

3. RISK FACTORS

In evaluating an investment in the Public Offering, prospective applicants should carefully consider all information contained in this prospectus including but not limited to the general and specific risks of the following investment considerations:-

3.1 Risks Associated With Group's Business and Operations

(i) Dependence on the Level of Oil Exploration and Production Activities in Malaysia

As RFSB is principally engaged in the provision of offshore fabrication services to the offshore oil and gas industry, the level of activities in this industry has a direct impact on RFSB operations. Factors which may affect the level of oil exploration and production activities include, inter alia:-

- Level of oil prices

Oil prices have a direct bearing on the level of activities in the oil and gas industry. Higher oil prices typically lead to an increase in oil exploration and production activities as the potential return from the upstream activity increases. Oil companies are likely to be motivated to explore potential oil fields that are otherwise not commercially feasible to operate when oil prices are low.

Conversely, low oil prices may cause a reduction in oil exploration and production activities. In the event that there is a prolonged period of depressed oil prices, the level of activities in the industry may decrease resulting in a lower demand for RFSB's services.

- Changes To Existing Terms of Production Sharing Contract

A Production Sharing Contract enables the PSCs to enjoy exclusivity for the contract of petroleum exploration and production operations in the defined block or area for a specified period. These PSCs reserve the right to execute the operations, recover the operating costs and share the profits from the sale of crude oil with PETRONAS in the agreed proportions. On the other hand, PETRONAS reserves the right to manage the operations, approve the annual work program and budget, and is also entitled to use amongst others the facilities, infrastructure and data collated.

Any adverse change or development to the current PSC regime may lower the level of oil exploration and production activities, hence adversely affecting RFSB's operations and performance.

Nevertheless, as the oil and gas industry is seen as the major contributors to the Malaysian economy, both as a source of energy and a major foreign exchange earner, it is expected that there will be continued growth in the industry, which bodes well for Ramunia, in terms of steady stream of contracts and in turn, revenue and growth in the long term.

3. RISK FACTORS (CONT'D)

(ii) Dependence on Contracts/Customers/Market

The fabrication of offshore oil and gas structures represents the core business and main contributor to RFSB's profits with the main customer of RFSB being Petronas Carigali, Shell and ExxonMobil, which have contributed approximately 60% of RFSB's total turnover for the fourteen (14) month period ended 30 June 2004. Additionally, RFSB's products and services have been predominantly provided to Petronas Carigali and to the local PSCs such as Shell and ExxonMobil. There has not been any overseas contract secured since its commencement of operations.

However, there is no assurance that the business relationship with these customers will not be disrupted and the tendered and forecasted projects will be secured and completed with the expected contract sum and profit margin, which may adversely affect RFSB's revenue and profitability.

As a mitigating factor, the trade debtors' ageing profile of RFSB has remained manageable at fifty three (53) days as at 30 June 2004, which is within the credit period granted of up to sixty (60) days. In addition, RFSB has good business relationship with these customers which further mitigates any possible disruption to such relationship which would in turn affect RFSB's revenue. With RFSB's competitive advantages and the positive outlook of oil and gas industry, RFSB is well positioned and confident to continue being awarded local projects and expand its business in the ASEAN and Middle East region in the long term. In an effort to sustain its core business activities and to reduce its dependence on these major customers, RFSB is continuously seeking opportunities to expand its core business into Asia Pacific Region and the Middle East, and diversify into civil construction work and marine support services.

(iii) Competition

RFSB operates in a controlled-environment as PETRONAS has restricted the number of approved/licensed fabrication yards and the number of Major Fabricator Licence holders to ensure the economic well-being of the industry and to maintain the high standards of oil and gas fabrication. The details of the Major Fabricator Licence are set out in Section 4.2.4 below.

There are only seven (7) PETRONAS-licensed major fabricator including RFSB which are eligible to bid for any fabrication contracts tendered by the PSCs in Malaysia. Apart from RFSB, the other licensed fabricators are as follows:-

- Sime Semcorp Engineering Sdn Bhd
- Malaysia Shipyard & Engineering Sdn Bhd
- Penang Shipbuliding & Construction Sdn Bhd
- HL Engineering (M) Sdn Bhd
- Brooke Dockyard & Engineering Works Corporation
- Oil-Line Fabricators Sdn Bhd

Based on the projects awarded by the PSCs to the major fabricators, RFSB's management estimates that RFSB has captured 10% of the industry's market share which is projected to increase to 15% over the next three (3) years. In terms of the respective companies' fabrication yard capacity and space, RFSB's Directors believe that RFSB is one (1) of the three (3) largest fabricators in Malaysia.

3. RISK FACTORS (CONT'D)

Whilst RFSB believes that TR Yard's proven track record and its team of experienced and skilled key management will enable the Company to remain competitive in the future, there can be no assurance that RFSB will be able to maintain or increase its market share in the future in light of competition from existing players and/or potential new entrants to this industry.

This risk is mitigated by its competitive price, quality of service and yard capacity. In ensuring that it is able to compete effectively against its competitors, RFSB places much emphasis on its competitive advantages as detailed in Section 4.2.9 below. Further, the high start-up costs for an engineering and fabrication business, coupled with the need for highly skilled and experienced personnel to manage and run the business act as a deterrent to new entrants into the market which RFSB operates.

(iv) Dependence on Key Management and Skilled Workforce

Being in a highly specialised industry, RFSB's performance hinges notably on the performance and ability of its staff. More particularly, the nature of the business demands both the management team and workforce to be highly skilled and technically competent in quality and safety. Stringent safety measures are in place to prevent and eliminate hazards in the work environment. Progressive and continuous courses are organised by the Company to further develop the workers' skill and technical competence and also to update them on new safety measures introduced within the country.

It can be said that RFSB's success is mainly due to the efforts of its experienced management team who has been instrumental to its success and this is well demonstrated by its ability to revive TR Yard within two (2) years from the commencement of its operation of TR Yard in 2001. RFSB is led by a strong and dynamic team of directors and is well-managed by a team of qualified personnel who have extensive knowledge and experience in the oil and gas industry. The credential and list of directors and key management of RFSB are set out in Section 6 of this prospectus. The continued success of RFSB will depend to a great extent on the abilities and continued effort of RFSB's directors and management team. Accordingly, the loss of any key personnel may have an impact on its ability to compete effectively in the industry. Therefore, every effort is made to attract, groom and retain the junior and middle management for succession planning to ensure smooth transition in management should changes occurs. This will ensure the continued performance and success of RFSB in the future.

(v) Technological Know How and Experience

RFSB is operating in a highly specialised industry that requires very specialised knowledge. Such knowledge can only be acquired through on-the-job experience whilst industry specific skills can only be developed to an acceptable level of technical competence over time, usually over time.

In view of such knowledge which is fundamental to the business, RFSB is constantly seeking opportunities and taking effective measures to enhance its technical knowledge and experience by participating in collaborations, either as sub-contractor or part of a consortium, or as a joint-venture partner with international turnkey contractors in larger projects.

3. RISK FACTORS (CONT'D)

(vi) Delay in Completion of Projects

Completion of a project on time is dependent on many external factors which may fall beyond the control of RFSB, such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials in adequate amount, satisfactory performance of building contractors and favourable working weather condition for site works. Any delay caused by any of these factors may have a direct impact on its profitability.

RFSB has an experienced and capable project management team to supervise and manage the projects and proper planning is essential for all major projects.

(vii) Foreign Exchange Risk

Typical contracts with the PSCs allow the bidders to quote in a combination of any three (3) currencies as stipulated in the bid documents. These would typically include RM, USD, Euro, Yen, British Pound Sterling and Singapore Dollars. Depending on the sources of supply and procurement, RFSB would aim to achieve a "natural hedge" by quoting the bids in the relevant currencies, i.e. the revenue would be in the same currency with the costs of sales.

For the fourteen (14) month period ended 30 June 2004, the USD exposure amounted to RM2.3 million equivalent or 6.5% of total purchases whilst exposure to Euro, Singapore Dollars and Pound Sterling in aggregate amounted to RM5.4 million equivalent or 15.5% of total purchases at the then prevailing rates of exchange.

Due to the "natural hedge" attained given the flexibility of quoting prices in the different currencies as provided by the bid documents, RFSB does not pursue any active hedging scheme against the foreign exchange risks.

(viii) Regulatory Constraints

By virtue of the Major Fabricator Licence, RFSB is obliged to bid for and undertake major fabrication works for the PSCs in Malaysia. RFSB has been issued the Major Fabricator Licence on 26 June 2002 which permit RFSB to provide, among others, onshore construction/fabrication service for major fabrication (offshore structures). The Major Fabrication Licence is valid for a period of two (2) years from 1 July 2002. RFSB has successfully renewed the licence for a second term expiring on 30 June 2006. Without the Major Fabricator Licence, RFSB is not allowed to undertake major fabrication works for the PSCs, which is its core business.

Nonetheless, there is no assurance that the current licences and permits held by RFSB will be renewed by the relevant authorities and licensors, or if they are renewed, that such renewal would be effected within the anticipated timeframe or without any new terms and conditions imposed, which may materially affect the operations of RFSB. However, RFSB does not foresee any issue in the renewal of the Major Fabricator Licence as RFSB will ensure compliance with the conditions of the Major Fabricator Licence.

(ix) Political and Economic Considerations

Like any other business entities, changes in political and economic conditions in Malaysia and the countries in which it operates could materially and/or adversely affect the profitability and business prospects of RFSB. These political and economic uncertainties include, but not limited to, the changes in political leadership, expropriation, nationalisation, changes in interest rates or tax, risks of war, global economic downturn.

3. RISK FACTORS (CONT'D)

Whilst RFSB practices prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic developments, which are beyond the Company's control, will not materially affect RFSB.

(x) Short Operating History and Dependency on RFSB

Ramunia has only one (1) subsidiary company upon listing, namely RFSB. RFSB was only incorporated in 2001 and commenced operations on 1 August 2001. RFSB has achieved the following since its incorporation:-

- turnaround within one (1) financial year since its incorporation from net loss of RM447,000 to net profits of RM1.3 million for the financial year ended 30 April 2003;
- successfully completed major fabrication projects with contract amount of RM97.7 million up to 30 June 2004, including the successful completion of its first project. Being in the major fabrication industry, RFSB believes that its first project is the longest jacket fabricated in Malaysia to date; and
- successfully secured other major fabrication contracts from other PSCs in Malaysia, including ExxonMobil and Shell subsequent to its first project with Petronas Carigali.

As RFSB has a short track record, there can be no certainty that RFSB will continue to grow and achieve its estimate and forecast. However as a mitigating factor, RFSB has an experienced management team and its current results are encouraging. RFSB's management has the expertise, capability and extensive experience in the oil and gas industry. In addition, Ramunia operates TR Yard, which is reputed for its purpose-built fabrication facilities since it commenced operations in the 1980s as well as the fabrication of the first jacket in Malaysia for Duyong Gas Field.

