

**11. ACCOUNTANTS' REPORT***(Prepared for inclusion in the Prospectus)***Shamsir Jasani Grant Thornton** 

Chartered Accountants

**22 DEC 2004****The Board of Directors**

Ramunia Holdings Berhad  
 (Formerly known as Operasi Unggul Sdn Bhd)  
 Level 7, Menara Milenium  
 Jalan Damanela  
 Pusat Bandar Damansara  
 Damansara Heights  
 50490 Kuala Lumpur

Gentlemen,

**RAMUNIA HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANY  
ACCOUNTANTS' REPORT****1. INTRODUCTION**

This report has been prepared by an approved company auditor, for inclusion in the Prospectus of Ramunia Holdings Berhad (formerly known as Operasi Unggul Sdn Bhd) ("Ramunia") pursuant to the listing of Ramunia on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

**2. GENERAL INFORMATION****2.1 Background**

Ramunia was incorporated and domiciled in Malaysia under Companies Act, 1965 on 18 November 2003 as a private limited company under the name of Operasi Unggul Sdn. Bhd. On 27 February 2004, the Company changed its name to Ramunia Holdings Sdn Bhd. Subsequently on 15 April 2004, the Company was converted to a public limited company under the name of Ramunia Holdings Berhad and has assumed its present name since.

Ramunia was incorporated for the purpose of facilitating the listing of Ramunia on the Second Board of Bursa Securities.

**2.2 Share Capital**

The changes in the authorised share capital of Ramunia since its incorporation are as follows: -

<b>Date of creation</b>	<b>No. of shares</b>	<b>Par value RM</b>	<b>Cumulative total RM</b>
<u>Ordinary shares</u> 18.11.2003	100,000	1.00	100,000
Subdivision of shares: 24.08.2004	200,000	0.50	100,000
8.10.2004	1,599,800,000	0.50	800,000,000

**Shamsir Jasani Grant Thornton** (AF-737)

Level 11-1, Faber Imperial Court  
 Jalan Sultan Ismail, P. O. Box 12337  
 50774 Kuala Lumpur, Malaysia  
 T (603) 2692 4022  
 F (603) 2691 5229  
 E [sjgt@gt.com.my](mailto:sjgt@gt.com.my)  
 W [www.gt.com.my](http://www.gt.com.my)

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**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

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**2. GENERAL INFORMATION (CONT'D)**

**2.2 Share Capital (Cont'd)**

The changes in the authorised share capital of Ramunia since its incorporation are as follows (cont'd): -

<b>Date of creation</b>	<b>No. of shares</b>	<b>Par value RM</b>	<b>Cumulative total RM</b>
<u>Irredeemable convertible preference shares</u>			
29.11.2004	110,000,000	0.50	55,000,000


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

<b>Date of allotment</b>	<b>No. of ordinary shares</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative total RM</b>
<u>Ordinary shares</u>				
18.11.2003	2	1.00	Subscribers' shares	2
24.08.2004	4	0.50	Subdivision of shares	2
20.12.2004	164,000,000	0.50	Issued pursuant to the Ramunia Assets Acquisition	82,000,002
21.12.2004	48,351,938	0.50	Issued pursuant to the Debt Settlement	106,175,971
<u>Irredeemable convertible preference shares</u>				
20.12.2004	82,000,000	0.50	Issued pursuant to the Ramunia Assets Acquisition	41,000,000
22.12.2004	18,648,062	0.50	Issued pursuant to the Share Swap	50,324,031

The changes in the authorised share capital of Ramunia Fabricators Sdn Bhd ("RFSB") since its incorporation are as follows: -

<b>Date of creation</b>	<b>No. of ordinary shares</b>	<b>Par value RM</b>	<b>Cumulative total RM</b>
17.01.2001	100,000	1.00	100,000
15.01.2002	4,900,000	1.00	5,000,000

**11. ACCOUNTANTS' REPORT (CONT'D)**  
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**2. GENERAL INFORMATION (CONT'D)**

**2.2 Share Capital (Cont'd)**

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

<b>Date of allotment</b>	<b>No. of ordinary shares</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative total RM</b>
17.01.2001	2	1.00	Subscribers' shares	2
03.05.2001	99,998	1.00	Cash	100,000
15.01.2002	4,900,000	1.00	Cash	5,000,000

**2.3 Principal Activities**

Ramunia is currently an investment holding company.

The principal activities of its subsidiary company are set out in Note 5 to this report.

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**11. ACCOUNTANTS' REPORT (CONT'D)**  
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**2. GENERAL INFORMATION (CONT'D)**

**2.4 Restructuring Scheme**

The restructuring scheme will entail the following:

2.4.1 Acquisition by Ramunia of Teluk Ramunia Fabrication Yard ("TR Yard"), and the entire issued share capital of RFSB from Ramunia Energy & Marine Corporation Sdn Bhd ("Remcorp") in the following manner:-

(a) Ramunia acquired TR Yard for a total consideration of RM105,000,000 satisfied in the following manner:-

- issuance of 84,000,000 ordinary shares of RM0.50 each in Ramunia ("Ramunia Shares") at par credited as fully paid-up together with 121,800,000 warrants 2004/2014 in Ramunia ("Warrants") on the basis of twenty-nine (29) Warrants for every twenty (20) Ramunia Shares issued for the acquisition of TR Yard;
- issuance of 84,000,000 3-year 1% irredeemable convertible unsecured loan stocks 2004/2007 in Ramunia ("ICULS") at its nominal value of RM0.50 each; and
- issuance of 42,000,000 5-year 1% non-cumulative irredeemable convertible preference shares of RM0.50 each in Ramunia ("ICPS") at par.

