrate into, includes Latin America and North America.

#### 7.4.2 Synergies expected from the Merger

Our Company, assisted by an external consultant, has identified key synergies which are expected to be derived from the Merger along with the plan to capture these synergies, which are subject to further refinement. The potential areas of synergies can be divided into two main areas as follows:

##### (i) Revenue synergies

- (a) **Securing turnkey EPCIC projects:** As a proven integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities with larger combined balance sheet and a larger and diversified asset base, our Group expects to be in a position to bid for and secure larger and more complex EPCIC projects, both globally and locally, which would allow us to capture higher margins.
- (b) **Cross-selling:** Potential to grow the businesses of our Group by leveraging on customer relationship management and integrated business development practices which enables cross-selling opportunities within our Group's enlarged service offerings to our existing customers and new customers of our Group. This is expected to result in higher revenue capture.

##### (ii) Cost synergies

- (a) **Procurement optimisation:** Enables the optimisation of procurement costs via the adoption of relevant best practices of both SapuraCrest Group and Kencana Petroleum Group and consolidation of purchases of materials and services, which enables our Group to source for materials and services at competitive prices. This is expected to result in cost savings thus enabling enhancement of our Group's profit margins.

**7. BUSINESS OF OUR GROUP (cont'd)**

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- (b) **End-to-end operational harmonisation:** Enhancement of profit margins by improving operational efficiencies via the harmonisation of end-to-end operations and adoption of relevant best practices of both SapuraCrest Group and Kencana Petroleum Group across our Group's value chain. The improvements in operational practices such as project management via tighter coordination of resources across the end-to-end activities and more accurate and rigorous cost estimations enabled by end-to-end control of EPCIC activities, is expected to reduce operational costs and therefore, enhance our Group's profit margins.

The process to realise the operational synergies is expected to involve a 3-phase approach. The initial phase of the journey will be focused on business integration and early gains from revenue growth and cost synergies and will involve the operational restructuring of the new organisation, management team as well as the formulation and establishment of revised key performance indicators.

The second phase will involve the transformation and growth of our Group's business, and capturing revenue and cost synergies. This phase is planned to include the initiation of the business transformation to enable synergies to be captured. During this phase, it is the objective of our Group to maximise the potential benefits from the cost synergies as well as capturing a majority of the revenue synergies.

The final phase will be focused on sustaining the results of our Group post-merger and capturing full potential growth of our Group from the synergies. This phase is expected to include steps towards sustaining the operational improvements of the core business.

The 3-phase journey is an ongoing process and the expected timeframe for completion cannot be definitely ascertained. This is because the growth arising from the business operations of our Group and the synergies to be realised will collectively be integrated into our Group's budget, operating plans and key performance indicators. As such, these will be collectively reflected in the performance of our Group and will not only be an ongoing exercise but will also not be possible to accurately distinguish from each other.

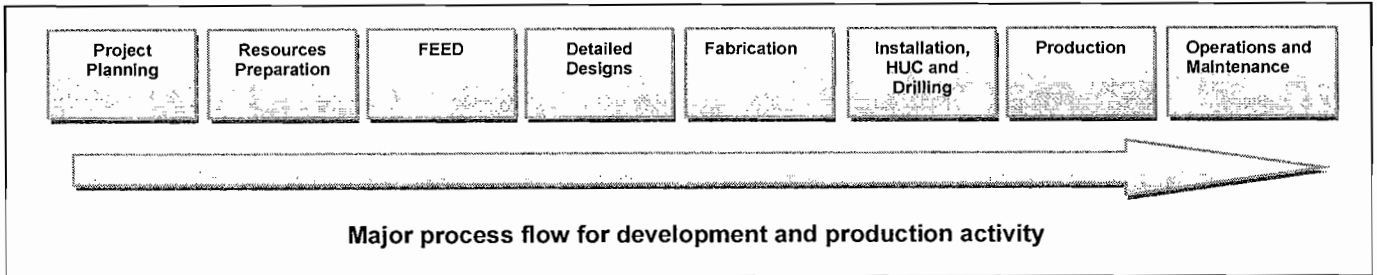
In parallel with this integration exercise, with a view towards capturing the operation cost and revenue synergies, our Group will continuously look into strategic growth opportunities by capitalising on our larger combined balance sheet by acquiring or expanding into complementary businesses and/or new markets.

**7. BUSINESS OF OUR GROUP (cont'd)**

**7.5 Business activities process flow**

**7.5.1 Development and production**

The major process flow for our development and production activity is as follows:



**Project planning**

Project planning involves the provision of field evaluation and field development plans (“FDP”) for the O&G production and operations. We conduct preliminary subsurface and surface evaluation for negotiation and/or the bid submission for the field. Once we are awarded with a project for development of field or area, we then conduct detailed subsurface and surface evaluations to incorporate the services, assets and solutions into an FDP. The FDP is a live document which will be updated periodically depending on the progression of the field development.

**Resources preparation**

Resources preparation includes the employment of personnel with the relevant experience to meet our field development’s needs, including ultimate customers’ requirements, engaging personnel with skills and experience in subsurface, drilling, field economics, production planning, operations and maintenance, and surface technical which involves production process, mechanical, piping, electrical, instrumentation and civil/structural works. It also involves sourcing the relevant production fixed and/or floating assets required for the project, such as offshore platforms and pipelines, MOPUs, FPSOs lifeboats, FSOs and etc.

**FEED**

FEED is the upfront conceptual facility design engineering activity which includes the engineering, design and other activities for an engineering project. It starts from the project brief and works through to the visualisation, conceptualisation and definition stages. It involves translating the field development requirements and the ultimate requirements of our customers into a working design that will form the basis of design in the detailed design stage. The basis of design shall include the FEED document and the FDP.

**Detailed designs**

After the completion of FEED, we then provide detail facilities, construction and fabrication designs. The design and engineering services which we provide will cover the entire O&G field development lifecycle.

**7. BUSINESS OF OUR GROUP (cont'd)**

**Fabrication**

The fabrication stage begins with the procurement of materials required for the fabrication/construction of components, such as platforms, modules, jacket, pipelines and structures required for our customer's project. We have the capability to undertake fabrication works at our Lumut Fabrication Yard and Labuan Shipyard.

**Installation, HUC and drilling**

The components which have been fabricated are then transported to the offshore location where installation and pre-commissioning activities will be carried-out. Various facilities such as piping, hydraulic and compressed air lines, electrical and electronic cables will be hooked-up. Upon completion of the HUC, development drilling which involves the drilling of production wells from existing platforms is carried out.

**Production**

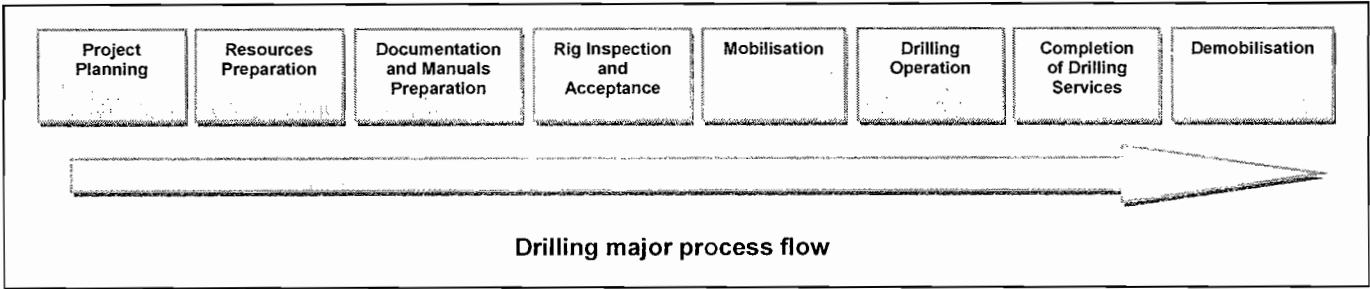
The field or the ultimate offshore structure of our customer will commence production after the facilities are handed over to the production operations team (which is also known as the asset team) of the field or our ultimate customer, upon completion of the installation, drilling and HUC works.

**Operations and maintenance**

Depending on the terms of the award granted to us, maintenance of the offshore structure may be provided by us or carried-out by the asset team. We are able to provide periodic and ad hoc maintenance, upgrading and refurbishment services. Please refer to Section 7.1.4.3 of this Prospectus for further details.

**7.5.2 Drilling**

The major process flow for our drilling activity is as follows:



**Project planning**

Project planning includes the planning on employment of rig personnel, training program, preparation of required/contractual documentation and maintenance program to ensure efficient operation of our rig.

**Resources preparation**

Resources preparation includes the employment of rig personnel and the necessary resources (support services) in stages, depending on the criticality of the required position for required training and rig familiarisation program.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### **Documentation and manuals preparation**

The necessary documents required on board vessel during a project such as emergency response plan, health and safety plan and equipment manuals are prepared accordingly.

### **Rig inspection and acceptance**

Our customer and/or their appointed third party auditor will conduct detailed equipment inspection at the yard for the purpose of rig acceptance. Any non-conformity during the audit shall be closed before the commencement of the contract or at later date mutually agreed with the customers.

### **Mobilisation**

Our operation team will ensure that the rig is fully and properly equipped with all the necessary drilling and associated equipment, spare parts, materials, consumables and other supplies required to support and perform the drilling services.

When all the equipment (inclusive of customised equipment) as per our contract with our customer) are installed and secured onboard of the rig, the rig will be towed from the mobilisation site.

### **Drilling operation**

Our rig will carry out all the operations required to drill, test, workover, complete, and either suspend/abandon wells or perform repair operations to the well at locations/platforms designated by our customers and in accordance with the detailed drilling programs furnished by our customers or carry out other operations as may be required by our customers.