(xi) Breakout of Fire, Energy Crisis and Other Emergencies and Uninsurable Risk

In the event of any breakout of fire, energy crisis and other emergencies, the directors of RFSB are of the opinion that its assets consisting mainly of TR Yard, stocks, office equipment are adequately insured for public liability, fire/flood, theft, consequential loss and personal accident term life for staff. However, there are other uninsurable risks such as natural disaster, which may be beyond the insurance coverage. In the event that these risks occur, it will affect the operations of the Group.

(xii) Security and Environmental Concerns

The effects of the war against Iraq and/or post war events as well as the outbreak of Severe Acute Respiratory Syndrome ("SARS") and bird-flu on global and domestic and health and safety concerns may lead to disruptions in the security and operating environments and hence the overall productivity and profitability of the Group.

Whilst the Group will continue to monitor the situation closely, especially on SARS and bird-flu, and take active measures to mitigate such business and operational risks, there can be no assurance that there will not be any material adverse effect on the future profitability of the Group arising from the Iraq war, SARS and bird-flu, should there be any prolonged uncertainties arising therefrom.

3. RISK FACTORS (CONT'D)

The Group's process does not result in any significant environmental issues as it does not produce any toxic or hazardous waste. However, there can be no assurance that any future environmental issues would not materially and adversely affect the Group's operations.

(xiii) Restrictive Covenants Pursuant to Credit Facilities Agreements

RFSB has entered into various credit facility agreements with banks or financiers to finance its operations and business activities. These agreements may limit RFSB's operating and financial flexibilities. Any act by RFSB falling within the scope of restrictive covenants in such credit facilities agreements may give rise to a right by the banks or financiers to terminate the relevant credit facility and/or enforce any securities granted in relation to that credit facility which may cause a cross default on other credit facilities.

Pursuant to the restrictive covenants imposed on RFSB, RFSB is required to obtain the prior written consent of its financiers to, among others, implement part of the Restructuring Scheme, obtain any additional facilities, create further encumbrances over its assets or to amend its Memorandum & Articles and Association. RFSB has not obtained the prior written consent of the relevant financiers for the above matters and for the additional facilities and further encumbrances created by RFSB. RFSB has written to its financiers to seek their consent. There can be no assurance that the financiers will consent to the above. In the event that the financiers do not grant their consent or grant consents with conditions not acceptable to RFSB, the financiers may recall their facilities and thereafter enforce their rights under the security documents.

Pursuant to the credit facilities agreements, RFSB is not allowed to declare any dividend or bonus issue or make any distribution of share capital or profit without prior written consent of the financiers. Accordingly, this may limit RFSB's ability to declare dividend to Ramunia which in turn may affect Ramunia's ability to declare dividends to ICPS holders or other shareholders. There can be no assurance that the prior consent can be obtained nor the aforesaid enforcement of the right by the banks or financiers will not have any adverse impact on RFSB's operations and financial results.

(xiv) Achievability of Estimate and Forecast Results

Sections 10 and 11 of this prospectus contains the consolidated estimate and forecast results of Ramunia that is based on assumptions with respect to the contracts secured and unsecured, cost, interest rates and other matters of an operational or financial nature which according to the views of the directors of RFSB are reasonable. Approximately 45% and 43% of the consolidated gross profit and consolidated revenue respectively for the forecast year ending 31 October 2005 are dependent on the ability of the Group to secure new contracts and the relevant stages of completion which may be subject to uncertainty.

Therefore, due to the inherent uncertainties which are involved in the preparation of the estimate and forecast, and because events and circumstances may not occur as expected, there can be no assurance that the estimate and forecast contained herein will be realised and actual results may be materially different from those shown. Further, no assurance can be given that any change in these factors will not have an adverse effect on the business/operations of RFSB.

3. RISK FACTORS (CONT'D)

This risk is mitigated by the profit guarantee granted by Remcorp in favour of Ramunia, whereby Remcorp represents, warrants and undertakes to Ramunia that the profit after tax of RFSB for the eighteen (18) month period ended 31 October 2004 and the financial year ending 31 October 2005 shall not be less than RM12.2 million and RM17.1 million respectively. If in any financial period/year, the profit after tax certified by the auditors of Ramunia or an independent auditor, as the case may be is less than the guaranteed sum for that corresponding period/year, Remcorp shall pay the shortfall in cash in accordance with the terms and conditions under the PGA. AmTrustee Berhad, the stakeholder under PGA has the right to sell ICULS or other securities deposited by Remcorp if Remcorp fails to make the payment for the shortfall.

(xv) CF in respect of TR Yard Facilities

Currently, Ramunia Group operates from TR Yard where only temporary CF in relation to the facilities on TR Yard were issued by MDKT As at the date of this prospectus, the qualified consultant engineers appointed by Remcorp is in the midst of finalising other relevant documentation for the facilities and buildings located on TR Yard in relation to the application for the permanent CF. The laws regulating the requirement of CF are the SDBA and the UBBL By-Law 28 of the UBBL provides that no person shall occupy or permit to be occupied any building or any part thereof unless a CF, a partial CF or a temporary CF has been issued under the UBBL for such building and any failure to comply with the UBBL shall render such person liable to prosecution under the SDBA. Failure to comply with By-Laws 28 of the UBBL shall render the person liable on conviction to a fine not exceeding RM2,000 and a further fine not exceeding RM100 for every day the offence is continued after conviction. It is also stated under Section 72 of the SDBA that contravention of the UBBL may entitle the local authority to serve a notice on the owner requiring the owner to demolish such building and/or take such steps as may be ordered by the local authority.

Ramunia has given its undertaking via its letter to the SC dated 7 December 2004 whereby it undertakes to use its best endeavour to obtain approval for all the unapproved buildings or structures erected on TR Yard and subsequently be issued with the permanent CF within twelve (12) months from the date of the SC's approval letter dated 9 August 2004.

Please refer to Section 9.1 on page 132 of this prospectus for further information.

3.2 Risks Associated With Investment in Ramunia's Securities**(i) No Prior Market For Securities**

There has been no prior public market for the Company's securities. There can be no assurance that an active public market will be developed or sustained after this Public Offering or that the market price of the securities will not decline below the offer price and/or placement price. The Company believes that a variety of factors could cause the price of the Company's securities to fluctuate and such fluctuations may adversely affect the market price of the Company's securities.

(ii) Capital Market Risks

As an investor of Ramunia, please note that the Shares, ICULS, ICPS and Warrants will be listed on the Second Board of Bursa Securities. The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the

3. RISK FACTORS (CONT'D)

volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of the listed securities. Nevertheless, the profitability of Ramunia is not dependent on the performance of Bursa Securities as the business activities of RFSB have no direct correlation with the performance of securities listed on the Bursa Securities.

(iii) Volatility of Market Price due to Subsequent Sales

Sales of substantial amounts of securities in the public market after the Public Offering could adversely affect the market price of the Company's securities and the Company's ability to raise capital in the future in the equity markets.

(iv) Control by Substantial Shareholder

Upon listing of Ramunia but prior to the conversion of the ICULS, ICPS and exercise of Warrants, Remcorp will hold 75% of the enlarged issued and paid-up share capital. As such, it is likely that Remcorp will be able to effectively control the business direction and management of Ramunia by virtue of its major shareholding in Ramunia and its nominee directors on the board of Ramunia, unless Remcorp and/or its nominee directors in Ramunia are required to abstain from voting by law and/or by relevant authorities.

(v) Delay in Listing of Ramunia on the Second Board of the Bursa Securities

Any unexpected delay in the completion of the Restructuring Scheme may delay the listing date of Ramunia. However, Ramunia would make every effort where possible to list its securities on the Second Board of Bursa Securities once the relevant approvals are obtained from the respective authorities.

(vi) Disclosure Regarding Forward-Looking Statements

This prospectus includes forward-looking statements, which are statements other than statements of historical facts. Although Ramunia believes that, the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct.

(vii) Acquisitions and Joint Ventures

If the appropriate opportunities present themselves, Ramunia may acquire businesses, products or technologies which it believes will be in the interest of its shareholders. There can be no assurance that Ramunia will be able to successfully identify, negotiate or finance such acquisitions.

There can be no assurance that the anticipated benefits of any acquisition will be realised, or that the Company will be able to generate sufficient revenues from any such acquisition to offset associated acquisition costs. Acquisitions may also result in potentially further issuances of equity, the incurrence of debt and contingent liabilities and amortisation expenses related to goodwill and other intangible assets.

The Company may also evaluate, on a case-by-case basis, joint venture relationships with certain complementary businesses. Any such joint venture investments would involve many of the same risks posed by acquisitions, particularly those risks associated with the diversion of resources, the inability to generate sufficient revenues, the management of relationships with third parties, and any potential additional expenses.

As a mitigating factor, any investment of such nature will be carefully considered by the board of directors of Ramunia with due care.

3. RISK FACTORS (CONT'D)**(viii) Completion of the Acquisition of TR Yard**

On 10 December 2004, Ramunia had submitted an application to the Stamp Office to seek an exemption on the stamp duty applicable for the transfer of TR Yard under Section 15 of the Stamp Act, 1949.

Pending such application, SHB, Remcorp and Ramunia had on 30 November 2004, executed the Second Supplemental TR Yard Sale And Purchase Agreement pursuant to which Remcorp had on 13 December 2004 executed the Declaration of Trust in favour of Ramunia declaring itself holding the TR Yard in trust for Ramunia until such time that TR Yard is registered in the name of Ramunia. As such, Ramunia is not the registered proprietor of TR Yard as at the date of this prospectus and at the point of listing of Ramunia until such time that the instrument of transfer is perfected and registered at the relevant Land Office or Registry. The transfer can only be presented upon it being endorsed as exempted from stamp duty or until such time that the stamp duty payable is paid with the transfers endorsed accordingly. Should the transfer be rejected subsequent to the completion of the TR Yard Sale And Purchase Agreement and the listing (due to caveat entered by any party or otherwise), legal ownership of the TR Yard will not pass to Ramunia until all acts are done to perfect the transfer (including the withdrawal or removal of any existing caveat) and the transfer is accepted and registered by the Land Office or Registry. In the event of late payment of stamp duty, penalty of up to 20% of the amount of the deficient duty may be imposed.

Remcorp and Ramunia had given undertakings under the TR Yard Sale And Purchase Agreement to provide the other party with such assistance and further documentation as the other party may require to enable the registration of TR Yard to be completed. Remcorp and Ramunia have given undertakings to pay for the stamp duty in the Second Supplemental TR Yard Sale And Purchase Agreement. However, in the event that Ramunia or Remcorp fails to pay for the stamp duty, court proceedings may be taken to enforce such payment and enforcement of such undertakings may take time. Recoverability is also dependent on Ramunia's and Remcorp's ability to pay.

If the transfer cannot be registered in favour of Ramunia free from encumbrances for any reason other than Ramunia's default under the TR Yard Sale And Purchase Agreement, Ramunia shall be entitled to terminate the TR Yard Sale And Purchase Agreement. However, Ramunia's rights of termination although exist contractually, maybe of limited application since completion and listing would have taken place by then.

