



RAMUNIA HOLDINGS BERHAD (634775-D)

2006 Annual Report



DRIVING PROGRESS THROUGH
▶ PERFORMANCE



DRIVING PROGRESS THROUGH PERFORMANCE

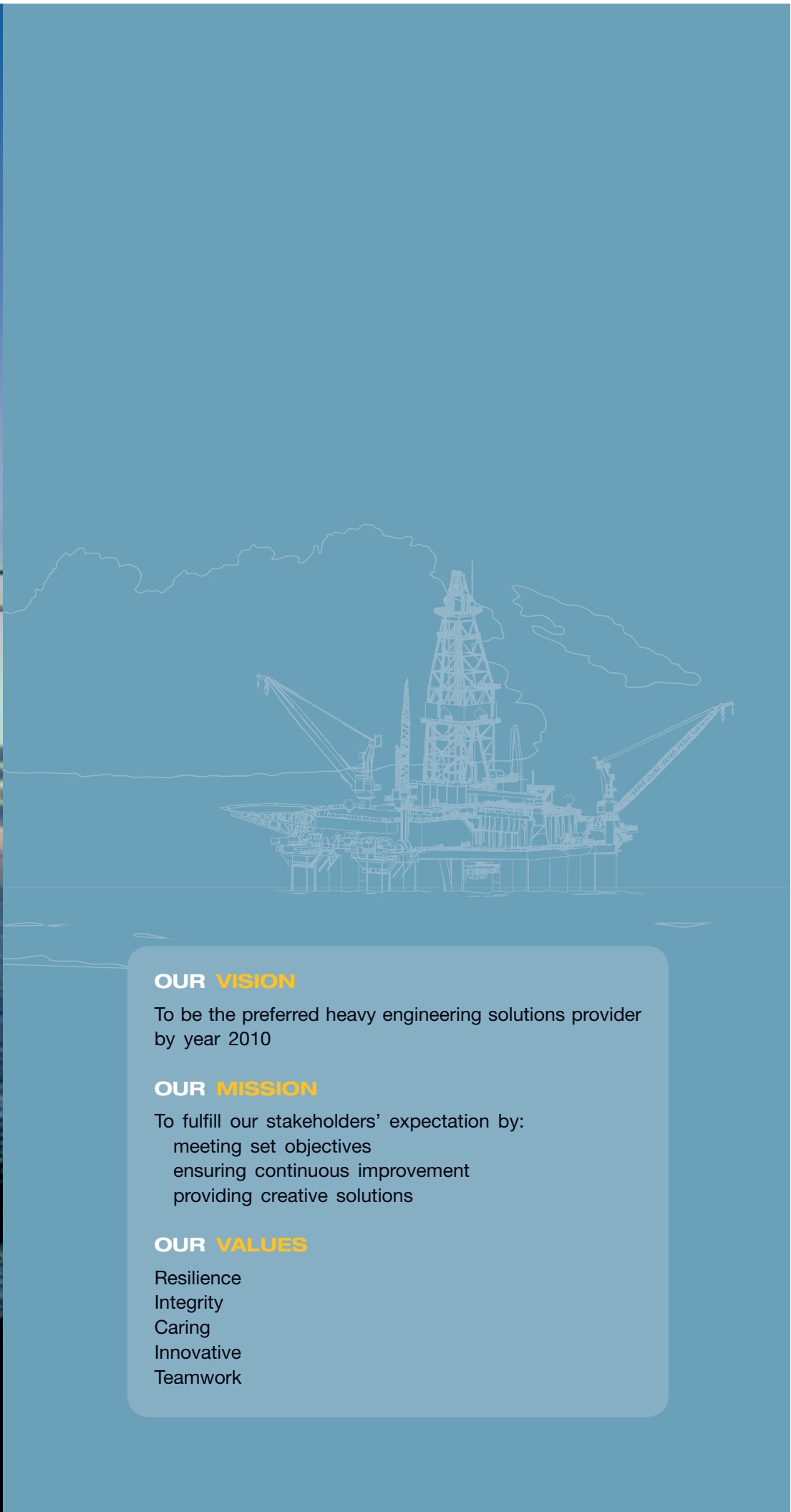
the story continues...