(b) Ramunia acquired the entire issued and paid-up share capital of RFSB comprising 5,000,000 ordinary shares of RM1.00 each for a total consideration of RM100,000,000 satisfied in the following manner:-

- issuance of 80,000,000 Ramunia Shares at par credited as fully paid-up together with 116,000,000 Warrants on the basis of twenty-nine (29) Warrants for every twenty (20) Ramunia Shares issued for the acquisition of RFSB;
- issuance of 80,000,000 ICULS at its nominal value of RM0.50 each; and
- issuance of 40,000,000 ICPS of RM0.50 each at par.

Under the acquisition agreements, Remcorp may nominate any of its wholly-owned subsidiary to be the recipient of the Ramunia Shares, Warrants, ICPS and ICULS that Remcorp is entitled pursuant to the terms of the acquisition agreements.

These transactions are collectively known as "Ramunia Assets Acquisition".

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**2. GENERAL INFORMATION (CONT'D)**

**2.4 Restructuring Scheme (Cont'd)**

2.4.2 Ramunia issued 48,351,938 Ramunia Shares to the Special Administrators ("SA") of Saship Holdings Berhad (Special Administrators Appointed) ("SHB") holding on behalf of the creditors of SHB whose claims are admitted for the purposes of the workout proposal of SHB ("Creditors") ("Debt Settlement").

2.4.3 Ramunia acquired the entire issued and paid-up share capital of SHB comprising 46,620,155 ordinary shares of RM1.00 each from the existing shareholders of SHB satisfied by the issuance of 18,648,062 ICPS at par credited as fully paid-up on the basis of two (2) ICPS for every five (5) ordinary shares of RM1.00 each ("Share Swap").

The new Ramunia Shares arising from conversion of ICPS shall upon allotment and issue, rank pari passu in all respects with the Ramunia Shares then in issue except that they shall not be entitled to any dividends, rights, allotments and/ or other distributions the entitlement date of which precedes the date of allotment of the said Ramunia Shares.

2.4.4 After the completion of the Ramunia Assets Acquisitions, Debt Settlement and Share Swap, the Restricted Offer for Sale/Placement will be undertaken in the following manner:-

(a) Restricted offer for sale of the following securities to the shareholders of Ramunia who were shareholders of SHB and allotted ICPS on 22 December 2004 pursuant to the Share Swap ("Entitled Shareholders") on a non-renounceable basis:

(i) 9,324,031 Ramunia Shares by the SA at the offer price of RM0.50 each on the basis of one (1) Ramunia Share for every two (2) ICPS allotted on 22 December 2004 pursuant to the Share Swap; and

(ii) 46,620,155 ICULS and 46,620,155 ICPS by Remcorp at the offer price of RM0.50 per ICULS and RM0.50 per ICPS on the basis of five (5) ICULS and five (5) ICPS for every two (2) ICPS allotted on 22 December 2004 pursuant to the Share Swap.

9,324,031 Warrants will be detached by Remcorp from the Ramunia Shares upon issuance and Remcorp shall transfer or cause to be transferred/issued a Warrant free of charge to every Entitled Shareholder who has acquired one (1) Ramunia Share, five (5) ICULS and five (5) ICPS for every two (2) ICPS held in accordance with the manner stated above at the time that the Ramunia Share, the ICULS and the ICPS shall be registered in the name of the Entitled Shareholders.

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**2. GENERAL INFORMATION (CONT'D)**

**2.4 Restructuring Scheme (Cont'd)**

**2.4.4 (b) Placement of the following securities:**

- (i) 39,027,907 Ramunia Shares by the SA and 4,736,048 Ramunia Shares and such additional number of Ramunia Shares as may be required in order to meet the public shareholding spread, by Remcorp to identified investors, at the placement price of RM0.50 per Ramunia Share; and
- (ii) up to 10,000 ICULS and/ or 10,000 ICPS, if required.

Pursuant to the Restricted Offer for Sale, certain Entitled Shareholders are entitled to less than 100 Ramunia Shares each. In the event that these Entitled Shareholders subscribe for their entitlement, the Ramunia Shares held by them will not qualify as public spread, being less than one (1) board lot. In such event, Remcorp will place out such number of Ramunia Shares as may be required to comply with the public spread of 25% required for listing. In accordance with the Bursa Malaysia Securities Listing Requirements, a listed issuer seeking a listing of its warrants or other convertible securities must have not less than one hundred (100) holders of such securities holding not less than one (1) board lot of the warrants or convertible securities each. Accordingly, in the event of under-subscription of the Restricted Offer for Sale, up to 10,000 ICULS and/or 10,000 ICPS will be made available to identified investors via private placement in order to meet the minimum number of holders required for listing at the placement price of RM0.50 per ICULS and RM0.50 per ICPS, whilst up to 10,000 Warrants will be disbursed for free to persons who qualify as public to ensure that Ramunia complies with the Bursa Malaysia Securities Listing Requirements.

2.4.5 The entire issued and paid-up share capital of SHB shall be disposed off by Ramunia to a special purpose vehicle nominated by the SA for a consideration of RM1.00 ("Share Disposal").

2.4.6 Remcorp shall cause Ramunia to seek listing on the Second Board of the Bursa Securities via re-listing of SHB. This entails the admission of Ramunia to the Official List of the Second Board of the Bursa Securities, and the listing and quotation of the entire issued and paid up share capital of Ramunia, Warrants, ICULS and ICPS and the new Ramunia Shares to be issued pursuant to the conversion of ICULS and ICPS and the exercise of the Warrants.