As Ramunia's interest over TR Yard is beneficial in nature, any legal interest created by Remcorp over TR Yard in favour of another party will have priority over Ramunia's beneficial interest. Ramunia's interest will also be subject to the interest of any bona fide purchaser for value without notice of Ramunia's interest. This is mitigated by restrictive covenants imposed on Remcorp in the Declaration of Trust prohibiting dealings in TR Yard in the manner that is inconsistent with Ramunia's interests and by private caveats lodged by Ramunia and SHB. Any remedies such as specific performance and injunction to enforce such restrictive terms and covenants are discretionary in nature and may not be granted if the Court is of the view that it is not the appropriate remedy. Other remedies available to Ramunia are, among others, damages which would depend substantially on the ability of Remcorp to pay for the damages.

The absence of legal ownership of TR Yard pending registration of the transfer may also impede Ramunia's ability to seek financing using the TR Yard as securities.

3. RISK FACTORS (CONT'D)

(ix) Material Litigation, Claim or Arbitration and Legal Uncertainties

Save for the material litigations disclosed in Section 1.12(ii) above, the Group is not engaged in any material litigation, claim and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Ramunia or its subsidiary company and the directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of Ramunia or its subsidiary company. However, there can be no assurance that the subsisting proceedings will not materially and adversely affect the position or business of the Group and there would be no additional proceedings that could adversely affect the positions or business of the Group in the future.

Being in the major fabrication industry, Ramunia Group enters into various agreements in its ordinary course of business. The Directors of Ramunia are of the opinion that the agreements are properly prepared and executed, and are not aware of any legal uncertainty in respect of these agreements.

(x) Events of Default set out in the Trust Deed

40% of the purchase consideration of the Ramunia Assets Acquisitions, being RM82,000,000 was financed by ICULS bearing coupon rate of one per centum (1%) per annum payable annually in arrears. Any failure by Ramunia to meet the timely repayment of the coupon payment may trigger an event of default under the Trust Deed which could materially affect the operating and financing capabilities resulting from cross default of all other financing facilities and/or renewal of current licences and permits held by RFSB. Further, in the event that Ramunia is unable to refinance or restructure such defaulted facilities, the same could attract potential litigations against it.

In addition, if any of the event(s) of default stated in the Trust Deed occur(s) (including the voluntary winding-up), the Trustee may, in its discretion and shall if so directed by a special resolution of the ICULS holders, by giving notice in writing to Ramunia, declare that an event of default has occurred where 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 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 and in that event he will be entitled to receive out of the assets of Ramunia available in the liquidation *pari passu* with the shareholders of Ramunia. Accordingly, the shareholdings of the Company's shareholders at that point in time may be diluted as a result of such conversion of the outstanding ICULS.

Notwithstanding the potential occurrence of the afore-mentioned events of default and the subsequent conversion of ICULS, if any, which could materially affect the operating and financing capabilities of Ramunia, the directors of Ramunia do not anticipate any difficulty to carry out its obligations in the Trust Deed. The risks arising from the events of default is further mitigated by the interest cover ratio of 12.94 times based on the yearly coupon of RM820,000 and the consolidated forecast profit after tax before exceptional items but after pre-acquisition profit of Ramunia for the financial year ending 31 October 2005 of RM10.611 million.

4. INFORMATION ON THE GROUP

4.1 BACKGROUND

4.1.1 Incorporation and Commencement of Business

Ramunia was incorporated in Malaysia on 18 November 2003 as a private limited company under the name of Operasi Unggul Sdn Bhd. It changed its name to Ramunia Holdings Sdn Bhd on 3 March 2004 and converted into a public company on 23 April 2004. Ramunia commenced business on 18 November 2003. The Company is currently an investment holding company with one (1) wholly-owned subsidiary company, i.e. RFSB which operates TR Yard.

Ramunia was incorporated for the purpose of facilitating the completion of the Restructuring Scheme whereby it will seek listing on the Second Board of Bursa Securities via re-listing of SHB. Pursuant to the Restructuring Scheme, the Ramunia Assets Acquisitions, Share Swap and Debt Settlement have been implemented. Kindly refer to Section 5 of this prospectus for further details on the Restructuring Scheme.

4.1.2 Share Capital And Changes In Share Capital

The present authorised share capital of Ramunia is RM855,000,000 comprising 1,600,000,000 Shares and 110,000,000 ICPS. The issued and paid-up share capital of Ramunia is RM156,500,002 comprising 212,351,942 Shares and 100,648,062 ICPS.

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

Date of Allotment	No. of Shares/ICPS allotted	Par Value (RM)	Consideration	Total Issued And Paid-up Share Capital	
				No. of Shares/ICPS	(RM)
Shares					
18.11.2003	2	1.00	Subscribers' shares	2	2
24.8.2004	4	0.50	Subdivision of shares	4	2*
20.12.2004	164,000,000	0.50	Issued pursuant to the Ramunia Assets Acquisitions	164,000,004	82,000,002
21.12.2004	48,351,938	0.50	Issued pursuant to the Debt Settlement	212,351,942	106,175,971
ICPS					
20.12.2004	82,000,000	0.50	Issued pursuant to the Ramunia Assets Acquisitions	82,000,000	41,000,000
22.12.2004	18,648,062	0.50	Issued pursuant to the Share Swap	100,648,062	50,324,031

* The Company effected a change in the par value of its ordinary shares from RM1.00 each to RM0.50 each, by way of subdividing each of two (2) ordinary shares of RM1.00 into four (4) ordinary shares of RM0.50 each.

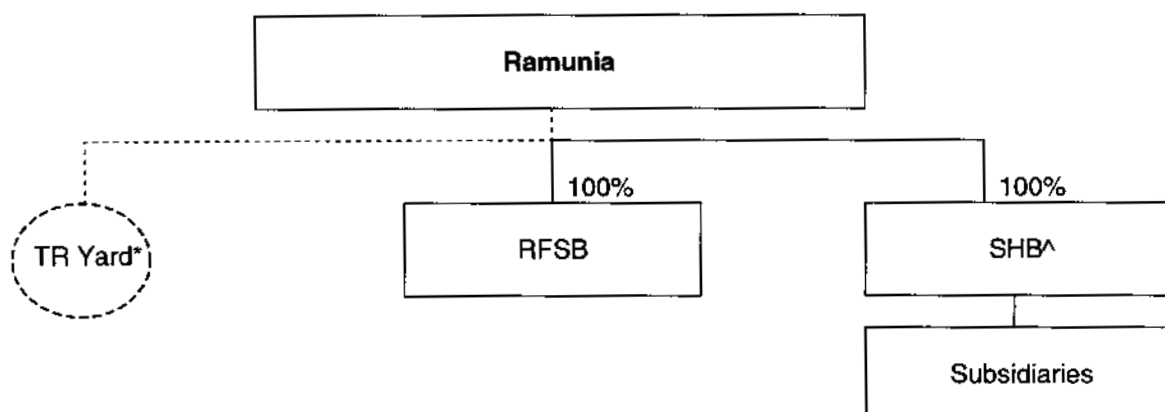
4. INFORMATION ON THE GROUP (CONT'D)

In addition to the above, the Company has issued 164,000,000 ICULS and 237,800,000 Warrants, the details of which are set out in Sections 5.4 and 5.6 respectively of this prospectus.

4.2 BUSINESS

4.2.1 Group Structure

The structure of the Group and upon completion of the Restructuring Scheme is as set out below:-



* *Ramunia is currently the beneficial owner of TR Yard while Remcorp is the registered proprietor of TR Yard until the instrument of transfer of TR Yard in favour of Ramunia is perfected and registered with the relevant Land Office or Registry. Please refer to Section 3.2(viii) of this prospectus for details*

^ *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 pursuant to the Share Disposal*

For further information, please refer to section 5.3 on page 94 of this prospectus.

Details of the subsidiary company of the Company are summarised below:-

Company	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
RFSB	17 January 2001/ Malaysia	5,000,000	100.0	Fabrication of offshore oil and gas related structures and other related civil works

4.2.2 Principal Products and Services

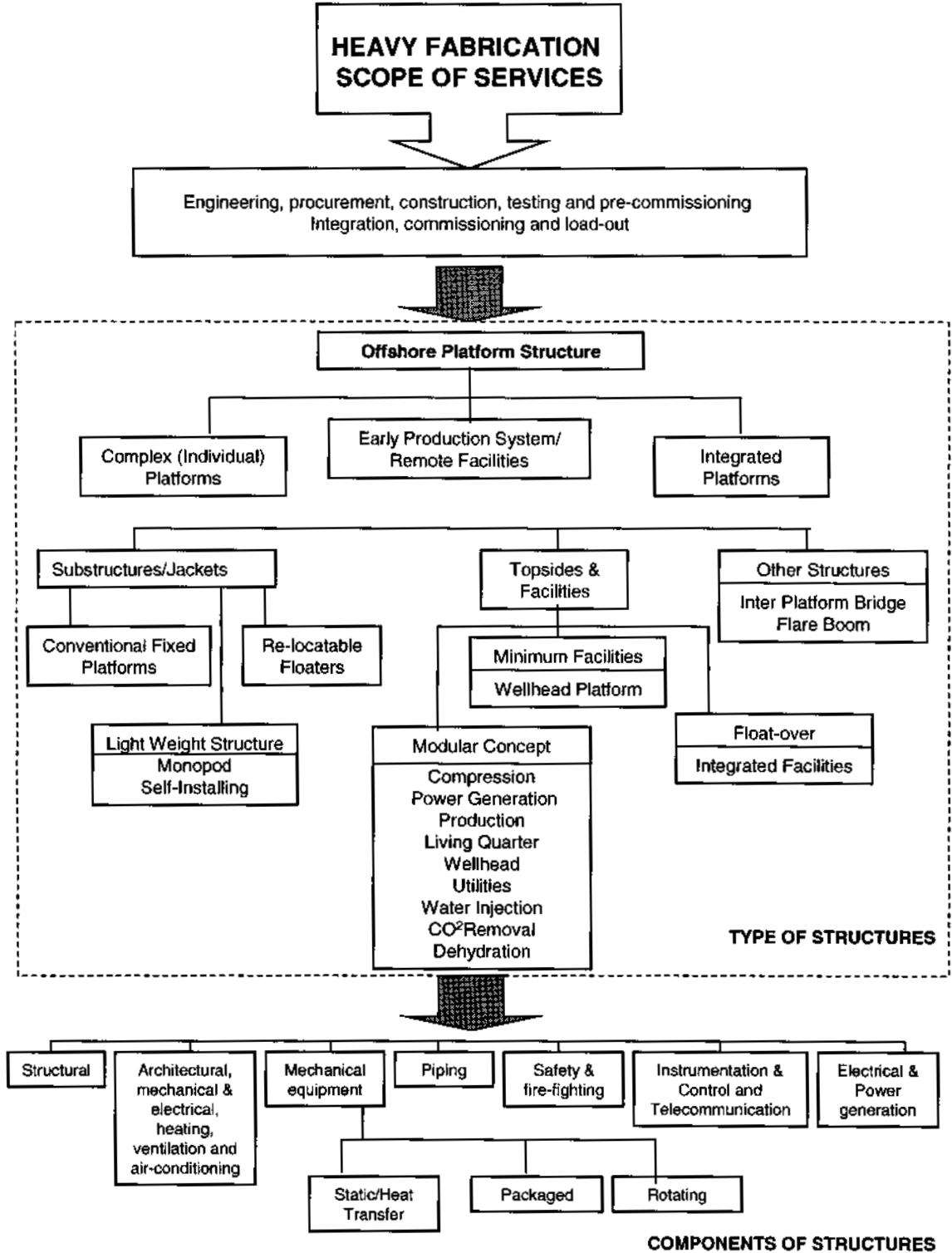
Any person who commences or continues any business or service involving the supply of equipment and facilities and services required in connection with the exploration, exploitation, mining and obtaining of petroleum requires a licence to be issued by PETRONAS. RFSB has been issued the Major Fabricator Licence on 1 July 2002 which permit RFSB to provide, among others, onshore construction/fabrication service for major fabrication (offshore structures). The Major Fabrication Licence is valid for a period of two (2) years. RFSB has successfully renewed the licence for a second term expiring on 30 June 2006.