As for the record and monitoring purpose, the Offshore Installation Manager (“OIM”) on duty will prepare and forward to the onshore based rig manager and operation team the International Association of Drilling Contractors Daily Drilling Report on the drilling progress and related info e.g. stock movement, safety records, weather and Personnel on Board (“POB”). The report will comprise the progress and activity for the past 24 hours with cut off time at 6.00 am. The OIM will also update the onshore based team on daily basis through teleconferencing.

Our onshore based operation team will monitor, act and provide support to the operation team when necessary. Our onshore based rig manager and operation engineer will also attend daily morning meeting with our customers and third party contractors to update and discuss the drilling progress and related activities in the past 24 hours.

### **Completion of drilling services**

The completion of our drilling services is achieved when our customer certifies that the contractual scope of works has been completed.

Our operation team will then prepare and transfer any equipment and supplies belonging to our customers and third party onto their supplied vessel(s) at the demobilisation site or at any mutually agreed location.

7. BUSINESS OF OUR GROUP (cont'd)

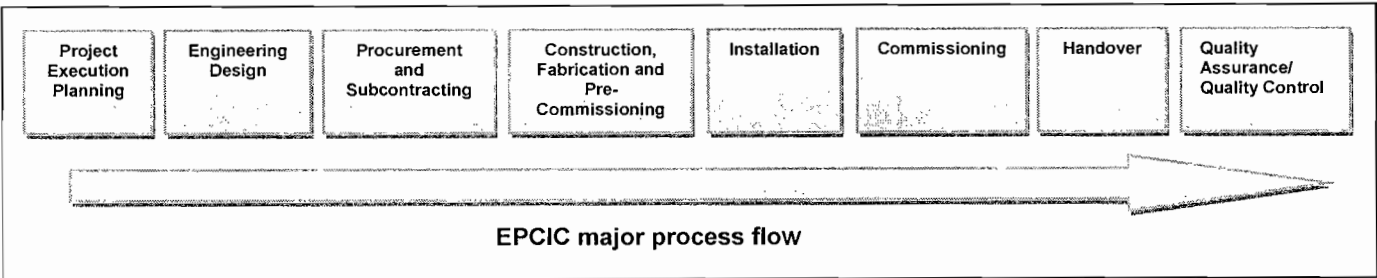
**Demobilisation**

Upon completion of a project/contract, our rig will be towed to and moored at an agreed location. All invoices and related documentation will be prepared within an agreed timeframe with our customer's project team in order to make claim for any outstanding payment and demobilisation fee.

Depending on our contract with our customer, we may also execute the "Contract Closure Letter and Certificate" as per the format provided in the contract with certain customers.

**7.5.3 EPCIC**

The major process flow for our EPCIC activity is as follows:



**Project execution planning**

After a project is awarded, our project manager develops a project costing and project execution plan that includes plans for risk management, resource management, schedule management, procurement and subcontracting, scope management and quality management.

**Engineering design**

When project design is part of the project award, our design department or an external design consultant produces the appropriate engineering and design documents based on the specifications and requirements of our customer. For more complex projects, our engineering department may collaborate with an external design house that has a proprietary design for the project. Our engineering department reviews and verifies the design documents and the verified design is re-produced as an "issue-for-construction" drawing which is utilised for procurement and construction activities. For procurement purposes, a "material take-off" list is produced based on the issue-for-construction drawing.

**Procurement and subcontracting**

After the requisition details are produced, the procurement and subcontracting department commences sourcing activities based on the procurement plan. These sourcing activities include enquiry, technical and commercial bid evaluation, contracting and the issuance of purchase orders, tracking and expediting, and delivery and inspection. Materials delivered to our warehouse are inspected and verified by the warehouse department, the quality control department and the project management team.



## 7. BUSINESS OF OUR GROUP (cont'd)

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### **Construction, fabrication and pre-commissioning**

After the delivery and acceptance of the materials at the warehouse, the project management team commences construction and fabrication activities. These activities typically include welding, painting, non-destructive testing, hydro-testing, cleaning and flushing, heat treatment, reinstatement test and equipment installation. The testing we perform is recorded and jointly verified by representatives from our project management teams and our customer. A representative from our quality assurance department is also at the site to monitor and ensure quality compliance in accordance with the project's quality management plan.

Pre-commissioning activities focus on sub-system and system operations, including how various pieces of equipment interact with each other. These activities typically include instrument loop checks, panel function tests, energising electrical equipment and specialist equipment hydraulic systems, flushing and running motors and piping reinstatement leak tests.

### **Installation**

Offshore structures and topsides will be offloaded onto barges or specialised transport vessels, sea-fastened, transported and subsequently installed on site.

The necessary marine spread required for the towing and installation activities includes AHT vessel, supply vessels and heavy lift barges.

### **Commissioning**

Commissioning activities are done by the hook-up team, either onshore or offshore, in the presence of the project owner or operator. These activities are normally performed after structures and equipment have been installed and pre-commissioned for production use. These activities are intended to verify the functionality of the equipment and its integration with other systems and facilities, and to ensure that the equipment operates in accordance with project requirements. Commissioning activities are not always required by our customers.

### **Handover**

Once all systems are commissioned, if required, and accepted by the project owner or operator, the project management team finalises all project documents and acceptance certificates for the hand-over process.

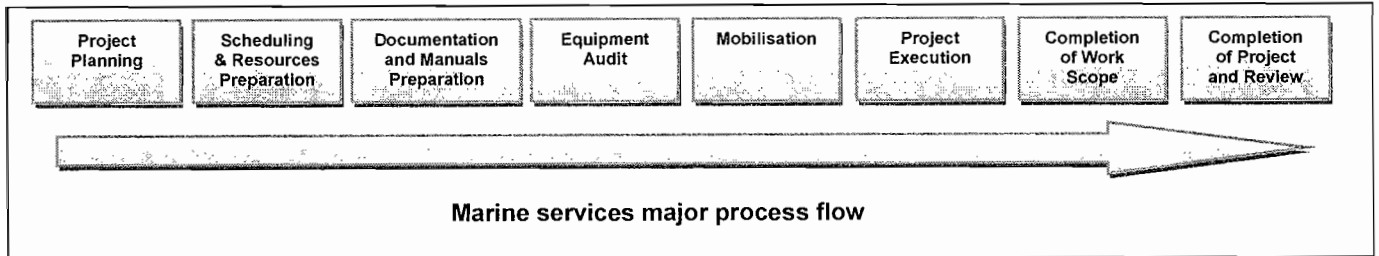
### **Quality assurance/quality control**

Our quality assurance/ quality control department operates as an independent unit to ensure the quality of work performed. The work of the quality assurance/quality control department runs in parallel with all stages of the project execution process. For construction work, that portion of the project is considered complete when clearance from the quality assurance/quality control department is obtained. In addition, documentation of quality assurance/quality control is required for mechanical acceptance by our customer.

7. BUSINESS OF OUR GROUP (cont'd)

7.5.4 Marine services

The major process flow for our marine services activity is as follows:



**Project planning**

Project planning includes the planning of project, reviewing the necessary documentation and ensuring sufficient information is available for the project. A crewing executive will be appointed to ensure that all marine crews comply with the requirement of the charterer as well as the Malaysia Marine Department. Additional documentation requirement by our customers such as crew matrix, offshore safety passport and medical reports will be prepared.

**Scheduling and resources preparation**

A project schedule will be developed for the project by building a time based schedule of events. The project schedule will cover the duration of works as specified in the contract or work order. At this stage, we will also start getting the necessary resources for our project based on the project requirement. A part of the scheduling, we will take into consideration the cost effective approach or logistically determine the best route to complete the defined scope of work. Our project team will plan the number of personnel required for a project. Our master of the vessel will prepare the Passage Planning to mobilisation point as per sailing instruction given by our Operation Manager/Superintendent. A shipping agent will also be appointed at the project base location. We also carry out marine vessel suitability survey inspection on board by our customer and Operation Department to close all punchlist according to contract obligation.

**Documentation and manuals preparation**

A few necessary documents are required to be on board the vessel during a project such as work pack, emergency response plan, health and safety plan, diving and ROV manuals, and some other documents as references such as International Marine Contractors Association (“IMCA”) guidelines and U.S. Navy (“USN”) Diving Manuals will be prepared.

**Equipment audit**

Third party auditor will ensure that all the equipments conform to our customer’s or IMCA requirement as stated in the contract. Any non-conformity during the audit shall be determined and resolved before a project commences.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### **Mobilisation**

During this mobilisation, our customer's representatives will ensure that all the equipments are working in good condition before they proceed to the work site. This is to ensure that all the necessary job requirements will take place as planned at the work site.

### **Project execution**

Our operations superintendent will update our project manager on the, inter alia, project progress status, technical issues, safety issues and problems, via daily operations report signed by our customers. Our project manager will monitor the progress of work on a daily basis to ensure our project progresses smoothly with reference to the daily operations report/daily time sheet.

Our vessel will carry out the contractual role such as anchor handling, running supplies, transfer personnel etc according to our customer's contractual planning and operation. The master of the vessel will send the Vessel Daily Report and People On Board Report to our customers and our operation team for record and monitoring purposes. Plan maintenance schedule will be monitored and programmed such as to avoid any downtime and planned accordingly so that it will not interrupt our customer's planning for the vessel function. Marine crew rotation plan will be monitored to ensure proper movement for the marine crew onboard. If any changeover of marine crew is required, our crewing executive will send the crew matrix to our customers for approval. Our operation team will monitor the daily activities of the vessel, track the vessel movement, procure and supply request for spares, consumables and provide technical support to the engineers team onboard. Our operation team also maintains communication with our customers and handle complaint on vessel activities (if any).

### **Completion of work scope**

Where the agreed scope of work has been completed, our customer's representative may sign a certificate of completion or acknowledge completion on the daily operations report. Once this is agreed, our operations superintendent will prepare for demobilisation and departure from the work/job location. Our operations superintendent will keep all parties concerned informed of the vessel and/or personnel movements.

As part of the completion, certain documents may have to be produced such as the technical reports and as-built drawings.