Behind its success, and along its extensive industry expertise, technical know how, its reputable experience of fabricating offshore oil and gas related structures, are the people of Ramunia. Their unwavering commitment and dedication has been the driving force in the recognition of the Group's chartered progress.

Powered by the conviction of "delivering with pride", the Group is stepping up and confronting the sweeping change of global challenges, through sheer people performance.

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OUR VISION

To be the preferred heavy engineering solutions provider by year 2010

OUR MISSION

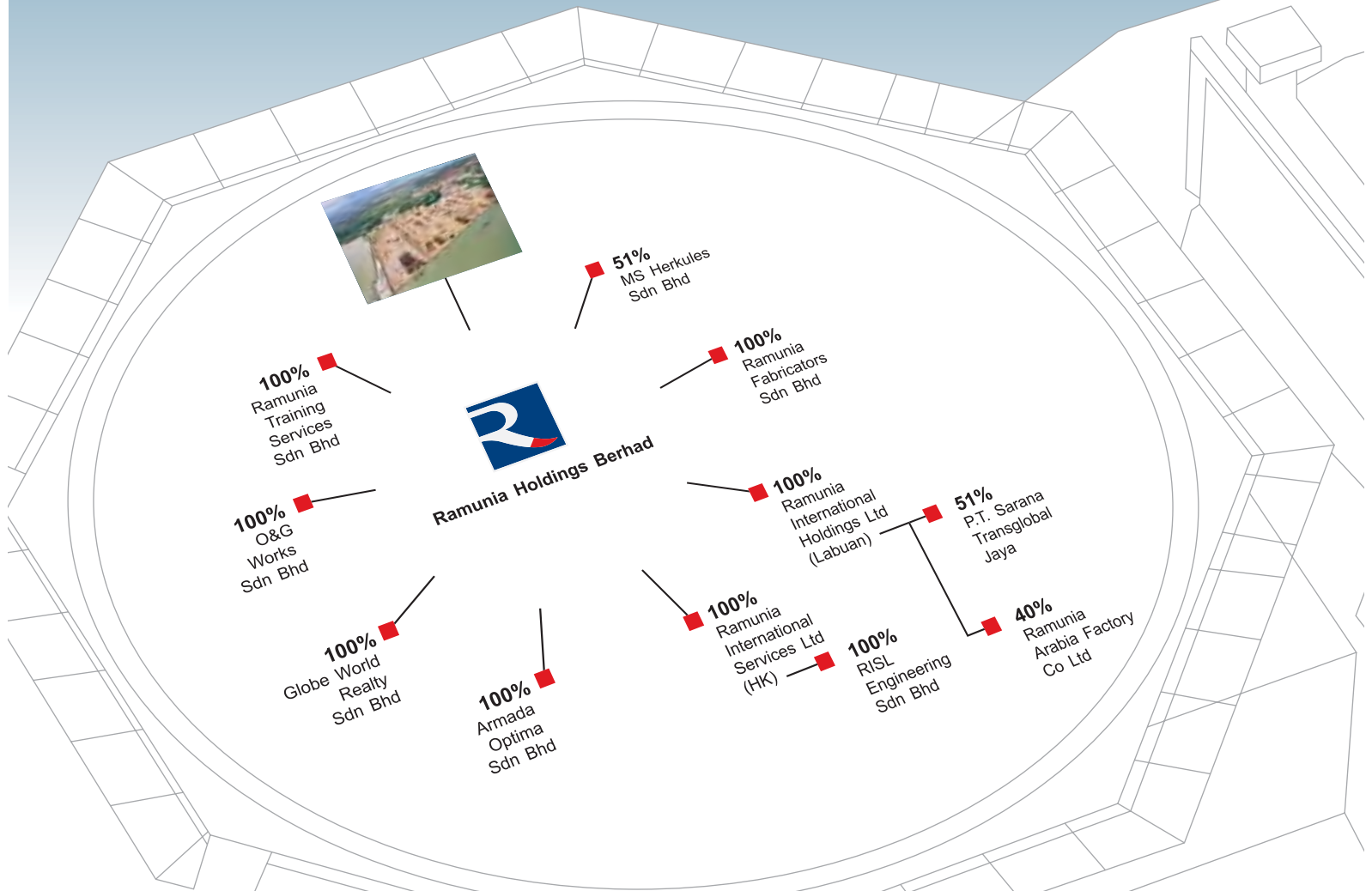
To fulfill our stakeholders' expectation by:
meeting set objectives
ensuring continuous improvement
providing creative solutions