The Group, via RFSB which has been granted the Major Fabricator Licence, is principally involved in, inter-alia, the following principal activities at TR Yard:-

4. INFORMATION ON THE GROUP (CONT'D)

(i) **major fabrication of offshore oil and gas structures**

RFSB offers one-stop integrated major fabrication services for the offshore oil and gas structures as illustrated below:-



4. INFORMATION ON THE GROUP (CONT'D)**(ii) offshore services**

In June 2004, RFSB set up an offshore hook-up and commissioning division which specialises in offshore hook-up and commissioning to better serve its customers. RFSB is also involved in related marine support services for offshore hook-up and commissioning works.

(iii) land-base steel fabrication

To optimise the utilisation of TR Yard and consistent with its diversification strategy, RFSB also undertakes non-oil-and-gas land-base steel fabrication works. Additionally, RFSB expects to offer steel pre-fabrication services primarily to the upcoming infrastructure projects in the southern region of Malaysia.

4.2.3 Completed, Subsisting and Future Contracts

Typical fabrication contracts undertaken by RFSB take twelve (12) to eighteen (18) months to complete. The summary of the contracts status as at 30 June 2004 is shown below:-

Contracts	Contract amount (RM'000)	Billed as at 30.6.04 (RM'000)	Amount outstanding (RM'000)
- Completed	97,703	92,303	5,400
- In-hand	153,503	10,066	143,437
- Tendered for	400,000	n/a	n/a
Total	651,206	102,369	148,837

The completed contracts include RFSB's first secured contract, namely the major fabrication of jacket, topside and compression module for Petronas Carigali's gas fields located in offshore Sabah, being the longest jacket ever fabricated in Malaysia to date.

Subsequently, RFSB has completed another milestone in their fabrication history with the completion of the 910MT topsides for Sabah Shell Petroleum Co. Ltd. on 7 July 2004. The topsides and bridge were safely loaded out on 14 July 2004 on the transportation barge at TR Yard. The barge together with the topsides, bridge and their components were sailed away to its final destination in the Sabah Waters on 22 July 2004. In addition, RFSB has successfully completed another contract for ExxonMobil for fabrication, procurement, testing, loadout and offshore hook-up and commissioning of platform topsides in August 2004.

Since then, RFSB has been awarded major fabrication contracts by the PSCs including, inter-alia, the following contracts in-hand:-

- (i) fabrication, procurement, testing, loadout and offshore hook-up and commissioning of a platform topsides for ExxonMobil; and
- (ii) a three (3)-package contract from Sarawak Shell Berhad to fabricate production platform, substructure and topsides scheduled for completion by the second quarter of 2005.

4. INFORMATION ON THE GROUP (CONT'D)

4.2.4 Major Licences and Permits

As RFSB carries out its operations at TR Yard, the relevant licences, permits, concessions and approvals granted to RFSB pursuant to TR Yard are set out in below. As at 30 November 2004, RFSB possesses the following licences, concessions and approvals:-

Licence	Nature	Issuing Authority	Date of Commencement/ Expiry	Material Terms and Conditions																
Licence to supply equipment/provide services to companies involved in exploration and exploitation of oil and gas in Malaysia - L-537178-X issued by PETRONAS	<p>To bid for and undertake major fabrication works for Petronas Carigali and the PSCs such as Shell, ExxonMobil, Talisman Malaysia Limited, Murphy Sarawak Oil Co. Ltd, Murphy Sabah Oil Co. Ltd, Murphy Peninsula Malaysia Co. Ltd and so forth</p> <p>Approved Petronas Licence Categories</p> <table border="1"> <thead> <tr> <th>Code</th> <th>Services/Supplies</th> <th>Mode of Operation</th> <th>Class/ Grade</th> </tr> </thead> <tbody> <tr> <td>SD1 Demolition, Disposal & Removal</td> <td>03- Removal and disposal of offshore structure</td> <td>Self-operated</td> <td>-</td> </tr> <tr> <td>SM1 Maintenance Services (excluding minor works for East Malaysia (VDP))</td> <td>01- Mechanical Maintenance 01.6- Structural/ Piping/ Fabrication/ Welding 01.7- Topside Structural Maintenance</td> <td>Self-operated</td> <td>CIDB-G7</td> </tr> <tr> <td>SM4 Mechanical & Electrical Engineering</td> <td>01- Construction work - major Mechanical Engineering 01.1-</td> <td>Self-operated</td> <td>CIDB-G7</td> </tr> </tbody> </table>	Code	Services/Supplies	Mode of Operation	Class/ Grade	SD1 Demolition, Disposal & Removal	03- Removal and disposal of offshore structure	Self-operated	-	SM1 Maintenance Services (excluding minor works for East Malaysia (VDP))	01- Mechanical Maintenance 01.6- Structural/ Piping/ Fabrication/ Welding 01.7- Topside Structural Maintenance	Self-operated	CIDB-G7	SM4 Mechanical & Electrical Engineering	01- Construction work - major Mechanical Engineering 01.1-	Self-operated	CIDB-G7	PETRONAS	<p>1 July 2004/ 30 June 2006</p>	<p>RFSB shall notify PETRONAS of any change in the position of RFSB, e.g equity ownership, board of directors and management, within fourteen (14) days from the said change. Failure to comply will result in the revocation of the licence.</p> <p>RFSB is required to submit the audited Annual Financial Report audited for the years ended/ending 30 April 2004 and 30 April 2005 before 1 November 2004 and 1 November 2005 respectively and the position of the fund shareholders shall be in the positive.</p>
		Code	Services/Supplies	Mode of Operation	Class/ Grade															
		SD1 Demolition, Disposal & Removal	03- Removal and disposal of offshore structure	Self-operated	-															
		SM1 Maintenance Services (excluding minor works for East Malaysia (VDP))	01- Mechanical Maintenance 01.6- Structural/ Piping/ Fabrication/ Welding 01.7- Topside Structural Maintenance	Self-operated	CIDB-G7															
SM4 Mechanical & Electrical Engineering	01- Construction work - major Mechanical Engineering 01.1-	Self-operated	CIDB-G7																	

4. INFORMATION ON THE GROUP (CONT'D)

Licence	Nature	Services/Supplies			Mode of Operation	Class/Grade	Issuing Authority	Date of Commencement/Expiry	Material Terms and Conditions
		Code							
	S02 Offshore Construction	01-	Transportation & Installation of Structure & Pipelines	Self-operated	CIDB-G7			RFSB is required to submit the Registration Certificate with CIDB which is renewed two (2) weeks before the expiry date, 14 April 2005. If RFSB failed to comply with either of the conditions above, it will not be listed in the "List of Licensed/Registered Companies" PETRONAS.	
		03-	Hook-up & Commissioning						
	S03 Onshore Construction/Fabrication	01-	Major Fabrication (Offshore Structures)	Self-operated	CIDB-G7				
	ST1 Tanks/ Tank Farms	02-	Design - Large Tanks (More 100 KBBL)	Self-operated	CIDB-G7				

4. INFORMATION ON THE GROUP (CONT'D)

Licence	Nature	Issuing Authority	Date of Commencement/ Expiry	Material Terms and Conditions						
Registration as a Contractor no. 357-01012685	For the supply and services under the following heading and sub-heading:- (i) 170300 – "Kelengkapan Sasaran" (ii) 180200 – Industrial Oil Equipment (iii) 190201 – Boat (iv) 190202 – Vessel/ Sub Marine (v) 190203 – Boat/ Vessel Spare parts and accessories	Ministry of Finance	20 May 2002/19 May 2005	The approval is subject to information provided by RFSB and any changes to the said information shall be made "on-line" within ten (10) days of the date of such change. To ensure that the categories registered do not overlap with the categories approved for any other company having the same owner or board of directors of RFSB and with the same management						
Registration as a Contractor (0120020415-WP070085)	<table border="1" data-bbox="906 996 1098 1825"> <thead> <tr> <th>Grade</th> <th>Category</th> <th>Registered Specification</th> </tr> </thead> <tbody> <tr> <td>G7 – No Limit</td> <td>B CE ME</td> <td>B04 CE01 CE21 M15</td> </tr> </tbody> </table> <p>B04- General Building and Management CE01- Road and pavement construction CE21- General Public Engineering Works</p>	Grade	Category	Registered Specification	G7 – No Limit	B CE ME	B04 CE01 CE21 M15	CIDB	24 May 2002/ 14 April 2005	To be renewed at least sixty (60) days prior to expiry
Grade	Category	Registered Specification								
G7 – No Limit	B CE ME	B04 CE01 CE21 M15								

4. INFORMATION ON THE GROUP (CONT'D)

Licence	Nature	Issuing Authority	Date of Commencement/ Expiry	Material Terms and Conditions
Supplier and Service Contractor (V803724)	As Supplier & Services Contractor under categories 170300 - Kelengkapan Sasaran 180200 - Industrial Oil Equipment 190201 - Boat 190202 - Vessel/Kapal Selam 190203 - Boat/ Vessel Spare parts and accessories	Tenaga Nasional Berhad	29 April 2003/ 19 May 2005	None
Exemption from Import Duty and Sales Tax on Raw Materials/Components	By Letter from Ministry Of Finance dated 28 April 2004 Issued under: Section 14(2) of the Customs Act 1967 and Section 10 of the Sales Tax Act 1972 The raw materials/components for the projects specified in the letter are exempted from Import Duty and Sales Tax which shall be imported via the Customs stations in Tanjung Puteri, Johor and Port Klang, Selangor. Imports via other Custom Stations may be made with prior written approval of the senior officer at the said Customs stations.	Ministry of Finance	The exemption is given for such raw materials/ components which are imported or exempted from Customs control from 1 March 2004 until 28 February 2005	To notify the Senior Customs Officer at the relevant Customs Station within fourteen (14) days of the occurrence of any of the following:- (i) Resolution approved for the winding-up of RFSB; (ii) An order made for the winding-up of RFSB; (iii) Appointment of liquidator or receiver; (iv) Any officer or director of RFSB is involved in any civil claim on bankruptcy, retrenchment, ceasing of business etc.