### **Completion of project and review**

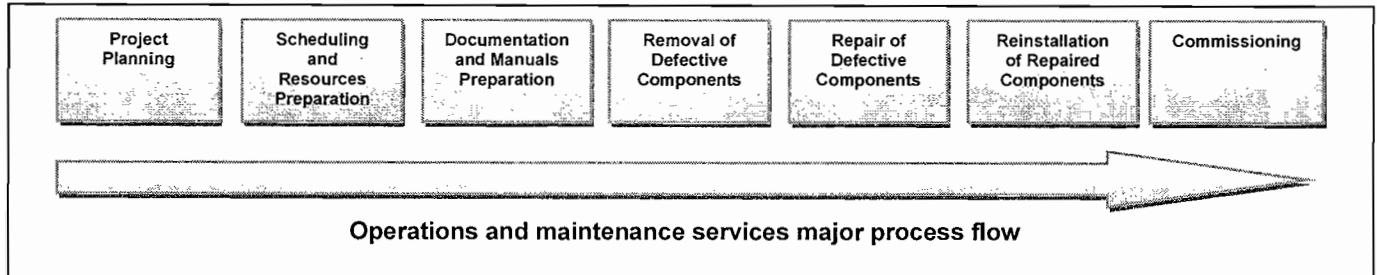
Upon completion of a project, our project manager will carry out a review and submit the final report to our customer. The purpose of this review is to highlight the project performance, technical matters, and information such as non-conformity reports from our customer or incident reports.

Our customer will be given the customer satisfaction survey form to measure their level of satisfaction with our performance. Where necessary, a written review may be produced by our project manager, which shall be filed in the project file.

## 7. BUSINESS OF OUR GROUP (cont'd)

### 7.5.5 Operations and maintenance

The major process flow for our operations and maintenance activity is as follows:



#### **Project planning**

Project planning includes the planning of the operation and maintenance works to be carried out including reviewing the necessary documentation and ensuring sufficient information is available for the operation and maintenance works. Our project manager will then set up a project team and prepare a project organisation chart or matrix.

#### **Scheduling and resources preparation**

A project schedule will be developed for the operation and maintenance services which we provide. The project schedule will include the allocation of our yard space for the operation and maintenance services (if the maintenance works are to be carried out at our yard), engagement of the necessary equipment and personnel required for the project. The schedule will also include the shut-down timing, if required, of the facilities to be worked on.

#### **Documentation and manuals preparation**

The necessary documents and manuals are prepared to set the policy and regulations to be complied with by our project team when providing operation and maintenance services at our customer's offshore sites. This also include the detailed work procedures in executing the work.

#### **Removal of defective components**

Our project team will visit the offshore site and commence the removal of the defective components from the offshore structures.

#### **Repair of defective components**

The defective components which are removed from the offshore sites are repaired and refurbished either at the offshore site or our yard. We conduct certain overhaul work and assembly of related components and testings at this stage.

#### **Reinstallation of repaired components**

Defective components which have been repaired and refurbished are transported to the offshore site for reinstallation.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### Commissioning

Once the reinstallation is completed, the project will be handed over to our customer for re-commissioning.

### 7.6 Types, sources and availability of resources

Our resources include both financial and non-financial resources and are as set out below:

#### 7.6.1 Financial

We are able to source required financing from various sources such as internally generated cash, borrowings from financial institutions and/or from the capital markets.

#### 7.6.2 Non-financial

##### (a) Suppliers

We have a large base of third party suppliers which provide us major equipments such as support vessels and marine equipments, services such as catering and specialised engineering services, sub-contract works, direct labour and project materials and equipments. We are generally not dependent on any one major supplier and generally engage different suppliers who are able to offer the most competitive terms and highest quality material and services.

##### (b) Working capacity

We are dependent on the availability of rigs and vessels to enable us to perform our work under contracts awarded by our customers. While our Group owns rigs and vessels, in the event our rigs and vessels are deployed for other projects or in the event we do not own a particular rig or vessel suited for a particular project, we may be required to charter such rigs and/or vessels from other third parties in order to complete the projects awarded to us.

For the fabrication activities, we are dependent on the availability of yard space. While our Group owns Lumut Fabrication Yard and Labuan Shipyard, in the event our yard space is not sufficient to cater to the demand, we may be required to rent additional yard space.

##### (c) Workers

Our business is also dependent on the availability of skilled workers with specialised skills, particularly in design and engineering, project management, construction and quality and safety assurance. While we maintain a certain number of skilled workers within our Group, we typically recruit suitable workers in the jurisdiction which our projects are situated to complement our workforce. We also hire foreign labour from other countries, for example Indonesia, India, Thailand and PRC in the event of labour shortage.

## 7. BUSINESS OF OUR GROUP *(cont'd)*

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### 7.7 Technology used and processes

We employ various engineering disciplines and technologies in our activities.

#### 7.7.1 Installation engineering

Installation engineering consists mainly of pipeline and offshore structure installation. With the Clough Business Acquisition, we have also acquired knowledge and engineering skills in offshore installation of SURF and floating systems. These skills will be particularly relevant as enablers to the development of marginal field projects, deepwater, enhanced oil recovery or technically challenging projects.

#### 7.7.2 Pipeline engineering

Pipeline engineering is a discipline specialising in pipeline design, construction, operation, inspection, and integrity management, with the purpose of providing safe, reliable transportation of oil and natural gas while realising economic savings.

Pipeline engineering techniques have advanced significantly over the last three decades as developments have migrated into deeper water and more hostile environments. Our personnel have significant experience in conventional and unconventional pipeline and flowline system engineering. While proven design methodology may be applied in conventional pipeline projects to achieve fit for purpose solutions, advanced engineering techniques and innovative designs are required for systems in more challenging conditions, including deep and ultra-deep water, high pressure high temperature fluids and arctic conditions.

Our pipeline and flowline engineering capabilities include:

- Conventional and limit state design practices, such as Det Norske Veritas and American Petroleum Institute;
- Advanced pipeline engineering, including lateral buckling, dynamic stability, free-spanning, seismic and various strain-based assessments;
- Route survey and geo-hazard assessment covering route selection in extreme terrains, together with intervention strategy planning and implementation;
- Landfall design including trenching, tunnelling, directional drilling pull ashore / pull offshore engineering;
- Concept studies, FEED, detailed design, procurement support, tendering support, fabrication and construction management and supervision;
- Pigging, testing, pre-commissioning and commissioning; and
- Operation and inspection, maintenance and repair (IMR) strategy development and implementation.

Computer programs are used to create 2 dimensional and 3 dimensional models, proprietary and non-proprietary analysis software which is designed specifically for modelling and structural analysis of nonlinear problems encountered in the installation and operation of offshore pipelines.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.7.3 Subsea systems engineering

A systems engineering approach is adopted to field developments by utilising holistic, state of the art design methods and proven designs for fabrication and construction. This approach enables innovative design solutions to be developed for challenging environments, including deep water and difficult operating conditions such as high pressure and high temperature fluids.

Our subsea system engineering capabilities include:

- Field architecture development and cost estimating;
- Field operability through flow assurance evaluations;
- Reliability, availability and maintainability assessments;
- Evaluation/selection of subsea hardware and control system to suit life cycle requirements;
- Design of subsea manifold, connection and tie-in systems;
- Development of tendering strategies and managing the bidding process for the selection of suitable fabrication and construction / installation contractors; and
- Management and supervision of fabrication and construction phases of field development projects, including factory acceptance tests (FAT), system integration tests (SIT), offshore installation, testing and commissioning.

### 7.7.4 Riser engineering

Our capabilities include all kinds of static and dynamic risers from concept evaluation, through detailed engineering, to fabrication/installation engineering, management and supervision. We also focus on dynamic risers in deep to ultra-deep water depths with challenging seabed and current conditions. We provide all phases of engineering services for the following dynamic riser types:

- SCR, ranging from small diameter flowlines to large diameter export pipeline risers;
- Freestanding riser towers/bundles;
- Hybrid risers;
- Flexjoint, stress joint, keel joint, J or I tube and buoyancy tanks;
- Flexible risers; and
- Novel riser concept development and material selection.

Our marine riser engineering capabilities include:

- Through life cycle engineering – appraise, select, define, execute, operation support, decommission;
- Dynamic, floating and seabed founded riser base spools design;

## 7. BUSINESS OF OUR GROUP *(cont'd)*

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- Static, quasi-static, dynamic (time and frequency domain) based analysis;
- Clashing, interference and interaction analysis;
- Material selection, fatigue evaluation, and safety factor calibration analysis;
- Component design using advanced mechanics solutions, such as finite element methods and/or testing with statistical simulations, including test program design, implementation, management and supervision;
- Development and implementation of inspection, maintenance and repair strategies; and
- Interface engineering and management.

### 7.7.5 Floating systems

Field development projects in deeper waters call for novel marine structures such as semi-submersibles, SPARs, TLPs and FPSOs. The complexity of these floating systems together with their interfaces with topsides equipment, production and export risers cannot be overlooked. We are well equipped to handle the design of these structures from concept study to commissioning, including project management and ship yard supervision.

Our floating systems engineering capabilities encompass:

- Concept selection including economic trade off evaluations to suit field development needs whether it is an early production scenario or full field development approach;
- Specialty design activities such as structural design, hull design, mooring analysis, interface design and riser design; and
- Project management including tendering strategy development, technical specification preparation, tender evaluation and site support.

### 7.7.6 Flow assurance

For many field developments and challenging export system projects, flow assurance is one of the first and most crucial activities to be undertaken. We have in-depth knowledge and extensive experience in dealing with the most complex flow assurance problems.

Our flow assurance capabilities include:

- System design including networking and thermal-hydraulic simulation to assess layout feasibility;
- Thermal/hydraulic analysis of individual pipeline systems and networks, both steady state and transient;
- Product chemistry related issues such as scaling, waxing and asphaltting;
- Hydrate prediction, inhibition, and remediation;
- Modeling chemical distribution systems;



## 7. BUSINESS OF OUR GROUP (cont'd)

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- Product flow related issues such as slugging prediction, slug catcher sizing and slug catcher design;
- System operability design including simulations for turn down conditions, planned start-up shut down, emergency shutdown and other unplanned scenarios; and
- Preparation of operating and maintenance manual.