**3. ACCOUNTING POLICIES AND STANDARDS**

This Report is prepared on a basis consistent with the accounting policies normally adopted by Ramunia and RFSB and in accordance with applicable approved accounting standards in Malaysia.

**4. DIVIDENDS**

There were no dividends paid or declared by Ramunia during the period under review.

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

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**5. SUBSIDIARY COMPANY**

The details of the subsidiary company of Ramunia at the date of this Report are as follows:

Name of company	Effective equity interest	Principal activities	Date and place of incorporation	Authorised share capital RM	Issued and paid-up share capital RM
RFSB	100%	Fabrication of offshore oil and gas related structure and other related civil works	17.01.2001 Malaysia	5,000,000	5,000,000

**6. FINANCIAL STATEMENTS AND AUDITORS**

The financial statements of Ramunia for the financial period ended 30 June 2004 were audited by us. The financial statements of RFSB for the periods/ year under review were audited by us except for period ended 30 April 2002 which were audited by other firm of auditors. The auditors' reports for the financial statements for the periods/ year under review for Ramunia and RFSB were not subject to any qualification.

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**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

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**7. SUMMARISED INCOME STATEMENTS**

**7.1 Proforma consolidated income statements of Ramunia Group**

We set out below the proforma consolidated income statements of Ramunia Group for the past two (2) financial period/ year ended 30 April 2002 to 30 April 2003 and period ended 30 June 2004 based on audited financial statements. The proforma consolidated income statements are provided for illustrative purposes only, based on the assumption that the Group had been in existence throughout the financial periods/ year under review.

Periods/Year ended	30/04/2002 RM'000	30/04/2003 RM'000	14 months period ended 30/06/2004 RM'000
Revenue	105	39,032	103,657
Gross profit	5	3,611	9,306
(Loss)/profit before depreciation, interest and taxation	(445)	2,014	8,213
Depreciation	(1)	(194)	(767)
Interest expenses	(1)	(94)	(1,027)
(Loss)/profit before taxation but after depreciation and interest	(447)	1,726	6,419
Taxation	-	(390)	(2,037)
(Loss)/profit after taxation	(447)	1,336	4,382
Assumed number of ordinary shares in issue ('000)	212,352	212,352	212,352
Gross (loss)/earnings per share (Sen)	(0.21)	0.81	3.02
Net (loss)/earnings per share (Sen)	(0.21)	0.63	2.06

Notes:

1. The assumed number of ordinary shares represents the enlarged share capital after incorporating the effect of the Ramunia Assets Acquisition, Debt Settlement, Share Swap and Share Disposal.
2. There were no exceptional or extraordinary items in all the financial periods /year under review.



**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

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**7. SUMMARISED INCOME STATEMENTS (CONT'D)**

**7.2 Historical income statements of RFSB**

We set out below the results of RFSB for the past two (2) financial period/ year ended 30 April 2002 to 30 April 2003 and 14 months period ended 30 June 2004.

<b>Periods/Year ended</b>	<b>30/04/2002 RM'000</b>	<b>30/04/2003 RM'000</b>	<b>14 months period ended 30/06/2004 RM'000</b>
Revenue	105	39,032	103,657
Gross profit	5	3,611	9,306
(Loss)/profit before depreciation, interest and taxation	(445)	2,014	8,219
Depreciation	(1)	(194)	(767)
Interest expenses	(1)	(94)	(1,027)
(Loss)/profit before taxation but after depreciation and interest	(447)	1,726	6,425
Taxation	-	(390)	(2,037)
(Loss)/profit after taxation	(447)	1,336	4,388
Weighted average number of ordinary shares in issue('000)	1,206	5,000	5,000
Gross (loss)/earnings per share (RM)	(0.37)	0.35	1.29
Net (loss)/earnings per share (RM)	(0.37)	0.27	0.88

There were no exceptional or extraordinary items in all the financial periods/ year under review.

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

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**8. SUMMARISED BALANCE SHEETS**

The summarised audited balance sheets of RFSB are as follows:

Periods/Year ended	30/04/2002 RM'000	30/04/2003 RM'000	30/06/2004 RM'000
SHARE CAPITAL	5,000	5,000	5,000
(ACCUMULATED LOSS)/ RETAINED PROFITS	(447)	889	5,277
Total shareholders' fund	4,553	5,889	10,277
BORROWINGS	-	4,016	3,452
DEFERRED TAXATION	-	385	916
	4,553	10,290	14,645
Represented by,			
PROPERTY, PLANT AND EQUIPMENT	22	8,388	10,299
DEFERRED DEVELOPMENT EXPENDITURE	-	-	1,163
CURRENT ASSETS			
Inventories, at cost	-	-	1,374
Receivables	405	19,535	21,591
Amount due from customers	-	6,307	22,744
Short term deposits with a licensed bank	-	380	1,000
Cash and bank balances	4,181	75	1,085
	4,586	26,297	47,794
CURRENT LIABILITIES			
Payables	55	19,977	19,576
Borrowings	-	4,413	23,633
Tax payable	-	5	1,402
	55	24,395	44,611
NET CURRENT ASSETS	4,531	1,902	3,183
	4,553	10,290	14,645
NET TANGIBLE ASSETS PER SHARE (RM)	0.91	1.18	1.82

**11. ACCOUNTANTS' REPORT (CONT'D)**  
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**9. CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2004**

The audited cash flow statement of RFSB is as follows:

	<u>Note</u>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		6,425
<b>Adjustments for:-</b>		
Depreciation		767
Interest expenses		1,027
Interest income		<u>(10)</u>
Operating profit before working capital changes		8,209
Changes in working capital:-		
Inventories		(1,374)
Bankers' acceptance/ Trust receipts		8,493
Receivables		(2,056)
Payables		(400)
Customers		<u>(16,437)</u>
Cash used in operations		(3,565)
Tax paid		(110)
Interest received		10
Interest paid		<u>(1,027)</u>
Net cash used in operating activities		<u>(4,692)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for deferred expenditure		(1,163)
Purchase of property, plant and equipment	A	<u>(1,885)</u>
Net cash used in investing activities		<u>(3,048)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Withdrawal of fixed deposits		380
Repayment of finance creditors		<u>(1,144)</u>
Net cash used in financing activities		<u>(764)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes		(8,504)
Brought forward		<u>(3,296)</u>
Carried forward	B	<u><u>(11,800)</u></u>

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**9. CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2004 (CONT'D)**

**NOTES TO THE CASH FLOW STATEMENT**

**A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

During the year, the RFSB acquired property, plant and equipment with an aggregate cost of RM2,677,851 (2003: RM8,568,823) of which RM793,000 (2003: RM5,188,465) were acquired by means of hire purchase. Cash payments of RM1,884,851 (2003: RM3,380,358) were made to purchase the property, plant and equipment.

**B. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	RM'000
Short term deposits with licensed banks	1,000
Cash in hand and at banks	1,085
Bank overdraft	<u>(13,885)</u>
	<u>(11,800)</u>

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**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

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**10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES**

The following is a statement of assets and liabilities of Ramunia and the proforma Group as at 30 June 2004.

The Ramunia Group's statement of assets and liabilities has been prepared for illustrative purposes, based on the audited balance sheets as at 30 June 2004 incorporating the effects of the Ramunia Assets Aquisition, Debt Settlement and Share Swap and Share Disposal as though these were effected on 30 June 2004.

	Note	Ramunia RM'000	Proforma Group RM'000
SHARE CAPITAL	10.4	-	106,176
ICPS	10.5	-	50,324
ICULS (Equity component)	10.6	-	79,924
ACCUMULATED LOSS		(6)	(36,506)
Total shareholders' fund		(6)	199,918
ICULS (Liability component)	10.6	-	2,076
DEFERRED TAXATION	10.7	-	916
FINANCE CREDITORS	10.8	-	3,452
		(6)	206,362
Represented by,			
PROPERTY, PLANT AND EQUIPMENT	10.9	-	118,399
GOODWILL ON CONSOLIDATION	10.3(b)	-	90,123
DEFERRED EXPENDITURE	10.3(d)	2,081	1,163
<b>CURRENT ASSETS</b>			
Inventories, at cost		-	1,374
Trade and other receivables	10.10	-	19,577
Amount due from customers	10.11	-	22,744
Short term deposits with a licensed bank		-	1,000
Cash and bank balances		-	1,085
Total current assets		-	45,780
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10.12	2,087	24,068
Finance creditors	10.8	-	1,255
Short term borrowings	10.13	-	22,378
Tax payable		-	1,402
Total current liabilities		2,087	49,103
NET CURRENT LIABILITIES		(6)	(3,323)
		(6)	206,362

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*Shamsir Jasani Grant Thornton **NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****10.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

**10.2 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

**(a) Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure to foreign currency risks by monitoring and approving requisitions which involve foreign currencies.

**(b) Interest rate risk**

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

**(c) Credit risk**

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures and an internal credit review is conducted if the credit risk is material.

**(d) Market risk**

The Group has in place policies to manage the Group's exposure to fluctuation in the price of key raw materials used in the operations.

**(e) Liquidity and cash flow risks**

The cash flows of the Group is financed by bank overdraft. In the event of additional funds required to operate the Group, additional financing will be sought.

**11. ACCOUNTANTS' REPORT (CONT'D)***(Prepared for inclusion in the Prospectus)*Shamsir Jasani Grant Thornton **10.3 SIGNIFICANT ACCOUNTING POLICIES****(a) Accounting convention**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the other significant accounting policies.

**(b) Basis of consolidation**

The consolidated financial statements incorporated the financial statements of the Company and its subsidiary company made up to the period ended 30 June 2004. The subsidiary company is consolidated using the acquisition method of accounting.

At the date of acquisition, the fair values of the subsidiary companies' net assets are reflected in the Group's financial statements. The difference between the acquisition price and the fair value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill on consolidation is retained in the consolidated balance sheet and will be written off only when there is an impairment in value. The policy for the recognition and measurement of impairment losses is in accordance with Note 10.3 (n).

**(c) Subsidiary companies**

Subsidiary companies those companies in which the Group has a long term interest of more than 50% of the equity capital and in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost in the Company's financial statements. Impairment loss is made when the Directors are of the opinion that there is an impairment in the value of the investments.

**(d) Intangible assets**

Deferred development expenditure which is stated at cost, comprises of the expenses incurred in relation to the development of self installation offshore platform system. The expenditure will be amortised and recognised as an expense over a period of five years upon commercialisation of the system.

Should the development be considered as no longer of value, the related expenses will be charged to the income statement immediately.

**(e) Inventories**

Inventories are stated at the lower of cost (determined on the first in, first out basis) and net realisable value. Inventories comprises mainly of direct materials and consumables for the project purposes.

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**10.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) Revenue recognition

Revenue on fabrication project works is recognised based on the 'percentage of completion' method in cases where the outcome of the project can be reliably estimated.

Where the outcome of a fabrication project cannot be estimated reliably:-

- revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and
- contract costs will be recognised as an expense in the year in which they are incurred.

'Percentage of completion' is determined by reference to the proportion of total certified progress billing at the balance sheet date to the total contract sum. Provision is made for all foreseeable losses.