4. INFORMATION ON THE GROUP (CONT'D)

Licence	Nature	Issuing Authority	Date of Commencement/ Expiry	Material Terms and Conditions
Exemption from Import Duty and Sales Tax on Materials/Components/ Equipments	By Letter from Ministry Of Finance dated 5 July 2004 Issued under: Section 14(2) of the Customs Act 1967 and Section 10 of the Sales Tax Act 1972 Materials/components/equipments for the projects specified in the letter are exempted from Import Duty and Sales Tax and shall be imported via the Customs station in Tanjung Puteri, Johor.	Ministry of Finance	The exemption is given for such materials/ components/ equipments which are imported or exempted from Customs control from 31 May 2004 until 4 April 2005	Same as above
Exemption from Import Duty and Sales Tax on Raw Materials/ Components	By Letter from Ministry Of Finance dated 11 May 2004. Issued under: Section 14(2) of the Customs Act 1967 and Section 10 of the Sales Tax Act 1972 The raw materials/components specified in the letter are exempted and shall be imported via the Customs station in Tanjung Puteri, Johor. Imports via other Custom Stations may be made with prior written approval of the senior officer at the said Customs station.	Ministry of Finance	The exemption is given for such raw materials/ components which are imported or exempted from Customs control from 5 April 2004 until 4 April 2005.	Same as above

4. INFORMATION ON THE GROUP (CONT'D)

Licence	Nature	Issuing Authority	Date of Commencement/ Expiry	Material Terms and Conditions
Exemption Sales Tax on Materials/ Components	By Letter from Ministry Of Finance dated 11 May 2004. Issued under: Section 10 of the Sales Tax Act 1972 Materials/components exempted from Sales Tax are those specified in the letter.	Ministry of Finance	The exemption is given from 5 April 2004 until 4 April 2005. Materials/ Components exempted have to be sourced from local manufacturers	Same as above
Licence for Private Installation under the Electricity Supply Act 1990	Issued on 12 May 2004. To use and carry out the installation of electricity at RFSB, at No. 437, Teluk Ramunia, 81620 Penggerang, Johor to supply and use electricity solely for and on properties and premises belonging to RFSB	Energy Commission	20 June 2004/ 19 June 2005	None

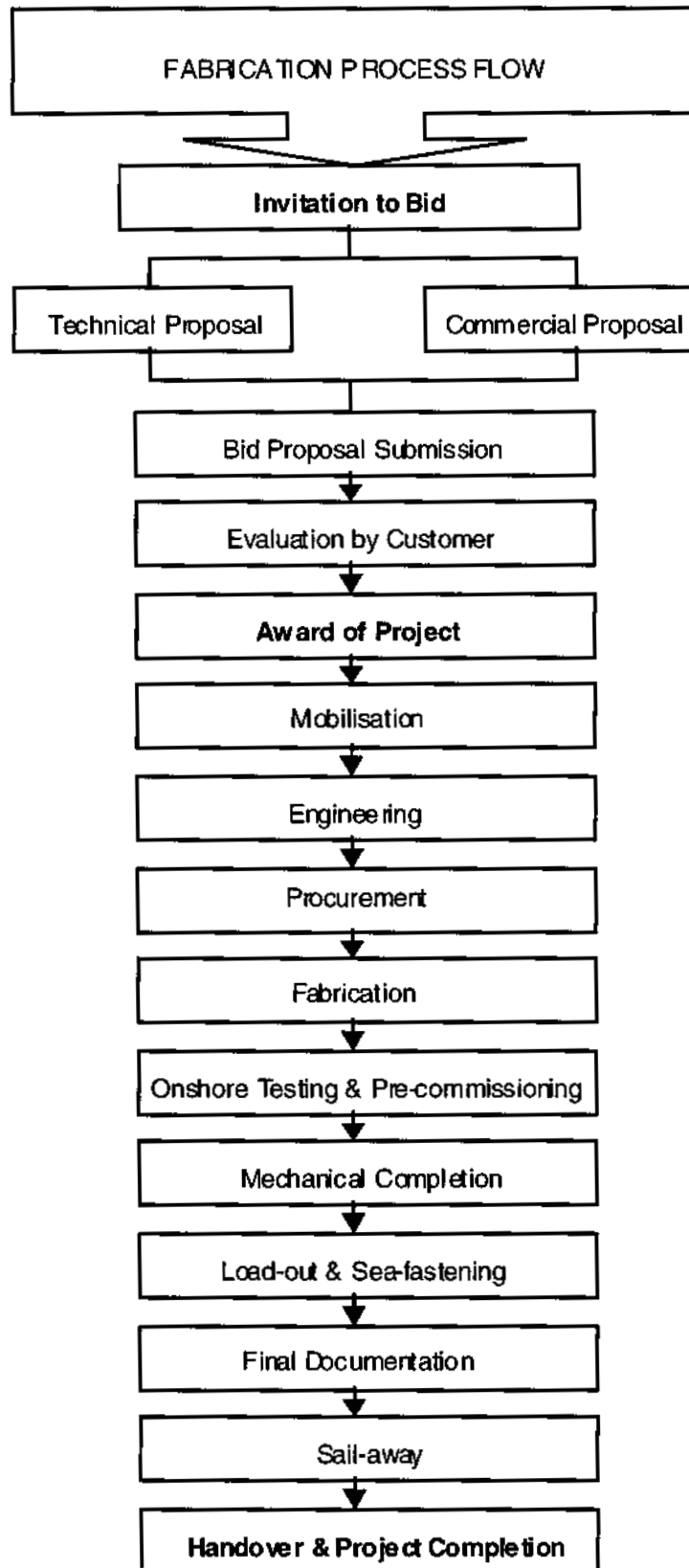
4. INFORMATION ON THE GROUP (CONT'D)

Licence	Nature	Issuing Authority	Date of Commencement/ Expiry	Material Terms and Conditions
Manufacturing Licence no. A013665 (serial no. A021622)	To act as Licensed Manufacturer from 26 July 2003 at 437, Teluk Ramunia, 81620 Pengerang, Johor for Petroleum Production Platform	Ministry of International Trade and Industry pursuant to the Industrial Co-Ordination Act, 1975	Date of Issue: 19 September 2003	<p>(i) The site (No. 437, Teluk Ramunia, 81620 Pengerang, Johor) is subject to approval from the relevant State Government and the Department of Environment);</p> <p>(ii) Sale of RFSB shares must be notified to Ministry of International Trade and Industry;</p> <p>(iii) RFSB is required to train Malaysian citizens to allow the transfer of technology and expertise at all levels of employment;</p> <p>(iv) RFSB is required to implement projects as approved subject to the terms and conditions herein and the laws and regulations in Malaysia.</p>

As at 30 November 2004, RFSB confirms that it has complied with the material terms and conditions in the licences set out above.

4. INFORMATION ON THE GROUP (CONT'D)**4.2.5 Business Flow**

The typical flow-chart of the major fabrication of offshore platforms undertaken by RFSB, the mainstay of its business, is depicted below:-



4. INFORMATION ON THE GROUP (CONT'D)

The activities upon award of the projects up to the completion are set out below:-

Stage	Activities
-------	------------

Mobilisation	<p>Upon award of the projects, a structured management system will be set up, defined and agreed by the customers. Tender document and design document review will be undertaken at the start of the projects with relevant checklists prepared and submitted. The activities for project execution shall be reviewed against the master program to reflect the targeted completion dates of required milestones from award to completion. The master program is developed using the standard interactive planning tool such as "PRIMAVERA" or "ARTEMIS" and shall be monitored to control schedule of activities throughout the project execution.</p>
---------------------	---

The Project Management Team formed is primarily responsible for the finalisation of the contracts, preparation of the relevant procedures, work breakdown structure, work schedule and establishment/identification of key milestones. The Project Management Team also take charge of the following:-

- fabrication area and construction plan;
- procurement plan;
- mobilisation of resources (manpower and equipment);
- sub-contracting strategy;
- management system including coordination between parties;
- project quality plan;
- health, safety and environmental program; and
- quality assurance and quality control plans and programs.

Engineering	<p>The activities conducted at engineering stage involved the following:-</p>
--------------------	---

- generate shop drawings for "issue for construction";
- preparation of specifications for procurement of equipment and materials;
- monitor procurement and sub-contracting works;
- ensure compliance to the contractual requirements;
- technical evaluation of the tenders results;
- vendor data review and vendor data incorporation including equipment seating plan;
- monitor site changes and design completeness;
- prepare design calculations as required;
- prepare fabrication quantity;
- compile mechanical catalogue;
- prepare as – built drawings; and
- manage and control change in engineering activities.

The required inputs by the management team are carefully planned and prioritised to meet the allocated turnaround review/comment/approval period. A Technical Document Register shall be established to provide status updates and for the purposes of claims submission for approvals according to the contractual milestones.

4. INFORMATION ON THE GROUP (CONT'D)

RFSB utilises Structural Analysis Computing Software/Structural Tools Analysis Software (SACS/STAAD Pro software) in all structural analysis, a structural 3-dimensional software program known as "BOCAD", Plan Design Management System (PDMS) and Computer Aided Drawings software to generate drawings approved for construction (AFC drawings), shop drawings, cutting plans and material take-offs and clash/obstruction checks.

Procurement The procurement related activities encompasses the following:-

- procurement planning;
- preparation of material status report;
- subcontracting services and purchasing;
- expediting including inspection, logistics, customs, material control, spare parts and vendor support;
- delivery and material receiving;
- storage, warehousing and preservation; and
- material control including release of material, surplus, shortage and damage.

Fabrication The fabrication and erection work is executed in accordance with execution plan and the planning package, which outlines:-

- fabrication yard layout setting out the sub-assembly, final erection site, material storage area, blasting and painting area;
- erection sequence;
- construction methodology;
- equipment and tools for construction (own/lease);
- consumables and utilities requirements;
- sub-contracting requirements;
- manpower requirements;
- quality control and assurance procedure; and
- health, safety and environmental requirement

Typically, the above shall lead to the following fabrication activities:-

- preparation of the temporary supports and skid-way;
- welding, cutting and rolling into shapes;
- stress relieving;
- dimensional control;
- non-destructive examination;
- pre-fabrication of spools / components at designated areas;
- surface preparation (blasting) and painting;
- erection of scaffolding and rigging;
- fabrication in-situ;
- lifting, fit-up and erection /assembly;
- pipe support installation;
- piping and electrical and instrumentation installation;
- galvanizing;
- chemical cleaning;
- equipment installation and final hook-up;
- pressure and leak test;
- reinstatement test;
- flushing;
- bolt tensioning;
- electrical and instrumentation calibration and testing;
- preservation; and
- final inspection.