### 7.7.7 Field Development

Field development consists of identifying and defining, as a system, all components required for successfully developing and operating offshore O&G fields. It is a multi-disciplinary task, requiring both technical and commercial skills, including subsurface, drilling, facilities, project, operations and commercial competences.

Field development activities can occur early in support of O&G companies' exploration efforts. In such cases development scenarios and costs are generated to support economic assessment of license bids or farm-in opportunities. More typically, field development begins following exploration success when O&G companies commence the assess phase of project development which, if successful, continues through to the define phase and FID. In some cases field development addresses brown-field redevelopment opportunities.

Our field development capabilities encompass:

- Pre-exploration quick field development concept selection and cost estimating in support of exploration or farm-in valuation and economic assessment;
- Post discovery, multi-disciplinary development concept selection and cost estimating including economic trade off evaluations to suit needs whether it is an early production scenario, a full field development, or a brown-field redevelopment;
- Managing all front-end activities including coordination of multiple disciplines, cost estimating, and "total field development" if required, from concept through FID, including all aspects of Assess and Define phases of Field Development;
- Provision and coordination of SURF and marine technical disciplines as well as of third party sub-surface, drilling, process facilities, operations, commercial, HSE and regulatory approval consultants; and
- Provision of or contribution to operators' field development project teams.

### 7.7.8 Specialist Engineering

#### Advanced Mechanics

A major skill set of our engineering resources is a strong advanced engineering capability to handle many difficult and unusual situations and components. These scenarios usually call for analyses using first principles and/or highly complex analysis tools such as finite element methods and stochastic processes.

## 7. BUSINESS OF OUR GROUP (cont'd)

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Our capabilities in Advanced Mechanics include:

- Structural analysis using first principles with closed formed solutions and/or model/prototype testing;
- Two and three dimensional overall and component level modelling using proprietary finite element modelling programs, such as ANSYS and ABAQUS; and
- Risk and reliability based engineering for safety factor calibrations.

### **Integrity Management**

Our engineering services extend well beyond the construction phase into system operations. These include operating manual preparation, inspection, maintenance and repair (IMR), strategy planning and implementation. We use risk methods to ensure IMR regimes are set with the optimal cost effective system performance reliability.

Our capabilities in Integrity Management include:

- Overall asset management planning and management, such as annual inspection planning and management, preparation of standard maintenance manual and specification of data management system;
- System and equipment reliability assessment;
- Engineering assessment in critical situation such as emergency shutdown scenario planning, drop object assessment and leaks;
- Emergency repair system evaluation, design and project management; and
- Use of Advanced Engineering techniques to assess critical unforeseen situations.

### **Materials and Corrosion**

Materials engineering is key to field developments. We specialise in materials selection, corrosion assessment and management, welding engineering and non-destructive examination ("NDE").

With the ever challenging deepwater, ultra-deepwater and harsh environments, Peritus Group recognise the need for advanced materials selection, corrosion, welding and NDE technologies in readiness for these complex projects with associated complex materials issues. Materials are being tested to their limits with high pressure high temperature fields, including high H<sub>2</sub>S and CO<sub>2</sub> conditions.

Our expertise in Materials and Corrosion include:

- Internal / external corrosion;
- Materials selection;
- Chemical Inhibitor selection and testing;
- Welding and NDE during fabrication, installation and operation;

## 7. BUSINESS OF OUR GROUP (cont'd)

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- Failure probabilities, failure modes and failure consequences for human health, environment and safety;
- Fatigue and engineering criticality assessment;
- NDE of components during fabrication and operation; and
- Corrosion monitoring.

### 7.7.9 Structural engineering

Installation of marine/offshore structures requires detailed engineering and planning from the beginning, while in the execution phase, sophisticated installation equipment such as crane/heavy lift work barge/vessel, ROV, survey system and diving system are required.

During the analysis stage, there are specialised engineering softwares commonly used in offshore structural engineering, such as the SACS, NASTRAN and MOSES. SACS and NASTRAN are finite element analysis programs used to predict how a real structure would function under expected operational conditions. MOSES, on the other hand, is an approach to program evolution, based on representation-building and probabilistic modelling. These softwares ensure the quality and performance of the designs before such designs are being put into production.

### 7.7.10 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, equipment and machinery, and other objects.

The use of computers and specialized engineering software are now common in mechanical engineering. The following types of computer programs are currently commonly used in mechanical engineering:

- CAD;
- CAM;
- FEA;
- computational fluid dynamics ("CFD"); and
- PDMS

PDMS and CAD programs also permit the creation of solid-state models, which may then be subjected to FEA and/or CFD modelling to predict how a real structure would function under expected operational conditions. Designs may be refined or modified based on the results of the modelling. As computer simulations are carried out without the need to construct actual physical models, computer simulation is likely to be cheaper and less time consuming compared to traditional testing.

## 7. BUSINESS OF OUR GROUP (cont'd)

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### 7.7.11 Welding technologies

Welding is a fabrication process that joins materials, usually metals or thermoplastics, by causing coalescence.

Welding is often done by melting the workpieces 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.

We currently utilise shielded metal arc welding, gas tungsten arc welding, flux cored arc welding, submerged arc welding, and oxyacetylene welding in fabrication.

### 7.7.12 Non-destructive testing technologies

Once the fabrication of a structure is completed, it has to undergo rigorous weld inspection and testing to determine the integrity of the structure to ensure that there is no fracture or weakness in the welding. This is a critical component of quality assurance, ensuring the safety and integrity of the structure. Defects in welding do occur sometimes. Some of the non-destructive testing techniques employed by our Group are the conventional radiography technology (Gamma ray, X-ray and magnetic particle inspection) and ultrasonic weld inspection technology.

### 7.7.13 Other technologies

- (i) Carbon Dioxide Membrane Filtration is used to remove carbon dioxide gas from natural gas pumped from hydrocarbon wells.
- (ii) De-sanding and De-oiling:
  - (a) De-sanding refers to the removal of sand from crude oil produced at the wellhead. The removal of these solid contaminants is necessary, as their presence can have negative impacts on downstream equipment; and
  - (b) De-oiling refers to the separation of liquid hydrocarbons from produced water.
- (iii) De-sanding and de-oiling are carried out in equipment known as "hydrocyclones", which utilises centrifugal force to physically separate sand and water from liquid hydrocarbons.
- (iv) Corrosion Prevention Engineering is used to prevent or minimise the deterioration of useful properties of a material due to reactions with its environment, e.g. weakening of iron or steel due to the formation of iron oxides or rusting.

## 7. BUSINESS OF OUR GROUP (cont'd)

### 7.8 Research and development

Currently, our subsidiary TMTPL has a team of approximately 35 personnel to undertake the design and development of ROVs in Perth, Australia. The research and development activities which we undertake include the design and building of control systems of the ROV, integrating various parts and systems of the ROV to suit the requirements of our customer's project and designing components with deepwater capabilities for ROVs. Save as aforementioned, we do not have any other formal research and development facilities and system in place for the past 3 financial years.

TMTPL's research and development expenditures for the past 3 years<sup>(1)</sup> are as follows:

	RM	(2)% of revenue
Year ended 2009	4,298,108	8.5
Year ended 2010	7,271,415	9.6
Year ended 2011	11,544,891	15.3

**Notes:**

<sup>(1)</sup> The research and development expenditures for the year ended 2012 is pending detailed assessment to determine the cost associated with the research and development activities.

<sup>(2)</sup> Based on the revenue of TMTPL.

### 7.9 Quality assurance

As the O&G industry is a highly regulated industry, we place emphasis on quality and adhere to stringent quality standards.

#### 7.9.1 Quality management

We adopt the following approaches to ensure that the completed projects meet our customers' quality requirements:

- (i) engaging competent project management team to manage the awarded contract and deploy sufficient skilled and semi-skilled workforce to carry out the works;
- (ii) establishing mandatory and non-mandatory project specific plans and procedures in order to gain confidence from our customers that their requirements will be fulfilled;
- (iii) engaging competent quality control team to ensure all of the project requirements are fulfilled;
- (iv) setting up individual project key performance index to measure the achievements which are reported in the monthly project management coordination meeting;
- (v) planning and conducting project internal quality audit to ensure project quality management systems are adequately implemented and maintained at all levels and functions;
- (vi) compilation and handover of project final documentations to customers on time and in accordance with contract requirements; and

## 7. BUSINESS OF OUR GROUP (cont'd)

- (vii) conducting customer satisfaction survey after project completion.