(g) Amount due from/to customer

Amount due from/to customer is the net amount of cost incurred for construction-in-progress plus attributable profit less progress billings and anticipated losses, if any. Contract costs incurred to date include:

- i) Costs directly related to the contract;
- ii) Costs attributable to contract activity in general and can be allocated to the contract; and
- iii) Other costs specifically chargeable to the customer under the terms of the contract.

(h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is computed in the straight line method so as to write off the cost of the property, plant and equipment over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Short term leasehold land and buildings	Over the lease period of 46 years
Plant and machinery	6%
Motor vehicles	20%
Office equipment	10%
Renovation	10%
Furniture & fittings	10%
Computers	10%



**11. ACCOUNTANTS' REPORT (CONT'D)***(Prepared for inclusion in the Prospectus)*Shamsir Jasani Grant Thornton **10.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Property, plant and equipment acquired under finance lease or hire purchase arrangements**

The cost of property, plant and equipment acquired under finance lease or hire purchase arrangements are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligations due under the finance lease or hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease or hire purchase agreements are allocated to income statement over the period of the respective agreements.

**(j) Receivables**

Known bad debts are written off and specific provision is made for debts which are considered doubtful of collection.

**(k) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(l) Provisions**

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(m) Foreign currency conversion and translation**

Translations in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the income statement.

The exchange rates used at balance sheet date are as follows:-

	<u>2004</u> RM
1 SGD	2.21
1 GBP	6.87
1 US Dollar	3.80
1 Euro	4.59

**11. ACCOUNTANTS' REPORT (CONT'D)***(Prepared for inclusion in the Prospectus)*Shamsir Jasani Grant Thornton **10.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Impairment of assets**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same assets.

Subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

**(o) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**10.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(q) Cash and cash equivalents

Cash comprises of cash and bank balances, bank overdraft and demand deposits. Cash equivalent are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund ("EPF") are recognised as an expense in the income statement as incurred.

**10.4 SHARE CAPITAL**

	<b>Proforma Group RM'000</b>
Authorised :	
Assumed ordinary shares of RM0.50 each	800,000
Assumed ICPS	55,000

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**10.4 SHARE CAPITAL (CONT'D)**

	<b>Proforma Group RM'000</b>
Issued and fully paid up:	
Ordinary shares of RM0.50 each	
- To be issued pursuant to the Ramunia Assets Acquisition	82,000
- To be issued pursuant to the Debt Settlement and Share Swap	24,176
	<u>106,176</u>

**10.5 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")**

Ramunia shall issue RM50,324,000 1 % ICPS at nominal value pursuant to the restructuring scheme as disclosed in Note 2.4 to this Report.

The terms of the conversion of the ICPS are as follow:

(i) Conversion period

Prior to the expiry of the tenure, the ICPS cannot be converted into new Ramunia Shares. Automatic conversion of all outstanding ICPS on the expiry of the tenure.

(ii) Conversion ratio

One (1) ICPS shall be converted into one (1) new Ramunia Share of RM0.50, credited as fully paid up.

(iii) Maturity date

The market day falling on the fifth anniversary of the date of issue of the ICPS.

(iv) Redemption

The ICPS are not redeemable for cash. All outstanding ICPS will be converted into new Ramunia Shares on the maturity date.

**10.6 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")**

	<b>Proforma Group RM'000</b>
Equity component	79,924
Liability component	2,076
	<u>82,000</u>

Ramunia shall issue RM82,000,000 1 % ICULS at nominal value pursuant to the restructuring scheme as disclosed in Note 2.4 to this Report.

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**10.6 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)**

The terms of the conversion of the ICULS are as follow:

(i) Conversion period

There shall be no conversion prior to the maturity date save and except on the occurrence of an event of default and the voluntary winding up wherein each ICULS holder shall in respect of all or any of his ICULS be entitled within six (6) weeks of the declaration of an event of default (but before the maturity date) by notice in writing to Ramunia (such notice to be accompanied by his ICULS) to elect to be treated as if the conversion right applicable to such ICULS had been exercisable and had been exercised immediately before the date the occurrence of the event of default. On maturity date, all outstanding ICULS shall be automatically converted into new Ramunia Shares at the conversion price.

(ii) Conversion ratio

One (1) ICULS shall be converted into one (1) new Ramunia Share of RM0.50, credited as fully paid up.

(iii) Maturity date

The market day falling on the third anniversary of the date of the first issue of the ICULS.

(iv) Redemption

The ICULS are not redeemable for cash. All outstanding ICULS shall be converted into Ramunia Shares automatically on the maturity date.

**10.7 DEFERRED TAXATION**

**Proforma  
Group  
RM'000**

Deferred taxation of subsidiary company acquired	916
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**10.8 FINANCE CREDITORS**

**Proforma  
Group  
RM'000**

Payable within 1 year	1,669
Payable after 1 year but not later than 5 years	4,436
	6,105
Less : Interest in suspense	(1,398)
	4,707
Present value of hire purchase	
- within 1 year	1,255
- after 1 year but not later than 5 years	3,452
	4,707

## 11. ACCOUNTANTS' REPORT (CONT'D)

(Prepared for inclusion in the Prospectus)

Shamsir Jasani Grant Thornton 

## 10.9 PROPERTY, PLANT AND EQUIPMENT

	Short term leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Medical equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Total 30.6.2004 RM'000
<b>Proforma Group Cost</b>								
Additions pursuant to Ramunia Assets Acquisition	103,800	4,300	-	-	-	-	-	108,100
Addition through acquisition of subsidiary company	-	7,924	209	297	14	2,807	9	11,260
At end of period	103,800	12,224	209	297	14	2,807	9	119,360
<b>Accumulated depreciation</b>								
Addition through acquisition of subsidiary company/ At end of period	-	654	51	37	-	218	1	961
<b>Net book value</b> At 30 June	103,800	11,570	158	260	14	2,589	8	118,399

Net book value of property, plant and equipment acquired under hire purchase amounted to RM 7,485,735.