OUR VALUES

Resilience
Integrity
Caring
Innovative
Teamwork



corporate structure



AUDIT COMMITTEE

Leou Thiam Lai *Chairman*

Dato' Md. Zahari bin Md. Zin

Arshad bin Ahmad

Shahul Hamid bin Mohd Ismail

(resigned w.e.f. 15.1.07)

SECRETARIES

Chua Siew Chuan *(MAICSA 0777689)*

Tan Ai Ning *(MAICSA 7015852)*

REGISTERED OFFICE

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : 03-2084 9000

Fax : 03-2094 9940/2095 0292

PRINCIPAL PLACE OF BUSINESS

22nd Floor, Plaza Permata

No. 6, Jalan Kampar

Off Jalan Tun Razak

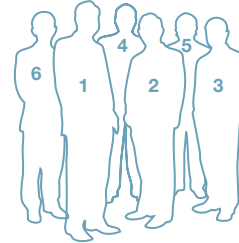
50400 Kuala Lumpur

Tel : 03-4047 6800

Fax : 03-4043 1058



BOARD OF DIRECTORS



1. Dato' Azizul Rahman bin Abd. Samad

*Chairman
Independent Non-Executive Director*

2. Arshad bin Ahmad

*Managing Director
Chief Executive Officer*

3. Dr. Daniel Ahn Chung-Sung

Executive Director

4. Dato' Md. Zahari bin Md. Zin

Independent Non-Executive Director

5. Izlan bin Izhah

Independent Non-Executive Director

6. Leou Thiam Lai

Independent Non-Executive Director

Shahul Hamid bin Mohd. Ismail

*Independent Non-Executive Director
(resigned w.e.f. 15.1.2007)
(not in picture)*

corporate information

AUDITORS

Shamsir Jasani Grant Thornton
(Firm No. AF-0737)
(Member of Grant Thornton International)

Chartered Accountants
Level 11, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(Co No. 36869-T)

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel : 03-2084 9000
Fax : 03-2094 9940/2095 0292

PRINCIPAL BANKERS

RHB Bank Berhad
Affin Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
CIMB Bank Berhad
(formerly known as Bumiputra-Commerce Bank Malaysia Berhad)
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

The Second Board of
Bursa Malaysia Securities Berhad



from left to right

Dato' Azizul Rahman bin Abd. Samad >| **Arshad bin Ahmad** >| **Dr. Daniel Ahn Chung-Sung**

Dato' Azizul Rahman bin Abd. Samad

Chairman / Non-Independent Non-Executive

Dato' Azizul Rahman bin Abd. Samad ("Dato' Azizul"), a Malaysian aged 46, was appointed Director of the Company on 1 September 2004 and is currently the Chairman of Ramunia Holdings Berhad Group of Companies. He graduated from University of Kent at Canterbury, United Kingdom with Bachelor of Arts Law Honours in 1988. Upon obtaining the Certificate of Legal Practice Malaysia, he started off his career as a partner of Rahman Too & Co., a Kuala Lumpur based legal practice. In 1996, Dato' Azizul was appointed as a director in Nauticalink Berhad and subsequently assumed the position of Chief Executive Officer in 2000 and resigned on 15 January 2002.