As part of our Group's emphasis on quality, we have also adhered to internationally recognised standards and safety standards and our subsidiaries have received the ISO 9001:2000 and 9001:2008 accreditations as follows:

<b>Authority/ Certification body</b>	<b>Company/Development</b>	<b>Issuance year/Expiry year</b>	<b>Type of certification</b>
Bureau Veritas Certification	AME	2012/2015	Recertification for the ISO 9001:2008 for the quality management system in provision of underwater services including inspection, repair and maintenance using divers and/or ROV for the O&G industry
Bureau Veritas Certification	AME	2012/2015	Recertification for the ISO 14001:2004 for the environmental management system in provision of underwater services including inspection, repair and maintenance using divers and/or ROV for the O&G industry
Bureau Veritas Certification	AME	2012/2015	Recertification for the OHSAS 18001:2007 for the occupational health and safety assessment series in provision of underwater services including inspection, repair and maintenance using divers and/or ROV for the O&G industry
ABS Quality Evaluations	SapuraAcergy	2011/2014	Received ISO 9001:2008 accreditation for the quality management system in engineering, project management, offshore transportation, installation and decommissioning of deep and shallow water pipelines and structures, including heavy lifting, subsea construction and onshore construction support operations

## 7. BUSINESS OF OUR GROUP (cont'd)

Authority/ Certification body	Company/Development	Issuance year/Expiry year	Type of certification
Moody International Certification (Malaysia) Sdn Bhd	KBW	2010/2013	Received ISO 9001:2008 accreditation for the quality management system in professional engineering services, consultancy, engineering design and project management for the O&G, petrochemical and allied industries
		2004*	Received ISO 9001:2000 accreditation
Lloyd's Register Quality Assurance Ltd	KHL	2010/2012	Received ISO 9001:2008 for the quality management system in engineering, procurement, fabrication, load-out, HUC of O&G offshore and onshore facilities
		2003*	Received ISO 9001:2000 accreditation
SIRIM QAS International	KTC	2010/2012	Received ISO 9001: 2008 accreditation for the quality management system in design, development and manufacture of storage tanks, unfired pressure vessels, silo, pipe spools and general structure
		1995*	Received ISO 9001:2000 accreditation
Bureau Veritas Certification Malaysia	TLOSB	2009/2012	Received ISO 9001:2008 accreditation for the quality management system adopted in transportation and installation of offshore pipelines and facilities
Det Norske Veritas Certification Singapore	1) TL Geohydrographics Sdn Bhd 2) TL Geohydrographics Pte Ltd 3) TL Geohydrographics Pty Ltd	2012/2015	Received ISO 9001:2008 accreditation for the quality management system adopted in the provision of hydrographic and geophysical survey services, offshore survey construction support including underwater survey inspection services

## 7. BUSINESS OF OUR GROUP *(cont'd)*

<u>Authority/ Certification body</u>	<u>Company/Development</u>	<u>Issuance year/Expiry year</u>	<u>Type of certification</u>
Bureau Veritas Certification Malaysia	SESSB	2004/2013	Received ISO 9001:2008 accreditation for the quality management system adopted in the provision of offshore hook-up, pre-commissioning, construction and maintenance services and onshore fabrication, construction and maintenance services
Bureau Veritas Certification Malaysia	SESSB	2010/2013	Received ISO 9001:2008 accreditation for the quality management system adopted in the provision of offshore hook-up, pre-commissioning, construction and maintenance services and onshore fabrication, construction and maintenance services

**Note:**

\* No expiry date stated.

### 7.10 HSSE policy

HSSE continues to be the focus in our daily operations. Recognising that safe operational controls and environment preservation controls are integral to our continued success, we take every effort to ensure that excellent HSSE practices are inculcated among our employees and contractors. The safety of our people, sub-contractors, customers and the communities within which we operate is continuously upheld and that we operate in a responsible and an environmentally friendly manner. Our operations are also in compliance with international HSSE standards and requirements.

Workplace health, safety and security are of paramount importance to our Group and we are committed to conducting our operations in ways that safeguard all employees, subcontractors, visitors to our sites and the community in the area that we work. We have established and implemented a comprehensive HSSE management system ("HSSE-MS") across our Group. This system complies with the OHSAS 18001 standards which essentially help us manage the HSSE risks to a minimum.

We regularly carry out checks, improvement activities as well as conduct exercises and audit at our offices and offshore worksites to improve our HSSE performance standards. In our daily operations, we place high emphasis on safety, strict compliance to our HSSE standards to address, monitor, manage and minimise risk at the work place. We also have a consequence management programme in place to ensure compliance with the policy and to address instances of non-compliance. Additionally, we have in place a management system which sets out various HSSE policies which include, amongst others, the following:

#### (a) Establishment of HSSE communication and consultation

The establishment of a HSSE counselling unit to improve communication and to provide a more personal guidance to frontline staff who are exposed to higher risk in their daily activities.



**7. BUSINESS OF OUR GROUP (cont'd)**

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**(b) Establishment of CEO HSSE suggestion and communication box and e-mail**

Confidential suggestions boxes are placed at various sites and office locations to enable all staff especially frontline crew to provide feedback on HSSE performance and issues. A dedicated CEO email address has also been established to ensure that staff can communicate directly with the CEO so that HSSE issues can be addressed promptly.

**(c) Marine contractors HSSE management workshop**

Special workshops are conducted with senior management of marine subcontractors as part of our efforts to improve our subcontractors' HSSE performance. Our drilling operations division also won the Bronze Award for 2010/2011 from PCSB for HSSE performance excellence.

**(d) Sub-contractor HSSE inspection and audit**

Our sub-contractors are audited on a monthly basis. If anything is amiss, we will issue a corrective-preventive action request and the responsible party will have to respond within 3 working days. A stringent pre-qualification process ensures only competent sub-contractors are hired.

**(e) Quarterly HSSE campaigns**

Workplace HSSE awareness campaigns are held to enable us to analyse accident causation trending and focus on any areas that require attention. Various programmes are implemented in conjunction with the quarterly campaigns to increase safety awareness.

**(f) Quarterly emergency drill exercise**

These quarterly drills involving scenarios such as medical emergencies, rescues at height and fire evacuation, ensure all workers are prepared for emergencies. The drills also test the effectiveness of our emergency response capabilities.

**(g) HSSE task force**

This task force comprises teams with different expertise brought together to identify hazards, assess risk and apply controls.

**(h) Unsafe condition unsafe act ("UCUA") reporting and trending analysis**

A UCUA card is made available so that anyone can report unsafe conditions and acts. The cards are reviewed by the respective HSSE officers and trending is plotted to ascertain weaknesses. This helps HSSE officers to focus on key areas where additional controls are required.

**(i) Noise monitoring and controls**

We conduct annual noise exposure tests in various zones of the workplace to help us identify areas that require hearing protection controls. Hearing conservation program and training are periodically conducted to inculcate awareness among employees and sub-contractors.

## 7. BUSINESS OF OUR GROUP (cont'd)

We will continue to be guided by our goals to achieve excellent HSSE performance standards wherever we operate and remain proactive and committed in ensuring our HSSE achievements remain among the best in the industry. Hearing conservation program and training are periodically conducted to inculcate awareness among employees and sub-contractors.

We are also committed to operating in a responsible and environmentally friendly manner in compliance with local and international environmental best practices and legislation. Our certification for the ISO 14001:2004 Environmental Management System (“EMS”) demonstrates how serious we are about protecting the environment.

To date, our green initiatives have included energy conservation activities, water sampling for wastewater and effluents discharge as well as oil spill containment at our maintenance workshops and mobile work zones. We have also constructed bund walls for oil, paint and chemical storage facilities and waste storage facilities, as well as put in place filtration and dust collectors for all auto blast machines to eliminate the release of contaminated particles. With regard to scheduled wastes, we have an effective segregation, storage and disposal system in place. Disposal of scheduled wastes is done in accordance with legislative requirements while licensed contractors undertake all collection and disposal activities. Our conservation efforts have resulted in cost savings on energy, water consumption and paper, in addition to providing us better controls over the management of chemicals and other hazardous materials. To date, we have also successfully reduced waste and carbon emissions.

We are the first O&G company in the state of Perak to engage the National Landscape Department and the local council in a tree planting programme, and are among the few O&G companies that support the Sustainability Development Initiative through our EMS. In addition to the tree planting programme, we have organised environmental programmes/events such as “Beach Clean-Up 2009” and “Beach Clean-Up 2010” to gather volunteers to clean-up Tanjung Bidara beach, Melaka in 2009 and Kundur beach at Tanjung Kling, Melaka in 2010. In 2011, we have also organised the “Tree Planting Day 2011” to gather volunteers to plant 30 seedlings of the Macaranga species at the Forest Research Institute Malaysia.

In recognition of our efforts in implementing and maintaining high HSSE performance standards, we have received the following awards and recognitions from our customers:

<b>Customer / Certification body</b>	<b>Company</b>	<b>Issuance year / Validity period</b>	<b>Type of certification</b>
Petrofac (Malaysia-PM304) Limited	KHL	2012	Achievement of 400,000 manhours without loss time injury 1 <sup>st</sup> HSE day for EPC of WHP (wellhead platform) for Cendor Phase 2 Development Project Block PM-304
PCSB	KHL	2011	Gold award for best improvement in HSE performance category in recognition of achievement in HSE management
PCPP	KHL	2011	HSE appreciation day
FMC Technologies	KHL	2011	Appreciation for completion of Shell Gumusut-Kakap manifold project

## 7. BUSINESS OF OUR GROUP (cont'd)

Customer / Certification body	Company	Issuance year / Validity period	Type of certification
SSB	KHL	2011	Safety award on the achievement of 470,000 manhours loss time injury free 345 goal zero days for F13K compression module and E-11P-B tie-in modifications
SSB	KHL	2011	Safety award on the achievement of 390,000 manhours loss time injury free 155 goal zero days for E8K compression module project
ABS Quality Evaluations	SapuraAcergy	2011	Received OHSAS 18001:2007 for the health and safety system applicable to engineering, project management, offshore transportation, installation and decommissioning of deep and shallow water pipelines and structures, including heavy lifting, subsea construction and onshore construction support operations
ABS Quality Evaluations	SapuraAcergy	2011	Received ISO 14001:2004 accreditation for the environment management system in engineering, project management, offshore transportation, installation and decommissioning of deep and shallow water pipelines and structures, including heavy lifting, subsea construction and onshore construction support operations
PCSB	TLOSB	2011	PCSB division development, health, safety and environment conference and annual award for PCSB DD contractors health, safety and environment performance for year 2010/2011
PCSB	TLOSB	2010	HSE award in recognition of excellent performance and contribution in year 2009
SSB	KHL	2010	Award on the achievement of 500,000 manhours worked loss time injury free with 406 goal zero days for CPDR-A Topside