**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**10.10 TRADE AND OTHER RECEIVABLES**

	<b>Proforma Group RM'000</b>
Trade receivables	15,169
Other receivables, deposits and prepayments	4,099
Amount due from holding company	309
	<u>19,577</u>

**10.11 AMOUNT DUE FROM CUSTOMERS**

	<b>Proforma Group RM'000</b>
Cost incurred to date	37,321
Attributable profit	226
	<u>37,547</u>
Less: Progress billings received and receivable	<u>(14,803)</u>
	<u>22,744</u>

**10.12 TRADE AND OTHER PAYABLES**

	<b>Proforma Group RM'000</b>
Trade payables	11,134
Other payables and accruals	12,934
	<u>24,068</u>

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**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**10.13 BORROWINGS**

	<b>Proforma Group RM'000</b>
Secured :	
Bank overdrafts	13,885
Bankers' acceptance	925
Trust receipts	<u>7,568</u>
	<u>22,378</u>

The Group's borrowings are secured by:-

- (a) Facility agreement of RM75 million;
- (b) Personal guarantee by one of the Directors of RFSB;
- (c) Corporate guarantee by Remcorp;
- (d) Deed of assignment in respect of contract proceeds payable by the awarders as well as all monies in the project accounts;
- (e) Deed of assignment in respect of the surplus proceeds arising from the sale of the TR Yard by Bank Islam (L) Ltd together with irrevocable undertaking from Bank Islam (L) Ltd to immediately remit over the surplus; and
- (f) Memorandum of Charge over TR Yard executed by Remcorp and held by the bank in escrow. A private caveat has been lodged on the said Yard.

The short term borrowings are obtained at interest rates ranging from 3.0% to 8.4% per annum.

**10.14 FINANCIAL INSTRUMENTS**

Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

**10.15 CAPITAL COMMITMENTS**

The management has advised that there is no capital commitments planned for the future at the current stage. Based on our review on the minutes of Board of Directors and discussion with the management of the Company, we are not aware of any major capital commitments existed as at 30 June 2004.



**11. ACCOUNTANTS' REPORT (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

Shamsir Jasani Grant Thornton 

**10.16 CONTINGENT LIABILITIES**

As at balance sheet date, the contingent liabilities are as follows:-

	<b>Proforma Group RM'000</b>
Potential litigation claim, inclusive of interest thereon	<u>277</u>

**10.17 NET TANGIBLE ASSETS ("NTA") PER ORDINARY SHARES**

Based on the statement of assets and liabilities of the proforma Ramunia Group as at 30 June 2004, the net tangible assets per share is calculated as follows:

	<b>Proforma Group RM'000</b>
NTA as per proforma Ramunia Group's statement of assets and liabilities	<u>108,632</u>
Number of ordinary shares of RM0.50 each assumed in issue ('000)	<u>212,352</u>
	RM
NTA per ordinary share	<u>0.51</u>

**10.18 EVENTS AFTER THE BALANCE SHEET DATE**


Save for those disclosed in the corporate proposals pursuant to the listing of Ramunia on the Second Board of Bursa Securities as mentioned in Note 2.4 to this Report, no other events have arisen subsequent to the balance sheet date, which require disclosure in this Report.

**10.19 AUDITED FINANCIAL STATEMENTS**

No audited financial statements of Ramunia and RFSB have been made up in respect of any period subsequent to 30 June 2004.

Yours faithfully,

  
**SHAMSIR JASANI GRANT THORNTON**  
 Firm No. AF:0737  
 Chartered Accountants

  
**DATO' N K JASANI**  
 Partner  
 Approval Number: 708/03/06(J/PH)

**12. VALUATION CERTIFICATE***(Prepared for inclusion in the Prospectus)*

Our Ref : VJB057/03/RFSB/IA/AJH/NH  
 Date : **22 DEC 2004**

Messrs Saship Holdings Berhad  
 (Special Administrators Appointed)  
 c/o Ernst & Young  
 4<sup>th</sup> Floor Kompleks Antarabangsa  
 Jalan Sultan Ismail  
 50250 Kuala Lumpur

For the attention of: **Mr Lim Tian Huat / Mr Chew Cheng Leong**

**IRHAMY & Co**  
 Chartered Surveyors

PROPERTY CONSULTANTS • PROPERTY RESEARCHERS • PROPERTY MANAGERS  
 REGISTERED VALUERS & ESTATE AGENTS • PLANT & MACHINERY APPRAISERS

Dear Sir,

**CERTIFICATE OF VALUATION**

**Titles : HS(D) NO. 8585 PTD NO. 421, HS(D) NO. 14211 PTD NO. 421A & HS(D) NO. 8586 PTD NO. 501, MUKIM OF PANTAI TIMOR, DISTRICT OF KOTA TINGGI AND STATE OF JOHOR**

**Property Address : TELUK RAMUNIA FABRICATION YARD, NO. 437, TELUK RAMUNIA, 81620 PENERANG, JOHOR DARUL TAKZIM**

Pursuant to the instruction by Messrs Saship Holdings Berhad (Special Administrators Appointed), we are pleased to submit our Certificate of Valuation for inclusion in the Prospectus to be issued in conjunction with the proposed listing of Ramunia Holdings Berhad (formerly known as Operasi Unggul Sdn Bhd) ("Ramunia") on the Second Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) via re-listing of Saship Holdings Berhad (Special Administrators Appointed).