4. INFORMATION ON THE GROUP (CONT'D)

However, there are certain items which cannot be installed during the onshore fabrication, which can only be installed during or after the offshore hook-up of the platforms. These items are identified as shipped-loose items to be sent offshore along with the barge carrying the main platform structures after the load-out operation has been completed.

During the fabrication stage, RFSB appoints a steering committee to monitor and enforce safety measures pursuant to the health, safety and environmental manual developed by RFSB. Safety promoters are then assigned to the sites to enforce the safety requirements. Additionally, each sub-contractor shall engage their own full time safety officer/promoter at the work locations to assist the safety promoters of RFSB in carrying out their duties.

Onshore testing & pre-commissioning

All sub-systems shall be tested and pre-commissioned prior to the offshore commissioning, which entails the following activities in accordance with the approved systems checklists:-

- prepare testing and pre-commissioning procedures, plans and schedules;
- prepare checklist for equipment and special tools required;
- prepare vendor representative program for materials and equipment;
- monitor performance test run and review test results, where applicable; and
- submission of the relevant documentation with recommendation for acceptance/approval.

Mechanical completion

Following the completion of the testing & pre-commissioning activities, the structures fabricated are said to be mechanically complete. Mechanical completion date is usually agreed upon by the contracting parties and clearly set out in the contracts.

Load-out and sea-fastening

The groundwork prior to the load-out and sea-fastening comprise the following:-

- confirmation of ship loose materials as identified for offshore hook-up;
- weight control report at the final stage of construction;
- status of materials and equipment for load-out operation;
- related checklist status on load-out;
- confirmation on the details of the load-out barge(s) to ascertain required quay side / water front depth;
- dredging of quay side, if required; and
- periodical depth measurement.

The load-out and tie-in procedure is a combination of structural design criteria, tie-down preparation and the stability of barge during load-out and towing. Great care shall be taken to ensure the equipment and painted surface will not be damaged during load-out and tie-down. All equipment that subjected to swinging and oscillation will be firmly tied down or blocked to prevent damages during transportation and erection.

Typically, load-out of the completed structure from the fabrication site to the transportation barge can be undertaken either by lifting, skidding or bogey.

4. INFORMATION ON THE GROUP (CONT'D)

Final documentation	Upon acceptance of fabrication work by the clients, final documentation will be collated in the format and content stipulated in the invitation to bid documents and submitted to the clients in hard and soft copy. The details of the fabrication structures, including material used and equipment installed to facilitate subsequent operation, maintenance, future planning of expansion or modification of the facilities are required to be set out in the final documentation. Typically, the final documentation comprises, amongst others, close-out report, specific project working procedures, quality assurance/quality control documentation, material documentation, as-built documentation, design data and engineering related documents, equipment dossier and vendor data, testing, pre-commissioning and commissioning document.
Sail-away	The barge with the facilities will be sailed-away which signifies the hand-over to customers.
Handover and project completion	The project is considered completed following the handing over of the final documentation to the customers and the issuance of the project closed-out report by RFSB.

4.2.6 Principal Markets

The Group's products and services have been predominantly provided to Petronas Carigali and the PSCs in Malaysia such as ExxonMobil and Shell.

4.2.7 Types, Sources and Availability of Raw Materials

The main raw materials used by RFSB are steel and steel-based products which are procured from local suppliers licensed by PETRONAS.

Being in a contract-based business, RFSB does not replenish nor stock the raw materials in anticipation of future contracts. Instead, purchases of raw materials made are peculiar to the contracts and are carried out based on the procurement plan of each contract formulated by the Procurement Division with material specifications furnished by the Engineering Division.

To date, Ramunia has not experienced any difficulty in sourcing its raw materials.

4.2.8 Quality Control Procedures or Quality Management Programmes

The products and services offered by RFSB demand high quality standards being observed at all times. Any flaw in the quality control would be costly as most projects undertaken by RFSB are multi-million RM projects. Stringent quality controls are being observed by the directors of RFSB and management at all stages of its fabrication process to ensure consistent quality are being produced. In striving to become the leader in providing quality services, RFSB is committed to ensure the quality of the services provided achieve the following objectives and standards pursuant to its Quality Assurance Manual:-

- fulfil the requirements of the ISO 9001:2000 standards;
- assure customer satisfaction in the provision of products and services;
- inculcate quality performance in its working culture;
- promote and sustain continuous quality improvement of all products and services; and
- ensures timely and safe deliverables in a cost effective manner while meeting customers' quality requirements.

4. INFORMATION ON THE GROUP (CONT'D)

RFSB has a dedicated Quality Assurance / Quality Control Department which comprise a team of experienced personnel to monitor, control and implement quality assurance procedures and standards pursuant to the aforementioned quality policy.

Generally, the quality control procedures are implemented at, inter-alia, the following stages:-

(i) **Fabrication**

A fully dedicated project management team is formed for each contract undertaken to ensure timely implementation and satisfactory execution of contracts. The said team comprise production and quality control personnel, led by the Project Manager and supported by Site Engineers and Support Engineers. To further enhance the quality, personnel from the Quality Assurance / Quality Control Department are seconded to the project management team to monitor and enforce the quality control measures as specified by the client by implementing and executing the inspection and test plan as per client-approved procedures. Typically, there would be a site representative team led by a Resident Engineer from the customers' office based at the site during the duration of the contract to monitor the work progress and ensure strict compliance with the work procedures.

(ii) **Delivery of products and services**

RFSB endeavours to ensure timely completion and delivery of its products and services without compromising the quality expected. This, in turn is achieved through continuous quality improvement of products and services based on regular quality inspection and customers' feedback received.

4.2.9 Competitive Advantage

Despite being a new player in the industry, RFSB has managed to generate profit during its second year of operations upon commencement of its operations of TR Yard in 2001. RFSB believes that it is mainly due to the following competitive advantages over its competitors:-

- (i) commitment in providing quality products and services at competitive prices;
- (ii) wholly-owned Malaysian and Bumiputera company which has the expertise, technical knowledge and ability to provide oil and gas fabrication services;
- (iii) high barrier of entry pursuant to the Major Fabricator Licence;
- (iv) operates Fabrication Yard No.1 and Fabrication Yard No.2 which has approximately ninety (90) acres of land area with the capacity to undertake steel fabrication of offshore platforms of approximately 21,000MT and 10,000MT respectively and well-equipped with high-tech machinery and equipment;
- (v) employs competent and experienced personnel with hands-on experience and expertise who possess management, technical and commercial skills evidenced by its ability to revive TR Yard which was left idle for three (3) years;
- (vi) strategic location of TR Yard, which is accessible by a two-hour drive from Johor Bahru town or a half-hour boat ride from Singapore. TR Yard is located at a deep seafront and is protected from the South China Sea monsoons; and
- (vii) proven track record of TR Yard which takes pride of many major projects.

4.2.10 Estimated Market Coverage, Position and Share

Locally, the few players who compete directly with RFSB are the other six (6) companies which possess the Major Fabricator Licence issued by PETRONAS. As mentioned above, RFSB's management estimates that RFSB has captured 10% of the industry's market share which is projected to increase to 15% over the next three (3) years.

4. INFORMATION ON THE GROUP (CONT'D)

In terms of rated capacity, TR Yard is one (1) of the three (3) largest in Malaysia together with Malaysia Shipyard and Engineering Sdn Bhd and Sime Semcorp Engineering Sdn Bhd.

4.2.11 Research and Development

Research and development efforts of the RFSB is spearheaded by the Technical Development Division with primary responsibility to provide engineering solution and engineering support for business development initiatives and tendering exercises. It is also the role of this department to work closely with the customers to explore applications in other industries relevant to the on-going contracts whilst conforming to the design, specifications and requirements of the customers.

Furthermore, RFSB regularly monitors development in the industry to keep abreast with the latest designs, technology and innovations.

On-going efforts by RFSB's Technical Development Division has given rise to the successful development of a self-installing and re-locatable concept platform named "Remstar" of which application has been made to register it as a patent in Malaysia. The concept is expected to provide cost effective solution to marginal field development in Malaysia. RFSB is also working and collaborating with other international solutions providers for lightweight structures and deep water development. The amount spent amounted to approximately RM1.16 million which represented approximately 1.1% of the total turnover of RM103.66 million for the fourteen (14) month period ended 30 June 2004.

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

As at 30 November 2004, Ramunia Group has no brand name, trade marks, licences, technical assistance agreements, franchises and other intellectual property rights save for a self-installing and re-locatable concept platform known as "Remstar" of which application has been made to register it as a patent in Malaysia. It is a solution to address the difficulties faced in building and installation of conventional platforms supported by braced columns where it is costly to build and too complicated to be installed, disassembled and relocated. These platforms commonly comprise a deck supported above the water by a framework of columns secured to the seabed and coupled by braces and the installation of the braced framework of columns require considerable assistance from heavy-lift crane barges. By adopting Remstar, one can fabricate an unbraced offshore platform which is stable, versatile and economical and can be readily installed and relocated without heavy-lift vessels.

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

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

4.2.14 Employees

As at 30 November 2004, the total number of employees of RFSB including foreign employees is 262 persons, which is categorised below:-

4. INFORMATION ON THE GROUP (CONT'D)

Category	No. of Employees	Average Years of Service in RFSB	Average Years of Service in the oil and gas industry
Managerial	16	2	15
Professional	47	2	9
Technical and supervisory	148	2	9
Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc)	42	2	*
Labour			
(a) Skilled	4	2	24
(b) Unskilled	5	2	*
TOTAL	262		

* *not applicable*

Of the total 262 employees, two (2) are foreign employees, one (1) of Singapore nationality and one (1) of Indian nationality. Both of RFSB's foreign employees have valid working permits.

Ramunia views training as part of its efforts to enhance productivity and professionalism of its employees. Thus, training is an on-going process, which is done via in-house and external training programs. In-house training covers quality control - Plant Design Management System, Quality Management Representative System Skill development training and so forth. External training include participation in courses conducted by CIDB, Bursa Malaysia Training Sdn Bhd, Malaysia Institute of Management, Certified Public Accountants Australia, Malaysian Institute of Certified Public Accountants, AVEVA Asia Pacific, Neville Clerke (M) Sdn Bhd and Applied Intellect Management Sdn Bhd pertaining to procurement - cost-track system and payroll administration courses.

The management of the Group is of the opinion that its dedicated, efficient and trained employees are instrumental to its success. The management of the Group enjoys a good working relationship with the employees. None of the employees of the Group belong to any union nor involved in any material industrial disputes in the past.