## 7. BUSINESS OF OUR GROUP (cont'd)

<b>Customer / Certification body</b>	<b>Company</b>	<b>Issuance year / Validity period</b>	<b>Type of certification</b>
SSB	KHL	2010	Award on the achievement of 350,000 manhours worked loss time injury free with 133 goal zero day for F28DR-A Topside
Newfield	KHL	2010	Excellent HSE ahead of schedule completion award for Jacket and Topside for West Belulut
CHOCSB	AME	2010	Safety award for excellence (S.A.F.E) silver category for one year without any recordable incidents
Bureau Veritas Certification	AME	2010	ISO 14001:2004 Environmental Management System
PCSB	AME	2009/2010	Certificate of Appreciation for hosting a PCSB Construction Engineering Contractor's HSE Workshop
IPLOCA	TLOSB	2009	2008 IPLOCA health and safety award (runner-up)
Carigali-PTTEPI	TLOSB	2009	Health, safety and environment excellence in achieving 1 million manhours without lost time injury from 5 November 2007 to 27 June 2009
PETRONAS	TLOSB	2009	PETRONAS Group health, safety and environment and sustainable development awards for year 2008/2009-contractor category (major-health)
PCSB	KHL	2009	HSE award on achievement of 500,000 man-hours without lost time injury on TBDR-A, KNJT-C and DL-CGCE Projects
Newfield	KHL	2009	Safety achievement award for achieving 200,000 manhours with zero lost time injury for provision of procurement and construction of Jacket and Topside West Belulut Wellhead Platform

## 7. BUSINESS OF OUR GROUP (cont'd)

Customer / Certification body	Company	Issuance year / Validity period	Type of certification
PCPP	KHL	2009	Management appreciation on successful completion of D30 topside jacket, deck extension and achievement of 250,000 manhours without lost time injury and 'zero total recordable case frequency'
Murphy Sarawak	KHL	2009	Appreciation plaque on successful completion of golok central production platform (GOPA) and Golok Barat Production Platform (GOPB) with 1,000,000 manhours worked without loss time injury
PCSB	KHL	2009	HSE award on achievement of 1,000,000 man-hours without lost time injury on TBDR-A, KNJT-C and DL-CGCE Projects
PCSB	TLGSB	2008	Recognition of excellent performance for zero TRCF in executing PCSB projects
Murphy Sarawak	KHL	2008	Certificate of appreciation on successful completion of 500,000 manhours without lost time injury at the topsides fabrication yard for the Azurite floating, drilling, production, storage and offloading ("FDPSO") Conversion Project
Carigali-PTTEPI	KHL	2008	2008 Carigali-PTTEPI HSE excellence award
Bureau Veritas Certification	AME	2008	OHSAS 18001:2007 Occupational, Health and Safety Assessment Series
Bureau Veritas Certification	AME	2008	ISO 9001:2008 Quality Management System
CHOCSB	KHL	2007	Safety achievement award on achievement of 1 million manhours with zero lost time injury on EPCIC for Bumi, Bulan and Suriya Gas Field
CHOCSB	KHL	2007	Safety achievement award on achievement of 2 million manhours with zero lost time injury on EPCIC for Bumi, Bulan and Suriya Gas Field

## 7. BUSINESS OF OUR GROUP (cont'd)

Customer / Certification body	Company	Issuance year / Validity period	Type of certification
CHOCSB	KHL	2007	Safety achievement award on achievement of 3 million manhours with zero lost time injury on EPCIC for Bumi, Bulan and Suriya Gas Field
SSB and PCSB	KHL	2007	HSE award for achievement of 358,000 manhours for E11 Hub Phase 2 Project without lost time incident
SSB and PCSB	KHL	2007	HSE award on successful completion of SCDR-A Substructure for E11 Hub Phase 2 Project
PCSB	AME	2007	PCSB Health, Safety & Environment Award in year 2007, for recognition in Excellent Performance. Award was presented by PCSB Management for Zero TRCF in executing PCSB project
PCSB	TLOSB	2006	PETRONAS Group health, safety and environment award for year 2006/2007 contractor category (major) gold award
Shell Exploration and Production Asia Pacific	TLOSB	2006	Recognition for achieving level 3.3 in the SMEP minimum health management system ("MHMS") implementation
PETRONAS	TLOSB	2006	Health, safety and environment award for year 2005/2006 (major contractor category) - project merit award (in recognition for improvement in health, safety and environment performance through effective implementation of health, safety and environment management system)
IPLOCA	TLOSB	2005	Offshore safety award in 2005 for outstanding safety performance
Brunei Shell Petroleum Company Sendirian Berhad ("BSP")	TLOSB	2005	Recognition for the continued efforts and contribution in achieving the best historical safety performance for BSP in 2005

## 7. BUSINESS OF OUR GROUP (cont'd)

<b>Customer / Certification body</b>	<b>Company</b>	<b>Issuance year / Validity period</b>	<b>Type of certification</b>
TOS Energy Malaysia Sdn Bhd	KHL	2005	Certificate of recognition for achieving 1,000,000 man-hours without lost time incident
Shell Exploration & Production	SESB	2003	Achievement of level 3 SMEP -health safety environment management system assessment
IADC	Petcon	2003	Safety awards for no loss time injury in 7 years
Lloyd's Register Quality Assurance, Kuala Lumpur, SSESB and SSB	KHL	2003	Received ISO 9001:2000 accreditation.
	KHL	2002	Certificate of appreciation acknowledging contribution to achievement of 500,000 man-hours without lost time incident for B11DR-A(E11R-B)/ JNDRA Project
NOEML and MSES B	KHL	2002	Recognition for achieving a low repair rate of 0.20% during the fabrication of Helang Central Platform – Load Out Support Frame
PGB and Peremba Construction	KHL	2001 to 2002	Safety award on achieving 350,000 man-hours without lost time injuries in relation to the Port Dickson Lateral Looping Pipeline Project
Esso Production Malaysia Inc and SSESB	KHL	2001	Certificate of appreciation for top 4 desired outcomes for Larut Jacket Project – HSE, quality, cost and on schedule.
NOEML and MSES B	KHL	2001	Certificate of appreciation on successful implementation of HSE programmes compliance to HSE and quality requirements and contributed towards improvement of HSE in relation to the Helang Central Platform Substructure and Integrated Topsides and Fabrication Project

## 7. BUSINESS OF OUR GROUP (cont'd)

<b>Customer / Certification body</b>	<b>Company</b>	<b>Issuance year / Validity period</b>	<b>Type of certification</b>
SSESB	KHL	2001	Zero loss time injury project performance certificate awarded in recognition commendable safety performance for the Larut "A" Jacket Project which achieved a total 430,031 man-hours without lost time injuries
Optimal	KHL	2001	Safety award for achieving 15,000,000 man-hours without lost time accident on Optimal's project
Optimal	KHL	2001	Safety award for achieving 10,000,000 man-hours without a lost time accident on Optimal's project
Linde AG & Samsung Engineering Company Ltd	KHL	2001	Safety award for achieving 10,000,000 man-hours without lost time accident on the Malaysia Olefins Project
PGB and Peremba Construction	KHL	2000 to 2001	Certificate of appreciation in recognition of the achievement of 75,000 man-hours worked without lost time injuries in relation to the Tronoh Lateral Pipeline Project.
PCSB	KHL	2000	Certificate of appreciation for achieving 100,000 man-hours worked without lost time injuries
Kuantan Terminals Sdn Bhd and Dialog Holdings Sdn Bhd	KHL	2000	Certificate of recognition for achieving 1.5 million man-hours without lost time incident in relation to the Kuantan Common Piperack Facility and Propylene Tank and Ancillary Facilities Project
Chiyoda Malaysia Sdn Bhd and Titan Petrochemicals (M) Sdn Bhd	KHL	2000	Certificate of recognition on the acknowledgement of the successful Piping and Structure Works Project within the specified schedule and specifications, and meeting Chiyoda and the customer's safety and quality standards



## 7. BUSINESS OF OUR GROUP (cont'd)

Customer / Certification body	Company	Issuance year / Validity period	Type of certification
SSB and MSES B	KHL	2000	Safety award on achieving 150,000 HSE man-hours without lost time injury in relation to the F6K-A Substructure Project
IPLOCA	TLOSB	1999	Offshore Safety Award for 1999 – outstanding safety performance

### 7.11 Key licences, permits, brand names, patents and franchises which are material to our Group

Please refer to Appendix I for further details of the key licences, permits, brand names, patents and franchises which are material to our Group.

### 7.12 Properties, plants and equipments

Please refer to Appendix II for further details of the summary of landed properties, vessels and other equipments of our Group.

### 7.13 Dependency on any contract or arrangements

As at the LPD, there are no material contracts, agreements or arrangements which had been entered into by us which we are highly dependent on.

### 7.14 Sales and marketing plans

Our sales and marketing strategies include the following:

#### (i) Building up and maintaining networks with our customers and other O&G industry players

With the Merger, we will enjoy a larger base of clientele comprising the customers of SapuraCrest Group and Kencana Petroleum Group. We will maintain our relationships with these customers by communicating with them to understand their future plans and business developments and for them to understand how we are able to assist them with our product and service offering. By doing so, our marketing team will be able to identify suitable projects to bid for including cross selling our products and services to the customers of both SapuraCrest Group and Kencana Petroleum Group since we are an integrated services provider covering the O&G value chain with full-fledged EPCIC capabilities subsequent to the Merger. In addition, we also build up and maintain relationships with other players within the O&G industry and will bid for their projects should the right opportunity arise.

#### (ii) Create greater visibility and awareness of our products and services to our customers and other players within the O&G industry

In order to create greater visibility and awareness of our products and services to our customers and other players within the O&G industry, we participate in various regional and international conferences, seminars, trade fairs and exhibitions related to the O&G industry as part of our public relations and branding efforts. Some examples of the exhibitions which we have participated in include the Asian Oil, Gas and Petrochemical Engineering Exhibition ("OGA") which is held every 2 years. We will also participate in the World Gas Conference in 2012.