We have inspected the above property on 19<sup>th</sup> November 2003. The date of valuation was also taken as 19<sup>th</sup> November 2003. We have also verified the land titles at the Registry of Land and Mines, Johor in Johor Bahru.

The details of the valuation are set out in our Report and Valuation vide report reference No. VJB057/03/RFSB/IA/AJH/NH dated 19<sup>th</sup> November 2003.

The Report and Valuation dated 19<sup>th</sup> November 2003 has been prepared based on the "Guidelines on Asset Valuations for Submission to the Securities Commission" and Malaysia Valuation Standards prescribed by the Board of Valuers, Appraisers and Estate Agents. We also sought an external expert i.e. DPI Konsult Sdn Bhd in ascertaining certain construction costs.

The basis of valuation adopted is the market value of the above property as at 19<sup>th</sup> November 2003. We have adopted the Comparison Method of Valuation and Cost Method of Valuation in arriving at the market value.

We certify that in our opinion the total Market Value of the above property is **RM105,000,000.00 (Ringgit Malaysia: One Hundred And Five Million Only)**, as described in the continuation pages overleaf.

Yours faithfully,

**IRHAMY & CO CHARTERED SURVEYORS**



**Irhamy Ahmad** BSc MRICS MISM APEPS IRRV MBIFM (UK)  
 Chartered Valuation Surveyor & Registered Valuer -V457  
 Managing Partner

*Head Office:*

9-G Jalan Tanjung SD 13/2  
 Bandar Sri Damansara  
 52200 Kuala Lumpur  
 M a l a y s i a  
 Tel : 603 - 62777330  
 Fax : 603 - 62777270  
 E-mail : iccs@top.net.my  
 Board Reg. No. : VE(2)0103

*Kajang Branch:*

No. 26B, Jalan Raja Haroun  
 43000 Kajang, Selangor Darul Ehsan  
 Tel : 603 - 87335388  
 603 - 87369388  
 Fax : 603 - 87370388  
 E-mail : iccskj@tm.net.my  
 Board Reg. No. : VE(2)0103/1

*Johor Bahru Branch:*

No. 7-01 Jalan Titiwangsa 3/3 Taman  
 Tampoi Indah 81200 Johor Bahru Johor  
 Tel : 607 - 241 6290 Fax : 607 - 241 6304  
 E-mail : irhamyjb@tm.net.my  
 Board Reg. No. : VE(2)0103/2

*Local Authority Unit:*

3rd Floor No 37 Jalan Selat  
 Taman Selat 12000 Butterworth  
 P u l a u P i n a n g  
 Tel / Fax : 604 - 3323882  
 E-mail : keh@pd.jaring.my



## 12. VALUATION CERTIFICATE (CONT'D)

(Prepared for inclusion in the Prospectus)

Property Identification	General Description	Method of Valuation/ Market Value
<p>Registered Owner Ramunia Energy &amp; Marine Corporation Sdn. Bhd.</p> <p>Titles HS(D) NO. 8585 PTD NO. 421, HS(D) NO. 14211 PTD NO. 421A and HS(D) NO. 8586 PTD NO. 501</p> <p>Tenure : Leasehold for 60 Years PTD No. 421 – expiry date 18 Dec 2050, having unexpired term about 46 years PTD No. 421A – expiry date 27 Jan 2054, having unexpired term about 50 years PTD No. 501 – expiry date 18 Dec 2050, having unexpired term about 46 years</p> <p>Express Conditions 1) Tanah ini hendaklah digunakan sebagai kawasan industri untuk tujuan perusahaan Kilang 'Construction of Fabrication Complex / Pipe Coating / Shipbuilding / Boat-Building and Repair dan kegunaan lain yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.</p> <p>2) Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.</p> <p>3) Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa kesemasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.</p> <p>Restriction In Interest Tanah yang dikemukakan ini tidak boleh dijual, dipajak, digadai atau dipindahmilik dengan apa cara sekalipun termasuk dengan cara menggunakan surat perjanjian bermaksud untuk melepaskan / menjual tanah ini tanpa kebenaran Penguasa Negeri.</p>	<p>The subject property is a large steel fabrication facility comprising reinforced reclaimed land, buildings and structures, plant, machinery, motor vehicles and associated equipment.</p> <p>The existing use of the subject property is mainly for fabrication activities for oil and gas industry such as jackets, marine platforms, topsides and other fabricated steel structures.</p> <p>The fabrication facilities and improvements are estimated to be about 15 to 20 years of age.</p> <p>The subject property is designated for industrial land use.</p> <p>The Site The subject property comprises three (3) parcels of reclaimed land namely Lots PTD No. 421, PTD No. 421A and PTD No. 501 with a total provisional land area of about 36.42 hectares.</p> <p>Lots PTD No. 421 and PTD No. 421A are contiguous lots having a combined land area of 19.43 hectares. Both lots are irregular shaped and generally flat in terrain. Combined, they have an average width of about 400.00 metre and an average length of about 485.00 metre.</p> <p>Its southern and southeastern boundaries which have a combined measurement of about 650.65 metres in length has a frontage onto the Straits of Singapore / South China Sea</p> <p>Lot PTD No. 501 is separated from the other two lots above by Lot PTD No. 502 (occupied and operated by Sime Sembawang Engineering Sdn Bhd). The land is almost trapezoidal in shape, generally flat in terrain and lies level with the frontage road.</p> <p>It has a frontage of approximately 50.00 metres onto Jalan Teluk Ramunia and an average depth of 735.24 metres. Its southern boundary which is about 216.70 metre in length has a frontage onto the South China Sea. The provisional land area is about 17.00 hectares.</p> <p>The Buildings Erected on the subject site are the following buildings (built-up area) :-  1. Production Office Nos. 1 &amp; 2 (1,088.07 sq metres each)  2. Mechanical &amp; Piping Workshop, Open Sided Workshop and Fabrication Workshop (1,934.59 sq metres, 234.11 sq metres &amp; 1,578.59 sq metres respectively)  3. Toilet Block Nos. 1 &amp; 2, Guard House, Surau and Covered Car Parks (63.36 sq metres &amp; 9.30 sq metres, 5.20 sq metres, 53.51 sq metres &amp; 540.70 sq metres respectively)  4. Power House (71.53 sq metres)  5. Store Nos. 1 &amp; 2 (738.76 sq metres &amp; 986.62 sq metres respectively)</p>	<p>Method of Valuation - Comparison and - Cost Methods</p> <p>Market Value RM105,000,000.00</p>