Presently, he sits as a member in the Nomination Committee of the Company.

Dato' Azizul is a major shareholder of the Company. He has no family relationship with any other directors and/or major shareholders of the company. He does not hold any directorship on the Board of any other public listed companies.

He does not have any conflict of interest with the Company and any convictions for offences within ten (10) years other than traffic offences.

directors' profile

Arshad bin Ahmad

Managing Director / Chief Executive Officer

Arshad bin Ahmad ("Arshad"), a Malaysian aged 50 was appointed Director of the Company on 1 September 2004 and is the Managing Director / Chief Executive Officer of Ramunia Holdings Berhad Group of Companies. He graduated from University of Glasgow, United Kingdom with Bachelor of Science for Mechanical Engineering in July 1980. Arshad has been exposed to various sectors of the oil and gas industry in Malaysia for more than twenty (20) years and has over nineteen (19) years of direct experience in all aspects of the offshore oil and gas fabrication industry as main fabrication contractor. He started his career in the oil & gas fabrication industry in November 1980 when he joined Malaysia Shipyard and Engineering Sdn. Bhd. and was subsequently promoted to Sub-section Chief prior to joining Sime Sembawang Engineering Sdn. Bhd. in July 1985. He served Sime Sembawang Engineering Sdn. Bhd. for fourteen (14) years and left as General Manager. In June 1999, Arshad joined J. Ray McDermott S.A as Business Development Manager for approximately a year. In July 2000, he joined Cooper Cameron (M) Sdn. Bhd. as General Manager before joining Penang Shipbuilding & Construction Sdn. Bhd. as Senior General Manager in April 2001. Prior to joining the Ramunia Group in January 2004, he rejoined Malaysia Shipyard and Engineering Sdn. Bhd. for approximately two (2) years as a Director of Engineering and was instrumental in setting up the Industrial and Process Division. He is currently the President of the Offshore Structure Fabricator Association of Malaysia (OSFAM).

Presently, Arshad sits as a member in the Audit Committee of the Company.

He does not hold any directorship on the Board of any other public listed companies. He has no family relationship with any Director and/or major shareholders of the Company.

He does not have any conflict of interest with the Company and any convictions for offences within the past ten (10) years other than traffic offences.

Dr. Daniel Ahn Chung-Sung

Executive Director

Dr. Daniel Ahn Chung-Sung ("Dr. Ahn"), a Korean American aged 69 was appointed Director of the Company on 18 July 2005 and is the Executive Director of Ramunia Holdings Berhad Group of Companies. He is also appointed as the Chief Executive Officer of Ramunia International Services Limited, a subsidiary wholly owned by Ramunia Holdings. Dr. Ahn obtained his PhD in Ocean Engineering, a Masters of Naval Architecture and a Masters of Science in Meteorology and Oceanography, all three graduated degree from the prestigious Massachusetts Institute of Technology (MIT). He earlier graduated with a Bachelor of Science from Korea Maritime University. In 1990, Dr. Ahn completed his Advanced Management Program for the Harvard Business School.

Over the last thirty years, Dr. Ahn held several executive management positions in the offshore and plant industries. He was the founder of today's Offshore and Engineering Division of Hyundai Heavy Industries ("HHI") and contributed in making HHI a prestigious offshore contractor and one of the world's leading companies. He was also instrumental in modernising HHI's fabrication facilities, management systems upgrading and managing the marine construction fleets to serve the robust offshore industry. Dr. Ahn has accumulated abundant experience and knowledge in the areas of international marketing and project management of worldwide EPIC offshore and industrial plants contracts. Dr. Ahn was the President of HHI in charge of both offshore engineering and industrial plant division prior to joining Ramunia Group.