**7. BUSINESS OF OUR GROUP (cont'd)**

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In addition, upon achieving key milestones such as the completion of significant projects of our domestic and international customers, we ensure that sufficient market awareness is created via media coverage, news articles, our own website, O&G magazines and journals and other write-ups pertaining to our latest achievements and developments of our Group's engineering expertise and experience. This will help us gain greater visibility in both the local and international fronts, and create positive enquiries and referrals from the O&G industry.

**(iii) Understanding the latest development in the O&G industry**

We have an experienced marketing team which studies the O&G industry trends and developments and communicate with local and international O&G industry players to understand their business plans and look into various potential areas which require products and/or services we are able to offer. This enables our marketing team to assess and capitalise on industry trends and opportunities to enable our marketing efforts and business strategies to be focused in the right direction.

The gathering of market intelligence is also important in order for us to maintain our competitiveness within the O&G industry by keeping abreast of new processes and technological developments, constantly upgrading the technologies and skills adopted by us and/or developing new technologies and skills (where possible). We also source for joint venture partners and have in the past entered into joint ventures with, among others, technology partners from all over the world who are in possession of newer or more advanced technologies and skills in order to meet the requirements of certain new projects we intend to bid for. Joint ventures with reputable partners enable us to capitalise on the strength, reputation and capabilities of our joint venture partners to secure such projects. In addition, transfer of technologies and skills which our Group do not already have is also common during such joint ventures.

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## 7. BUSINESS OF OUR GROUP (cont'd)

### 7.15 Major suppliers

The major suppliers of SapuraCrest Group and Kencana Petroleum Group are as follows:

#### SapuraCrest Group

The top 10 suppliers of SapuraCrest Group for each of the last 3 years ended 31 January 2012 are as follows:

Suppliers	Year ended 31 January		
	2010	2011	2012
	RM million		
A company based in Malaysia with at least 5 years relationship with SapuraCrest Group which provides charter of vessels services	99	*	34
A company based in Malaysia with at least 10 years relationship with SapuraCrest Group which provides fuel services	129	84	64
A company based in Labuan with at least 5 years relationship with SapuraCrest Group which provides charter of vessels services	98	73	69
A company based in Singapore with at least 10 years relationship with SapuraCrest Group which provides manpower supply services	148	63	33
A company based in Malaysia with at least 10 years relationship with SapuraCrest Group which provides charter hire services	72	53	32
A company based in Indonesia with at least 10 years relationship with SapuraCrest Group which provides equipment rental and manpower supply services	131	27	*
A company based in Malaysia with at least 6 years relationship with SapuraCrest Group which provides pre-commissioning works services	77	155	62
A company based in Singapore with at least 10 years relationship with SapuraCrest Group which provides drydocking services	22	*	*
A company based in Singapore with at least 10 years relationship with SapuraCrest Group which provides equipment rental and manpower services	22	9	*
A company based in Malaysia with at least 5 years relationship with SapuraCrest Group which provides charter of vessels services	17	*	*
A company based in Malaysia with at least 4 years relationship with SapuraCrest Group which provides charter of vessels services	*	168	*
A company based in Malaysia with at least 2 years relationship with SapuraCrest Group which provides charter of vessels services	*	49	*

## 7. BUSINESS OF OUR GROUP (cont'd)

Suppliers	Year ended 31 January		
	2010	2011	2012
	RM million		
A company based in Malaysia with at least 5 years relationship with SapuraCrest Group which provides charter of vessels services	*	10	*
A company based in Malaysia with at least 10 years relationship with SapuraCrest Group which provides charter of vessels services	*	*	42
A company based in Malaysia with at least 2 years relationship with SapuraCrest Group which provides fuel services	*	*	40
A company based in Singapore with at least 8 years relationship with SapuraCrest Group which provides charter of vessels services	*	*	38
A company based in Malaysia with at least 1 years relationship with SapuraCrest Group which provides logistics services	*	*	33
<b>Total</b>	<b>815</b>	<b>691</b>	<b>447</b>

**Note:**

\* Not a top 10 supplier of SapuraCrest Group for that financial year.

SapuraCrest Group was not dependent on any top 10 supplier during the last 3 financial years ended 31 January 2012.

**Kencana Petroleum Group**

The top 10 suppliers of Kencana Petroleum Group for each of the last 3 financial years ended 31 July 2011 and 6 months period ended 31 January 2012 are as follows:

Suppliers	Year ended 31 July			6 months period ended 31 January 2012
	2009	2010	2011	
	RM million			
A company based in the U.S. with at least 4 years relationship with Kencana Petroleum Group which provides supply of equipment services	37	*	*	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides offshore installation services	30	*	*	*
A company based in Thailand with at least 4 years relationship with Kencana Petroleum Group which provides offshore installation related services	23	*	*	*
A company based in the U.S. with at least 4 years relationship with Kencana Petroleum Group which provides supply of equipment services	23	*	*	*

## 7. BUSINESS OF OUR GROUP (cont'd)

Suppliers	Year ended 31 July			6 months period ended 31 January 2012
	2009	2010	2011	
	RM million			
A company based in Singapore with at least 5 years relationship with Kencana Petroleum Group which provides fabrication services	22	*	14	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides supply of project materials services	20	10	10	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides supply of project materials services	18	17	30	*
A company based in Malaysia with at least 3 years relationship with Kencana Petroleum Group which provides supply of project materials services	17	*	*	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides supply of equipment services	16	*	*	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides supply of project materials services	14	12	*	*
A company based in Malaysia with at least 2 years relationship with Kencana Petroleum Group which provides offshore installation services	*	44	19	*
A company based in Malaysia with at least 10 years relationship with Kencana Petroleum Group which provides vessels supply services	*	18	*	*
A company based in Malaysia with at least 2 years relationship with Kencana Petroleum Group which provides supply of workboat services	*	16	*	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides scaffolding, insulation, fire proofing, blasting and painting services	*	13	30	8
A company based in Malaysia with at least 3 years relationship with Kencana Petroleum Group which provides supply of equipment services	*	11	*	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides fabrication services	*	9	16	*
A company based in Malaysia with at least 2 years relationship with Kencana Petroleum Group which provides vessels supply services	*	9	*	*

## 7. BUSINESS OF OUR GROUP (cont'd)

Suppliers	Year ended 31 July			6 months period ended 31 January 2012
	2009	2010	2011	
	RM million			
A company based in Malaysia with at least 3 years relationship with Kencana Petroleum Group which provides supply and servicing of heating, ventilation and air conditioning related services	*	*	15	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides blasting services	*	*	12	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides supply of equipment services	*	*	12	*
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides supply of project materials services	*	*	10	*
A company based in the United Arab Emirates with at least 1 year relationship with Kencana Petroleum Group which provides offshore installation services	*	*	*	11
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides vessels supply services	*	*	*	10
A company based in Malaysia with at least 2 years relationship with Kencana Petroleum Group which provides supply of project materials services	*	*	*	10
A company based in Malaysia with at least 2 years relationship with Kencana Petroleum Group which supplies man-power for vessels	*	*	*	9
A company based in Malaysia with at least 3 year relationship with Kencana Petroleum Group which provides vessels supply services	*	*	*	9
A company based in Malaysia with at least 1 year relationship with Kencana Petroleum Group which provides supply of project materials services	*	*	*	8
A company based in Singapore with at least 2 years relationship with Kencana Petroleum Group which provides supply of project materials services	*	*	*	8
A company based in Malaysia with at least 5 years relationship with Kencana Petroleum Group which provides technical services	*	*	*	8
A company based in Malaysia with at least 4 years relationship with Kencana Petroleum Group which provides supply of project materials services	*	*	*	7
<b>Total</b>	<b>220</b>	<b>159</b>	<b>168</b>	<b>88</b>

**7. BUSINESS OF OUR GROUP (cont'd)**

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**Note:**

\* *Not a top 10 supplier of Kencana Petroleum Group for that financial year/financial period.*

Kencana Petroleum Group was not dependent on any top 10 supplier during the last 3 financial years ended 31 July 2011 and 6 months period ended 31 January 2012.

After the Merger, the major suppliers of SapuraCrest Group and Kencana Petroleum Group will be the suppliers of SKPB Group.

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## 7. BUSINESS OF OUR GROUP (cont'd)

### 7.16 Major customers

The major customers of SapuraCrest Group and Kencana Petroleum Group are as follows:  
**SapuraCrest Group**

The major customers that have contributed 10% or more of the revenue of SapuraCrest Group for the last 3 financial years ended 31 January 2012 are as follows:

Customer	Nature/Type of service	No. of years of relationship as at 31 January 2012	2010		Year ended 31 January 2011		2012	
			RM million	%	RM million	%	RM million	%
PCSB	Transportation and installation of offshore facilities and drilling of offshore oilwells	At least 10 years	1,649	50.62	1,081	34.00	332	12.98
SSB/SSPCL	Transportation and installation of offshore facilities, drilling of offshore oilwells, HUC and major topside maintenance	At least 10 years	*	*	845	26.56	892	34.90
EMEPMI	Drilling of offshore oilwells	At least 5 years	*	*	343	10.77	*	*
Newfield	Transportation and installation of offshore facilities	At least 3 years	*	*	*	*	327	12.80
<b>Total</b>			<b>1,649</b>	<b>50.62</b>	<b>2,269</b>	<b>71.33</b>	<b>1,551</b>	<b>60.68</b>

**Note:**

\* Not a major customer contributing 10% or more of the revenue of SapuraCrest Group for that financial year.

Save for PCSB and SSB/SSPCL, SapuraCrest Group was not dependent on any single customer which contributed 10% or more of its revenue during the last 2 financial years ended 31 January 2010 and 2011. SapuraCrest Group was not dependent on any single customer which contributed 10% or more of its revenue during the financial year ended 31 January 2012.