4.2.15 Key Achievements/Milestones/Awards

The key achievements of the Group are as follows:-

- (i) successfully completed its first project, namely the fabrication of jacket and topside for Petronas Carigali. Being in the major fabrication industry, RFSB believes that the jacket is the longest jacket fabricated in Malaysia to date;
- (ii) achieved over 1.5 million man-hour work without loss time due to injury up to 30 September 2004;
- (iii) subsequent to the successful completion and delivery of the three (3) projects completed to date, RFSB was awarded three (3) more projects with combined contract value in excess of RM160 million and a 3+1 year hook-up and commissioning works under an umbrella contract with contract value estimated to be over RM500 million;
- (iv) accredited the ISO 9001:2000 Certificate on 15 September 2004 by Det Norske Veritas; and

4. INFORMATION ON THE GROUP (CONT'D)

- (v) Gold safety award from ExxonMobil on 23 November 2004 for achievement of 200,000 man-hour work without loss time due to injury.

4.2.16 Modes of Marketing

The Business Development Unit in RFSB is primarily responsible for promotion and marketing initiatives with support from the relevant personnel from the technical and project team. RFSB maintains good business rapport with its clients via, for instance, keeping abreast of their current business developments and future projects planned. Specifically, the responsibilities of the Business Development Unit are as follows:-

- identify new customers and/or new contracts in the region;
- review invitations for tenders from the oil exploration and production companies;
- promote RFSB's services to the existing and potential customers;
- follow up with customers on the status of the on-going projects;
- follow-up with customers on marginal field developments, namely light weight structures and relocatable structures including promoting RFSB's "Remstar" platform concept;
- follow-up with customers on deep and ultra deep water development; and
- attend to complaints received and/or additional services required in a timely manner.

In addition to the fabrication of offshore structures for the PSCs, the Business Development Unit consistently identify other potential projects which are not directly related to the oil and gas industry, including land-based steel fabrication works and marine services such as ship repair and maintenance.

4.2.17 Production/Operating Capacities

The production/operating facilities is TR Yard, which comprises two (2) distinct purpose-built steel fabrication facilities, namely Fabrication Yard No.1 and Fabrication Yard No.2 respectively, catering mainly for the construction and engineering of offshore oil and gas structures and other related steel fabrication and engineering activities, with a combined land area of 36.422 hectares (approximately 90 acres). Fabrication Yard No.1 and Fabrication Yard No.2 can undertake steel fabrication of offshore platforms of approximately 21,000MT and 10,000MT respectively.

TR Yard is equipped with a total of two (2) wharves/load-out jetties built along the seafront, of which one (1) is located at Fabrication Yard No.1 and another at Fabrication Yard No.2. The wharves at Fabrication Yard No.1 has a quayside length of 270 metres complete with two (2) load-out skids of approximately 6,000MT and approximately 10,000MT respectively, whilst the wharf/load-out jetty at Fabrication Yard No.2 has a quayside length of 45 metres complete with a load-out skid of approximately 6,000MT. TR Yard is further complemented by a fleet of cranes of various capacities, fabrication workshop, mechanical & piping workshop, concrete fabrication floor slab, three (3) fabrication tables, production office buildings, stores and other complementary equipment and supporting infrastructures.

The details of the yards' size are as tabulated below:-

4. INFORMATION ON THE GROUP (CONT'D)

	Fabrication Yard No.1	Fabrication Yard No.2	Total
Total area	48 acres	42 acres	90 acres
Production Office	2,176 sq m	-	2,176 sq m
Fabrication workshop	3,894 sq m	1,579 sq m	5,473 sq m
Pre-fabrication area	8,497 sq m	-	8,497 sq m
Wharf	4,148 sq m	450 sq m	4,598 sq m
Skidways	8,662 sq m	2,481 sq m	11,143 sq m
Ancillary buildings	744 sq m	-	744 sq m

4.2.18 Location of Business**(a) Principal Assets and Production Facilities**

The principal asset of Ramunia is TR Yard which is located at Teluk Ramunia, Pantai Timor Mukim, Kota Tinggi District in the state of Johor Darul Takzim. TR Yard is also the principal production facilities.

(b) Principal Place of Business and Marketing and Distribution Network

The principal place of business/marketing and distribution network of Ramunia is at the Head / Management office.

4.3 SUBSIDIARY AND ASSOCIATED CORPORATIONS

Ramunia has one (1) subsidiary company, i.e. RFSB and has no associated company.

4.3.1 RFSB**(a) Background**

RFSB was incorporated in Malaysia under the Act as a private limited company under the name of Growplex Sdn Bhd on 17 January 2001. It adopted its present name on 8 February 2001 and commenced operations on 1 August 2001.

(b) History

RFSB was incorporated in 2001 by Remcorp, the same year Remcorp acquired TR Yard. RFSB took over the idle yard and revived it to continue the services that have been provided by TR Yard's predecessor company since early 1980's.

Within two (2) years since the acquisition, Remcorp has, through RFSB which operates TR yard, successfully revived business operations at TR yard and re-entered the oil and gas major fabrication industry. RFSB recruited skilled professionals who have proven track record in the industry. At the same time, the company also relies on strategic alliances and networking with other local and foreign expertise to provide prompt, efficient services to its clients.

4. INFORMATION ON THE GROUP (CONT'D)

As aforementioned, RFSB secured its first major fabrication contract, namely the fabrication of jacket, topside and compression module for Petronas Carigali's gas field located in offshore Sabah completed in July 2003, August 2003 and October 2003 respectively. Being in the major fabrication industry, RFSB believes that the jacket is, to date, the longest jacket fabricated in Malaysia which was completed within the timeframe and budget provided.

(c) Principal Activities and Products/Services

RFSB is principally engaged in the business of fabrication of offshore oil and gas related structures and other related civil works.

As set out in Section 4.2.2 above, the products / services offered by RFSB comprises major fabrication of offshore oil and gas structures, offshore services and land-base steel fabrication.

(d) Substantial Shareholders

Name	No. of Shares Held in RFSB as at 20 December 2004			
	Direct	%	Indirect	%
Ramunia	5,000,000	100.0	-	-
Remcorp	-	-	5,000,000@	100.0
Dato' Azizul Rahman bin Abd Samad	-	-	5,000,000^	-
Datin Azura Hanim binti Tajudin	-	-	5,000,000*	-

@ Deemed interested by virtue of its direct substantial shareholding in Ramunia

^ Deemed interested by virtue of his direct substantial shareholdings in Remcorp

* Deemed interested by virtue of her husband, Dato' Azizul Rahman Abd Samad's indirect shareholdings in RFSB

(e) Share Capital

The authorised share capital of RFSB is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each.

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

Date of Allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid up share capital (RM)
17 January 2001	2	1.00	Subscribers' shares	2
3 May 2001	99,998	1.00	Cash	100,000
15 January 2002	4,900,000	1.00	Cash	5,000,000

4. INFORMATION ON THE GROUP (CONT'D)

RFSB does not have any convertible securities, options and uncalled capital.

(f) Subsidiary/Associated Corporations

RFSB does not have any subsidiary nor associated corporations.

4.4 INDUSTRY OVERVIEW**4.4.1 The Oil and Gas Industry in Malaysia**

The oil and gas sector is an important source of energy for Malaysia. Malaysia is a mature oil and gas producing country pursuant to the active policies pursued by its government and national oil company, PETRONAS.

Malaysia's reserves of crude oil declined by 17% from 4.1 billion barrels to 3.4 billion barrels during the Eighth Malaysia Plan period. The decline was mainly due to sustained production and the maturity of existing fields. In addition, natural gas reserves also declined marginally from 84.7 trillion cubic feet in 1995 to 84.2 trillion cubic feet in 2000 but remained four (4) times the size of oil reserves. In view of the need to increase reserves, PETRONAS ventured into upstream activities abroad by securing several acreages in Algeria, Angola, Chad, Gabon, Indonesia, Iran, Libya, Myanmar, Pakistan, Sudan, Syria, Tunisia, Turkmenistan and Vietnam.

(Source : Eighth Malaysia Plan 2001-2005)

The Malaysia oil and gas industry can be divided into two (2) broad segment/sectors:-

- (i) **Upstream :** The process of exploring and producing crude oil and natural gas from onshore and offshore underground fields. The process involves seismic survey, exploration drilling, production platform construction, and oil and gas pipeline installation for production purposes.
- (ii) **Downstream:** The process of refining crude oil and processing natural gas into various petroleum products such as jet fuel, gasoline, diesel, liquefied natural gas, liquefied petroleum gas and other by-products. The process involves the construction of onshore process plants such as refineries, liquefied natural gas plants, gas processing plants and pipelines and depots for sale and distribution purposes.

RFSB is principally a major fabricator involving in the supply of equipment and facilities and services required in connection with the exploration, exploitation, mining and obtaining of petroleum in Malaysia. RFSB's performance hence is hinges on the upstream development by the PSCs which is driven by the global demand and price fluctuations of oil and gas products. In this regard, RFSB's performance is sensitive to the outlook of the local and global oil and gas industry. The growth of the oil and gas industry would expand the market for the offshore and onshore fabrication and engineering services industry in which RFSB is involved.

4. INFORMATION ON THE GROUP (CONT'D)

4.4.2 Past Performance and Future Growth of the Malaysian Oil and Gas Industry

Crude oil production (excluding condensates) rose by 5% to 625,800 bpd in 2003 compared to 2002, close to the year's production target of 626,000 bpd under the National Depletion Policy. The increase in production during the year was driven by increased domestic demand for petroleum products and higher external demand, particularly from India, Australia, Thailand, China, and United States of America, which together accounted for about 65% of Malaysia's total export of oil. Exports to these countries increased by 34% during the year. Higher output emanated from existing oil fields as well as four (4) new oil fields that came on stream during 2003. The increase in export volume and sharply higher export prices (22%), lifted gross receipts from crude oil exports by 35% to RM15.7 billion (2002:RM11.6 billion), to account for 4% of gross exports.

Natural gas production expanded by 5.2% in 2003 as the sector was able to respond to the higher demand given an increase in production capacity, especially with the commencement of the Malaysia third liquefied natural gas plant in May 2003 and the coming on stream of four (4) new gas fields during the year. Domestic demand remained favourable, particularly from the power generation sub-sector, which consumed 66% of total domestic gas production. Higher offtake by all liquefied natural gas buyers, namely Japan, Korea and Chinese Taipei as well as the increase in export prices (RM766 per tonne; 2002:RM659 per tonne) led to the sharp increase of 34.8% in export receipts generated from liquefied natural gas.

A significant development in the Malaysian oil sector in 2003 was the discoveries of deepwater oil reserves in offshore Sabah towards the latter part of the year. Prior to these discoveries, oil was also found in offshore Sabah in 2002. A total of six (6) new production sharing contracts were signed in 2003.

New capital expenditure in the mining sector was largely by the oil and gas subsector, boosted by higher upstream activities in exploration and production. Higher demand for crude oil, coupled with the increase in crude oil prices, encouraged companies to increase capital expenditure for production facilities.