He does not hold any directorship on the Board of any other public listed companies in Malaysia. He has no family relationship with any Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and any convictions for offences within the past ten (10) years other than traffic offences.



directors' profile

Dato' Md. Zahari bin Md. Zin

Independent Non-Executive Director

Dato' Md. Zahari bin Md. Zin ("Dato' Zahari"), a Malaysian aged 60 was appointed Director of the Company on 1 September 2004. He graduated from University of Malaya in 1971 with Bachelor of Arts. Dato' Zahari served the Johor State Government for thirty two (32) years and was responsible for the implementation of the State Government's objective pertaining to the respective departments and districts.

Dato' Zahari joined the Johor Civil Service as Assistant District Officer from 1971 to 1978 and was later promoted to District land Administrator from 1978 to 1989 and subsequently promoted to District Officer (Kota Tinggi) from 1989 to 1993. He was also the Land and Local Government Manager (Kejora) from 1993 to 1995 and District Officer of Mersing for a year until 1996. From 1996 to 2000, Dato' Zahari was the Deputy Director of Land and Mines. The last position held by Dato' Zahari was as the Johor State Director of Land and Mines from 2001 to 2003.

Dato' Zahari has received numerous awards for his contribution and dedication to the Government, which include the Darjah Paduka Mahkota Johor (DPMJ), the Pingat Lama dan Baik Dalam Perkhidmatan, the Bintang Sultan Ismail (BSI) and the Pingat Ibrahim Sultan (PIS).

Dato' Zahari sits as a member in the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He does not hold any directorship on the Board of any other public listed companies in Malaysia. He has no family relationship with any Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and any convictions for offences within the past ten (10) years other than traffic offences. Dato' Zahari does not hold any shares in Ramunia Holdings Berhad.

Izlan bin Izhab

Independent Non-Executive Director

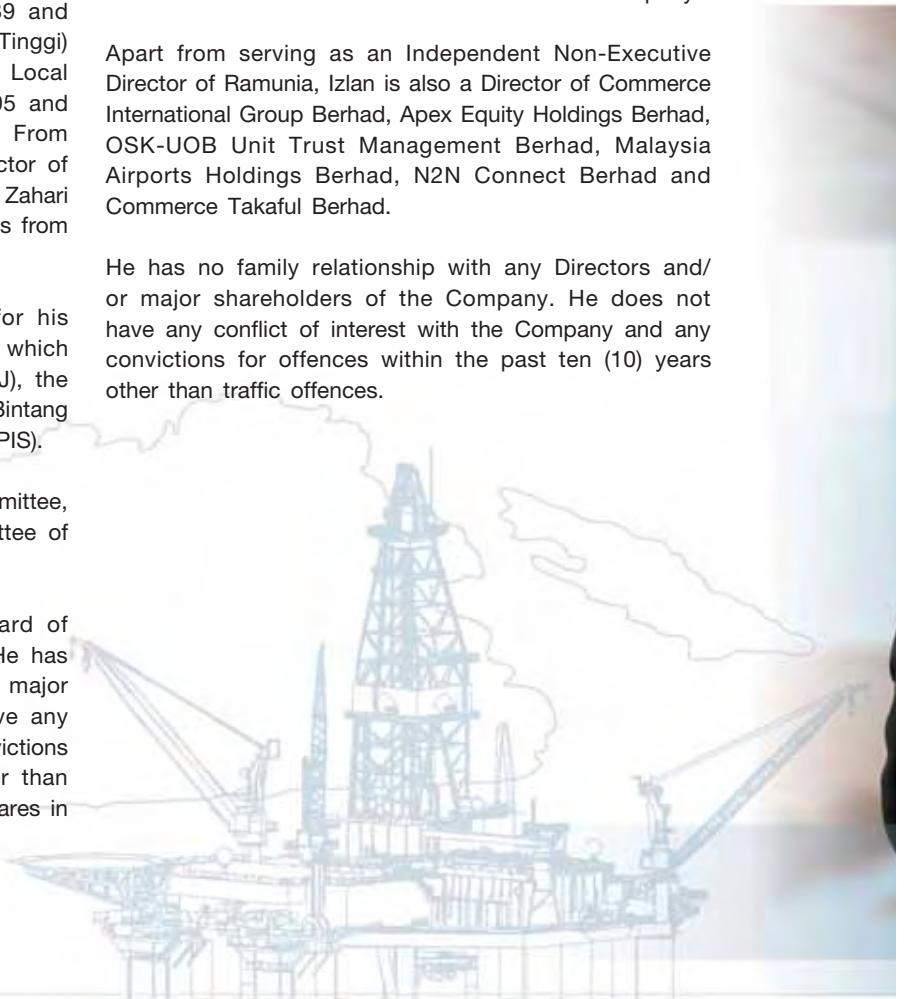
Izlan bin Izhab ("Izlan"), a Malaysian aged 62 was appointed Director of the Company on 1 September 2004. He was the Executive Vice President of Corporate & Legal Affairs of Bursa Malaysia Berhad from 1985 to 2000, the year of his retirement. He also served as Company Secretary for Kompleks Kewangan Malaysia Berhad from 1975 for three (3) years, before moving on to become Company Secretary for Permodalan Nasional Berhad from 1978 to 1984. He began his career by serving as an Assistant Legal Officer for Majlis Amanah Rakyat in 1973.