**12. VALUATION CERTIFICATE (CONT'D)**  
*(Prepared for inclusion in the Prospectus)*

<p>Encumbrances                  Private Caveat entered by Alliance Bank Malaysia Berhad vide Pres. No. 39203/2002 dated 30th October 2002.</p> <p>Category of Land Use                  Industrial</p> <p>Location/Postal Address                  Teluk Ramunia Fabrication Yard, No. 437, Teluk Ramunia, 81620 Pengerang, Johor Darul Takzim.</p>	<p>Note : The approved Building Plans by the relevant authority which certified by the owner were supplied to us except for the Production Office No. 2, Open Sided Workshop, Guard House, Surau and Covered Car Parks. All the copies of the Certificate of Fitness for Occupation for the subject buildings were not provided to us.</p> <p>The Other Improvements</p> <p>1) Wharves                  Two (2) wharves / loadout jetties are built along the sea front of the subject sites. The wharf on Lot PTD Nos. 421 and 421A has a quayside length of about 270.00 metres whilst the one on Lot PTD No. 501 has a length of about 45.00 metres.                  These wharves have capacities ranging between 6,000 tonnes to 12,000 tonnes and depths ranging between 6 metres to 7 metres.                  The above wharves are constructed of reinforced concrete structure and piles and supported by sheet piles. The piles are driven in vertically and slanted manner to set piling and tied.</p> <p>2) Skidways                  The operations of the yard on the subject sites are facilitated by skidways to transport or move fabricated products such as jackets, marine platforms, topsides and other fabricated steel structures to the above wharves. The skidways are constructed with skidbeams and piled foundations.</p> <p>3) Assembly /Fabrication Tables                  There are three fabrication tables erected on Lot PTD Nos. 421 and 421A which identification as Tables A, B, and C with a measurement of about 32.92 metres x 91.44 metres, 30.00 metres x 91.44 metres and 30.00 metres x 91.44 metres respectively.                  They are generally constructed of metal beams and columns raised to about 1 metre above the ground level. The columns are on reinforced concrete pad foundations.                  These tables are equipped with manipulators on rails for welding purposes. The SAW Machines are placed on the one side of the Fabrication Tables.</p> <p>4) Plant, Machinery, Motor Vehicles and Associated Equipment                  As follows:                  1. Generator sets                  2. Welding tools and machines                  3. Forklifts, cranes, trucks, jeep, pickup and prime movers                  4. Pumps, ovens, air compressor, cutters, punchers, building system, gangways, concrete slabs, water tanks and overhead traveling cranes</p>
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13. **DIRECTORS' REPORT** (Prepared for inclusion in the Prospectus)



**RAMUNIA HOLDINGS BERHAD**

(formerly known as Operasi Unggul Sdn. Bhd.)

(Co. No.: 634775-D)

8<sup>th</sup> FLOOR, PLAZA PEKELILING, JALAN KAMPAR, OFF JALAN TUN RAZAK, 50400 KUALA LUMPUR  
Tel.: 03-40476800 Fax: 03-40431058 e-mail: info@ramunia.com

Date : **21 DEC 2004**

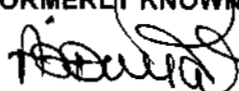
The Shareholders of  
Ramunia Holdings Berhad  
(formerly known as Operasi Unggul Sdn Bhd) ("Ramunia" or "Company")  
12.07-12.09, 12<sup>th</sup> Floor,  
Plaza Permata (IGB)  
Jalan Kampar, Off Jalan Tun Razak,  
50400 Kuala Lumpur

Dear Sir/Madam,

On behalf of the board of directors, I wish to report after due enquiry that between the period from 30 June 2004 (being the date to which the last audited accounts of the Company and its subsidiary company ("Group") has been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issuance of this prospectus), that:

- (a) the business of the Group has, in the opinion of the directors, been satisfactorily maintained;
- (b) in the opinion of the directors, no circumstances have arisen since to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 10.4(iii) of this prospectus, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiary company; and
- (e) save as disclosed in Section 10.4(ii) of this prospectus, in the opinion of the directors, since the last audited accounts of the Group they are not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) save as disclosed in the "Proforma Consolidated Balance Sheets" and the "Accountants' Report" of this prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully,  
For and on behalf of the Board of Directors  
**RAMUNIA HOLDINGS BERHAD**  
(FORMERLY KNOWN AS OPERASI UNGGUL SDN BHD)

  
\_\_\_\_\_  
Dato' Azizul Rahman bin Abd Samad  
Chairman