## 7. BUSINESS OF OUR GROUP (cont'd)

## Kencana Petroleum Group

The major customers that have contributed 10% or more of the revenue of Kencana Petroleum Group for the last 3 financial years ended 31 July 2011 and the 6 months period ended 31 January 2012 are as follows:

Customer	Nature/Type of service	No. of years of relationship as at 31 January 2012	2009		Year ended 31 July 2010		2011		6 months period ended 31 January 2012	
			RM million	%	RM million	%	RM million	%	RM million	%
PCSB	Provision of EPCC services such as Topside, jacket and compression modules, HUC of platform, drilling services and other services	At least 15 years	265	23.20	300	27.52	348	23.32	264	23.66
Sunpower Malaysia Exploration and Production Sdn Bhd	Provision of superstructure service	At least 2 years	*	*	121	11.09	*	*	*	*
PCPP	Provision of EPCC services such as wellhead support frame	3 years	*	*	120	11.00	*	*	*	*
KMR1*	Rig construction	3 years (relationship ceased in 2010)	164	14.35	*	*	-	-	*	*
Murphy Sarawak	Provision of EPCC services such as production platform and Topside	At least 4 years	156	13.68	*	*	*	*	*	*

## 7. BUSINESS OF OUR GROUP (cont'd)

Customer	Nature/Type of service	No. of years of relationship as at 31 January 2012	Year ended 31 July		2011		6 months period ended 31 January 2012	
			2009	2010	2011	RM million	RM million	%
			RM million	%	RM million	%	RM million	%
Newfield	Provision of EPCC services, such as jacket and fabrication of Topside	At least 3 years	*	*	283	18.99	118	10.55
SSB	Fabrication of compression module	At least 5 years	*	*	*	*	126	11.27
<b>Total</b>			<b>585</b>	<b>51.23</b>	<b>541</b>	<b>49.61</b>	<b>508</b>	<b>45.48</b>

**Notes:**

\* Not a major customer contributing 10% or more of the revenue of Kencana Petroleum Group for that financial year/ period.

# Prior to August 2010, Kencana Petroleum owned 25% equity stake in KMR1 (formerly known as Mermaid Kencana Rig 1 Pte Ltd). KMR1 became Kencana Petroleum's wholly-owned subsidiary in August 2010 when Kencana Petroleum's wholly-owned subsidiary, KPV, acquired the remaining equity interest in KMR1.

Kencana Petroleum Group was not dependent on any single customer which contributed 10% or more of its revenue during the last 3 financial years ended 31 July 2011 and 6 months period ended 31 January 2012.

After the Merger, the major customers of SapuraCrest Group and Kencana Petroleum Group will be the customers of SKPB Group. Please refer to Section 5.2.12 for further details on the risk of our dependency on a limited number of major customers.

## 7. BUSINESS OF OUR GROUP (cont'd)

### 7.17 Seasonality

Generally, our business is not affected by seasonality as contracts may be awarded to us at any time of the year. However, the implementation of our offshore projects could be affected by adverse weather conditions, such as monsoon/hurricane seasons.

### 7.18 Interruption in business in the past 12 months

We have not experienced any major business interruptions which had a significant effect on our operations during the past 12 months.

### 7.19 Employees

The total workforce of SapuraCrest Group for the past 3 financial years ended 31 January 2012 and as at the LPD and Kencana Petroleum Group for the past 3 financial years ended 31 July 2011 and as at the LPD are as follows:

#### SapuraCrest Group

Category	As at 31 January 2010	As at 31 January 2011	As at 31 January 2012	As at the LPD
Senior Management*	11	15	23	24
Management	214	206	223	233
Engineers	346	390	494	522
Executive	401	389	405	424
Technical	204	214	239	249
Clerical	265	286	306	313
General worker	75	79	77	79
Marine crew	1,310	1,087	1,009	1,157
<b>Total</b>	<b>2,826</b>	<b>2,666</b>	<b>2,776</b>	<b>3,001</b>

**Note:**

\* Senior general manager and above.

## 7. BUSINESS OF OUR GROUP (cont'd)

## Kencana Petroleum Group

Category	As at 31 July 2009	As at 31 July 2010	As at 31 July 2011	As at the LPD
Senior Management <sup>(1)</sup>	34	47	39	45
Management	148	173	157	185
Engineers	165	227	276	343
Executive	333	418	483	479
Technical	1,516	1,358	2,056	2,205
Clerical	288	323	426	364
General worker	453	419	610	656
Marine crew	-	-	59	78
<b>Total</b>	<b>2,937</b>	<b>2,965</b>	<b>4,106</b>	<b>4,355</b>

**Note:**

<sup>(1)</sup> General manager and above.

The change in the number of employees of Kencana Petroleum Group from the year ended 31 July 2010 to year ended 31 July 2011 was attributable to the following:

- (i) higher amount of projects being awarded during the year ended 31 July 2011;
- (ii) commencement of drilling operations in September 2010;
- (iii) acquisition of AME group of companies and companies in Hong Kong and PRC; and
- (iv) incorporation of KESB for the development and production of petroleum resources of Berantai field.

As at the LPD, SapuraCrest Group and Kencana Petroleum Group have employees in the following countries respectively:

Country	No. of employees	
	SapuraCrest Group	Kencana Petroleum Group
Malaysia	2,706	4,308
Australia	157	-
Singapore	65	-
PRC	-	33
U.S.	54	-
Hong Kong	-	14
U.K.	19	-
<b>Total</b>	<b>3,001</b>	<b>4,355</b>

## 7. BUSINESS OF OUR GROUP (cont'd)

As at the LPD, the total number of employees of SapuraCrest Group and Kencana Petroleum Group who are recruited on contractual and/or temporary basis are as follows:

<b>Category</b>	<b>SapuraCrest Group</b>	<b>Kencana Petroleum Group</b>
Senior Management	5	-
Management	54	14
Engineers	136	55
Executive	93	138
Technical	92	1,818
Clerical	93	113
General worker	32	489
Marine crew	1,146	45
<b>Total</b>	<b>1,651</b>	<b>2,672</b>

On Completion, the employees of both the SapuraCrest Group and the Kencana Petroleum Group became the employees of our enlarged Group.

Our management believes that good human resource management is critical to our business and that a dedicated, well-trained and efficient workforce is essential for our success. Our management enjoys good working relationships with our employees and none of our employees belong to any union. As at the LPD, we have not been involved in any material industrial disputes with any of our employees.

As we believe that our employees are assets to our Group, we invest in our employees by providing continuous employee training and development opportunities as well as exposing them to a variety of diverse projects and, technologies in order to broaden our employees' technical expertise and knowledge on their job. It is our policy to assist our employees to improve their skills, knowledge and awareness to develop their technical and professional abilities to the maximum of their potential through regular in-house and external training courses. As demand for highly skilled personnel is relatively high in the O&G industry, our development programmes focus on enhancing, nurturing and ensuring the continuity of the reservoir of knowledge which has been gained over the years through substantial exposure to the whole spectrum of O&G projects which we have undertaken. We also establish and promote performance-based culture and reward system to retain our employees who possess the experience, knowledge and/or technical skills.

The training and development programmes offered by our Group reflect our commitment to building an ongoing organisational culture and improving our workforce's capability. We believe in continually building our knowledge and skills to become a resilient and competitive O&G player locally and globally. Our training and development programmes encompass the following:

- (i) Industry required training covering areas such as global maritime distress safety system, offshore lifeboat coxswain, first aid/fire fighting, damaged control team/advanced fire fighting, advanced rotating equipment certification, international course for hydrography and welding inspector certification;
- (ii) Safety training covering areas such as fall protection awareness, confined space awareness and rescue, hydrogen sulphide awareness, first aid/cardiopulmonary resuscitation/ automated external defibrillator, basic offshore sea survival and emergency and helicopter underwater escape training with self breathing apparatus;

## 7. BUSINESS OF OUR GROUP *(cont'd)*

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- (iii) Project management training which provides a structured and customised program to suit our current and future business needs and to develop highly competent and professional project management team;
- (iv) HSSE related and competency training which places high emphasis on HSSE compliance to ensure that safety procedures are strictly adhered to. These programmes are generally in-house programmes and trainings conducted for our crews by our customers, statutory bodies and other HSSE training providers in Malaysia;
- (v) Soft skills and leadership competencies for our employees of all levels by offering a structured program for non executives and unlimited soft skills and leadership program to executives and managers to enhance our workforce's interpersonal, leadership and business mindset;
- (vi) Teambuilding and motivational program to build successful work team within department, divisions or subsidiaries of our Group as well as with our customers;
- (vii) Workforce attachment and exchange program offering real business exposure to our employees to enhance their technical skills and proficiency;
- (viii) Management associate and engineering associate programme to nurture young and high potential leaders. This is one of the programmes to attract, develop and retain future leaders of our Group; and
- (ix) In-house training covering other areas such as permit to work, quality management system, lockout/tagout, manual handling and hand trailing technique, hazardous communication, electrical safety awareness, offshore rig and safety orientation with job description, watch out, hands and fingers, generic job safety awareness, contract administration, procurement and logistics activities as well as other specialised technical programmes.

We consistently review and enhance our training and development policies and guidelines to support our business strategies. Our quality management system on the provision of the human resource services which include training and development procedures have been certified and awarded ISO 9001:2008 in recognition for their high quality.

Besides providing trainings and development programmes, we also strive to enhance our workforce's knowledge and technical skills by making arrangements for our employees to participate in attachment and exchange programmes with our partners and customers.

In addition, we also encourage our employees to participate in local and international seminars and conferences as a means to keep our workforce abreast of industry developments and trends as well as to provide networking opportunities with industry counterparts and O&G players.

We also collaborate with PETRONAS to train and develop local talent to serve the O&G industry. The collaboration includes joint research and development, staff attachment opportunities, information-sharing session and chair sponsorship. It also covers student internship, adjunct lecturer programme, supervision of postgraduate students and technical trainees and the setting up of a learning facility. Programmes and activities will be conducted at PETRONAS' learning institutions including PETRONAS Management Training Centre, University Teknologi PETRONAS, Institut Teknologi Petroleum PETRONAS and Akademi Laut Malaysia. The trained O&G talents will be recruited by us in the future, where suitable.