Izlan has a Bachelor of Laws degree from the University of London, and attended the Advanced Management Program at the University of Hawaii. He occasionally lectures on Malaysian securities law, companies' law and corporate governance for various public sector and private sector consultancy and training organisations.

Presently, Izlan is the Chairman of the Remuneration Committee and Nomination Committee of the Company.

Apart from serving as an Independent Non-Executive Director of Ramunia, Izlan is also a Director of Commerce International Group Berhad, Apex Equity Holdings Berhad, OSK-UOB Unit Trust Management Berhad, Malaysia Airports Holdings Berhad, N2N Connect Berhad and Commerce Takaful Berhad.

He has no family relationship with any Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and any convictions for offences within the past ten (10) years other than traffic offences.



Leou Thiam Lai

Independent Non-Executive Director

Leou Thiam Lai (“Mr. Leou”), a Malaysian aged 51 was appointed Director of the Company on 1 September 2004. He is currently a partner of Messrs. Leou & Associates, Chartered Accountants which started operations in 1988. He is a member of the Malaysian Institute of Accountants, a fellow member of The Chartered Association of Certified Accountants (UK) and an associate member of the Malaysian Institute of Taxation.

Mr. Leou graduated from Tunku Abdul Rahman College, Kuala Lumpur. Upon graduation, he began his career with Aijefiri, Siva, Heng and Monteiro until 1981 and in Baharom Hamdan from 1981 to 1984. Upon obtaining approval for his Audit License from the Treasury of Malaysia, he established Leou & Associates, Chartered Accountants in 1988.

He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Apart from serving as an Independent Non-Executive Director of Ramunia, he is also a Director of Degem Berhad, I-Power Berhad, United Bintang Berhad, and Nextnation Communication Berhad being companies listed on Bursa Malaysia Securities Berhad, and Berjaya Holdings (HK) Limited, a company listed on the Hong Kong Stock Exchange.

He has no family relationship with any Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and any convictions for offences within the past ten (10) years other than traffic offences.

Note: Please refer to the Directors’ Shareholding on page 75 for details on Directors’ Shareholding.



from left to right

Dato' Md. Zahari bin Md. Zin >| Izlan bin Izhah >| Leou Thiam Lai



chairman's statement



Dato' Azizul Rahman Abd. Samad

Chairman / Non-Independent Non-Executive Director

I AM PROUD TO ANNOUNCE THAT 2006 WAS A YEAR OF GREAT ACHIEVEMENT FOR RAMUNIA HOLDINGS BHD AND ITS SUBSIDIARY COMPANIES. OUR FINANCIAL RESULTS FOR THE YEAR ENDED 31 OCTOBER 2006 RECORDED SALES OF RM348.4 MILLION, A GROSS PROFIT OF RM62.4 MILLION AND A PROFIT AFTER TAX OF RM16.5 MILLION. THIS REPRESENTS A COMMENDABLE 71.0% GROWTH IN REVENUES GENERATING AN INCREASE OF 91.5% IN GROSS PROFITS.

Several key factors have attributed to the healthy growth of the Group namely:

- i) Strong demand for oilfield services in Malaysia and the region;
- ii) Enhancement and expansion of the Group's organisational, technical and project capabilities and competencies;
- iii) Improved competitiveness and efficiency in our project execution and delivery;
- iv) Fabrication yard capacity facilities that is second to none in Malaysia.

The above factors have allowed the Group to continue strongly to strengthen to forge ahead with confidence in this very exciting time in the industry. I foresee Ramunia expanding further in the future as we seek to convert the strength of the Group and to strive for improvement in all facets of operation to position Ramunia inevitably as the foremost fabricator and heavy engineering solution provider of choice in the region.

PROGRESS

In a short time frame of four years, the two years from inception plus the two years subsequent to our listing, the Group has made great strides towards its objective of building a sustainable and formidable fabrication business for the offshore oil and gas and heavy engineering sectors. In tandem with the vibrant development of the upstream oil & gas exploration and production activities in Malaysia and the region, the Group has been able to match the pace of market development with expansion of its internal capabilities and competencies evidenced by the establishment of a commendable track record in project delivery.

Further investment will be committed to expand capacity and improve productivity. Swift progress has been made at our fabrication yard at Teluk Ramunia in Johor, Malaysia as we position Ramunia to serve clients not only within Malaysia but also in the region.

Central to our plan is to move in step with the nation's aim of turning Malaysia as the pioneer deepwater hub in Asia. The ongoing initiatives undertaken on capacity expansion and yard modernisation are geared towards positioning Ramunia as the fabricator of choice for deepwater development in Malaysia and subsequently the SEA region. In addition, these initiatives will enable Ramunia to compete internationally for bigger and more complex structures. The underlying intent is to undertake and execute these potential projects in our Teluk Ramunia yard, thus, potentially creating job opportunities, sub-

contracting works and other spinoffs to the local economy and the country as a whole.

GOVERNANCE

In order to protect the interest of the shareholders and to enhance long term shareholder value, the Board of Directors of Ramunia Holdings Berhad believes in high standards of corporate governance and is committed in ensuring that effective self-regulatory corporate practices. These measures include having in place high caliber Board members, independent Board Committees, adherence to industry best practices, and autonomous internal audit division.

COMMITTED TEAMWORK

Our continued growth and success in 2006 has been the result of a committed team effort to follow-through on opportunities and execute the jobs in hand. Our organisation is now well placed to build and develop our business for the future and meet the challenges ahead. At the heart of those challenges is the need to further develop technical and management resources to meet the demands for heavy engineering solutions and to execute our own expansion plans to match the anticipated demand growth in oilfield services. We place great emphasis in developing a culture of learning and execution organisation-wide to further strengthen our team work as we face the exciting times ahead in the industry.

SAFETY

The safety of our staff and our subcontractors is always a priority and we have a "zero tolerance" attitude towards safety incidents. We conduct vital and on-going auditing and monitoring role in respect of safety throughout our operations. While the industry safety statistics show that there is no place for complacency, the

commitment and systems have clearly helped promoting best practice.

We have adopted clear policies and practices to comply with all relevant national and international standards of health, safety and environmental management and the strict adherence to these policies and practices have resulted in zero loss-time incident (Loss-Time Incident is the industry benchmark for measuring safety record) in over 4,000,000 man-hours worked up until the financial year 2006.

We are proud of our safety record and had received due recognition from clients over the years. In 2006, we received from Petronas Carigali Sdn. Bhd. the award for "Health, Safety & Environment Award 2005 Contractor Category".

STRONG PROSPECTS

We are optimistic of the industry prospects over the next three to five years given the oil majors continued investment in exploration and production activities driven by high global energy prices. The growing global energy demand compounded by supply related constraints continues to propel oil majors to increase investment in exploration and production activities in order to capitalise the result of these key factors. The on-going efforts from oil producers globally to bring more production on stream provide significant market opportunities for Ramunia with respect to our core business and related services.

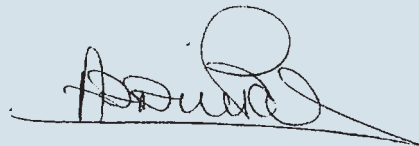
Additionally, the ongoing deepwater development in Malaysia presents tremendous opportunities as well as challenges for Ramunia. Making the transformation from constructing fixed platform structures to undertaking floating structure solutions demanded for deepwater production will position Ramunia at the forefront of the industry in Malaysia and the South East Asia region. Ultimately, as countries in the region such as Indonesia, Thailand,

Vietnam and India venture into deepwater development, we will be well poised to capitalise on opportunities that will unfold given the pioneering deepwater development in Malaysia.

There are significant advantages that Ramunia possesses to capitalise on future development, not least the fact we have the largest purpose-built fabrication yard in the South East Asia region. The Teluk Ramunia yard with open sea frontage is well-positioned as a significant production centre for the construction of large and complex structures demanded for deepwater oilfield production, that our economy is soundly managed and capital markets well developed. We hope that as Ramunia gains more experience and build capacity in this area, costs will decrease and we will become truly globally competitive.

ACKNOWLEDGMENTS

On behalf of the Board, I thank most sincerely all our staff for their hard work and dedication during the past year. I have no doubt that we can rely on their continuing commitment to meet the challenges that lie ahead. I would also like to thank our financiers, our partners, the many government bodies that we deal with and last but not least our customers for their continuing support to Ramunia. May I also take this opportunity to thank my fellow board members for their commitment, valuable insights and thoughtful advice.



Dato' Azizul Rahman Abd. Samad

Chairman /

*Non-Independent Non-Executive Director
Ramunia Group of Companies*



yard modernisation

RAMUNIA HOLDINGS BERHAD, through its property development arm, Globe World Realty Sdn. Bhd., is embarking on its most ambitious and biggest initiative; modernising and automating its existing fabrication facilities. It would be no mean feat, as the Teluk Ramunia fabrication yard comprising yards A, B and C have a total continuous land area of approximately 170 acres, recognised as one of the largest in Asia.

Poised for significant business growth, the yard's infrastructural work will encompass the upgrading, enhancement and modernisation of its fabrication facilities, to optimise the current and future requirement of its potentials.

The facilities that are being constructed, among others, include the fabrication shop, blasting and painting chambers, auto blasting and the modernising of its warehouse facilities.

Significantly, the new and improved infrastructural works would include the construction of additional sub-stations for increased power supply, concrete pavement roads, enhancement of security features and a well engineered drainage and sewerage system. The blueprint of the fabrication yard also takes into consideration, the foundational site of Ramunia's new Corporate Building.

These, among its bigger picture, include plans to strengthen and deepen the wharves surrounding the yard.

Upon its completion, Ramunia would be ready to undertake fabrication structures of up to 50,000 metric tones, for fully integrated platforms, as the Group progresses forward.





Additional Facilities

- | | | |
|--------------------------------|-------------------------|-------------------------------|
| 1 Training Institute | 6 Office Block | 11 Piping Workshop |
| 2 MS Herkules Fabrication Yard | 7 Structural Workshop | 12 Structural Workshop |
| 3 Air Conditioned Warehouse | 8 Piping Workshop | 13 Blasting and Painting Shop |
| 4 Structural Workshop | 9 Pretreatment Shop | 14 Welding School |
| 5 Piping Workshop | 10 Maintenance Workshop | 15 Breakwater and Jetty |
| | | 16 Upgrading of Wharves |