(Source : 2003 Bank Negara Malaysia Annual Report)

During the first seven (7) months of 2004, crude oil production, including condensates, which averaged 754,014bpd rose by 3.3% compared with 6% in the corresponding period of 2003. Production for the whole year is targeted to increase by 2% with an average of 753,000 bpd (2003 : 738,000 bpd) based on the planned work programme for 2004. The increase in production is attributed to higher oil prices in 2004, as reflected by the increase in the average price of the Asian benchmark Tapis Blend to USD37.53 per barrel in the first seven (7) months of 2004 (January to July 2003 : USD28.40 per barrel). The highest price recorded was USD50.08 per barrel on 20 August 2004. PETRONAS is continuing its efforts to increase the country's oil reserves by venturing into deep-sea exploration and investing in advanced technologies to identify new fields as well as enhancing the oil recovery rate in existing fields. These efforts resulted in new oil field discoveries in Kakap and Kikeh, offshore Sabah, and also Kenarong, offshore Terengganu.

4. INFORMATION ON THE GROUP (CONT'D)

The production of natural gas expanded by 2.3% to 5,098 million standard cubic feet per day in the first seven (7) months of 2004 (January to July 2003 : 9.5%; 4,985 million standard cubic feet per day). Total production for the year is projected to increase by 11.3% to 6,094 million standard cubic feet per day (2003 : 17.3%. 5,488 million standard cubic feet per day) with anticipated increase in new operational gas fields. Petronas Serai offshore gas field began production in June 2004 with an estimated capacity of 8 million cubic meters per day. In terms of gas reserves, the discovery of Kakap, the offshore gas field in Sabah, will add further to Malaysia's gas reserves of 87.02 trillion standard cubic feet. Malaysia is the largest liquefied natural gas producer at a single location, Bintulu Liquefied Natural Gas Complex with a total production capacity of 23 million tonnes per annum.

Output of crude oil and gas is anticipated to continue to rise on account of firm prices and expansion of new oil and gas fields. Natural gas output is expected to increase by 12.1%, following higher production capacity to meet increasing demand. Production of crude oil is projected to increase to 776,000 bpd (2004 : 753,000 bpd) in tandem with higher demand. As a result, growth of the mining sector is anticipated to record a strong increase of 5.5% in 2005 (2004 : 5%).

(source : Economic Report 2004/2005)

Based on the above, the directors of Ramunia Group do not foresee the local market to be saturated in the near future. The local industry outlook remains positive for the foreseeable future with potential growth in overseas ventures especially from PETRONAS-led investments.

4.4.3 Industry Players and Competition

The local oil and gas fabrication activities are regulated by PETRONAS under the Petroleum Development Act, 1974, and industry players are required to be licensed. The major competitors of RFSB are the other six (6) fabricators which hold the Major Fabrication License issued by PETRONAS, namely Malaysia Shipyard and Engineering Sdn Bhd, Sime Engineering Services Berhad, Booke Dockyard Engineering Works Corporation, Penang Shipbuilding & Construction Sdn Bhd, HL Engineering (M) Sdn Bhd and Oil-Line Fabricators Sdn Bhd. Projects are awarded through closed tenders participation by the seven (7) licensed fabricators, resulting in healthy competition among the licensed bidders.

At present, the regional players are not allowed to participate directly in the country's upstream sector and the local major fabricator industry.

4.4.4 Laws and Regulations

The oil and gas industry in Malaysia is principally governed by Petroleum Development Act, 1974 and the Major Fabricator Licence is governed by Petroleum Regulations, 1974.

4.4.5 Demand/Supply Conditions

During the Eighth Malaysia Plan period, the overall demand for energy is expected to increase at 7.8% per annum to 1,699.8 petajoules in 2005. The energy intensity of the economy is anticipated to increase marginally from 5.7 gigajoules in 2000 to 5.9 gigajoules in 2005. The expected improvement in the quality of life of the population will also result in an increase in energy usage. In this respect, per capital consumption of energy is expected to increase by 5.8% per annum from 50.1 gigajoules in 2000 to 66.4 gigajoules in 2005. In line with the increased planned capacity in the power sector, the demand for natural gas is expected to grow at 9% per annum.

4. INFORMATION ON THE GROUP (CONT'D)

The demand for petroleum products is projected to grow at 7.2% per annum, mainly from the transport and manufacturing sectors. However, in line with the National Depletion Policy and the fuel diversification policy, the share of petroleum products to the total commercial energy demand is expected to decline to 67% in 2005.

The security and reliability of energy supply will be ensured through an optimal energy mix predominantly based on domestic resources. To meet the energy requirements of the country, the total supply of energy is expected to reach 2,374.8 petajoules in 2005. The contribution of crude oil and petroleum products is anticipated to decline to 50.8%, while that of natural gas and coal is expected to increase to 30.9% and 5.9% respectively, by 2005.

The nation's crude oil reserve is anticipated to last at least another ten (10) years. To sustain the reserves, efforts that will be undertaken include developing potential small fields and enhancing production of matured fields. In addition, exploration in deep-water areas will be continued, especially in Sabah and Sarawak. To attract investments in the exploration activities, more favourable terms of production sharing contracts will be considered. Other efforts to sustain oil production will include the acquisition of state-of-the-art technology in exploration and production as well as intensification of research in oil recovery rate, efforts will be directed towards improving productivity and efficiency. Domestic productions will be supplemented by the supply of crude oil from PETRONAS' ventures in Africa, Middle East and Asia.

To sustain the long-term supply of gas, efforts will be intensified to develop domestic resources and secure supply from PETRONAS' foreign ventures. The Trans Thailand-Malaysia pipeline project from Songkhla to Changlun, is expected to be completed during the Eighth Malaysia Plan period and this will further enhance the nation's security of gas supply. In addition, gas will also be obtained from West Natuna and South Sumatera while the possibility of importing liquefied natural gas from PETRONAS' ventures will be explored.

(Source : Eighth Malaysia Plan 2001-2005)

4.4.6 Substitute Products/Services

In terms of energy mix, there was a shift in consumption from oil and petroleum products to alternative sources of energy especially natural gas during 1996 to 2000, thus demonstrating the success of the National Depletion Policy and the Four-Fuel Diversification Policy. In particular, the final consumption of gas, electricity as well as coal and coke grew at 8.2%, 7.7% and 4.9% per annum, respectively. However, the country's overall mix was continuously reviewed to ensure the long-term reliability and security of energy supply. Concurrently, the possibility of developing other sources of energy, such as renewable energy, to supplement the conventional sources of energy was also considered.

Concerted efforts will be undertaken to ensure the sustainable development of energy resources, both depletable and renewable, in meeting the energy demand of the economy.

(Source : Eighth Malaysia Plan 2001-2005)

4.4.7 Prospects and Outlook of the Malaysian Oil and Gas Industry

Sustainable development of the energy sector will continue to be the main thrust of the Eighth Malaysia Plan, aimed at contributing towards enhancing the nation's competitiveness and resilience. In this regard, the focus of the sector will be on ensuring adequate, secure, quality and cost-effective supply of energy, promoting its efficient utilisation and minimising the negative impact on the environment. Towards this end, the strategies of the energy sector for the Eighth Malaysia Plan period are as follows:-

4. INFORMATION ON THE GROUP (CONT'D)

- (i) ensuring adequacy and security of fuel supply as well as promoting the utilisation of gas and renewable energy;
- (ii) ensuring adequacy of electricity supply as well as improving productivity and efficiency;
- (iii) developing the energy-related industries and services as well as increasing local content;
- (iv) promoting Malaysia as a regional centre for energy-related engineering services; and
- (v) encouraging efficient utilisation of energy, particularly in the industrial and commercial sectors.

(Source : Eighth Malaysia Plan 2001-2005)

4.4.8 Reliance on and Vulnerability to Imports

The main raw materials used by RFSB are steel and steel-based products which are procured from local suppliers licensed by PETRONAS. These local suppliers, in turn source the raw material abroad, such as Japan, Germany and the United States of America.

Notwithstanding the imports procured by its suppliers, to date, RFSB has not experienced any difficulty in sourcing its raw material supplies.

4.5 CUSTOMERS

Based on the last audited financial statements for the fourteen-month period ended 30 June 2004, the customers of RFSB are as follows :-

Customer	% of RFSB's revenues	Customer industry	Length of relationship	Dependency
Petronas Carigali	44.7	PSC	3 years	Yes
ExxonMobil	9.7	PSC	2 years	Yes
Sarawak Shell Berhad	6.8	PSC	1 year	Yes
IC&E Group Sdn Bhd	20.3	Construction	1 year	No
Sasaran Bahagia Sdn Bhd	13.0	Construction	1 year	No
Team Precision Technologies Pte. Ltd	5.5	Engineering	1 year	No
Total	100.0			

Notwithstanding that more than 60% of RFSB' revenue stems mainly from the PSCs, namely Petronas Carigali, ExxonMobil and Sarawak Shell Berhad, RFSB believes that this is inherent to the nature of the domestic oil and gas industry in view of the limited number of PSCs in Malaysia. RFSB intends to increase its market share to capture regional and overseas customers to mitigate its dependency on its major local customers.

The potential customers of RFSB includes Sabah Shell Petroleum Berhad, Talisman Malaysia Limited, Murphy Sarawak Oil Co. Ltd, Sabah Oil Co. Ltd and Murphy Peninsula Malaysia Co. Ltd.

Further, RFSB has commenced business development efforts with the following persons in line with its diversification and expansion plans:-

- developers of petrochemical plants, power plants and refineries;
- port authorities mainly on onshore fabrication and installation;

4. INFORMATION ON THE GROUP (CONT'D)

- hook-up contractors and pipe laying contractors; and
- ship building manufacturers for marine support services.

4.6 MAJOR SUPPLIERS

Currently, RFSB has over two hundred (200) local suppliers who are PETRONAS-licenced, supplying materials such as steel, pipe, fittings, valves and tools for its fabrication works. Based on the last audited financial statements for the fourteen-month period ended 30 June 2004, the major suppliers of RFSB (i.e. those contributing 10% or more to RFSB's purchases and the top ten (10) suppliers) are as follows:-

Suppliers	Items Supplied	% of Total Purchase	Length of Relationship
Teraskita (Muadzam) Sdn Bhd	Structural and piping materials	14.17%	2 years
Jet Allied Sdn Bhd	Choke valve	8.53%	2 years
MKS Sdn Bhd	Ball valve and graylock interlocking	5.07%	2 years
Petra Resources Sdn Bhd	Chemical injection and mechanical materials	4.95%	2 years
Petrotools Supplies Sdn Bhd	Aluminium helideck and electrical materials	4.33%	2 years
KL Valve & Fittings Sdn Bhd	Double block bleed valve and instrument tubing and fittings	4.29%	2 years
Intraline Resources Sdn Bhd	Cable and accessories, cable gland & accessories, tote tank, wall cladding & roof sheeting	4.20%	2 years
Offshore Industries Sdn Bhd	Lighting fixture, junction box, electrical and instrument materials	3.84%	2 years
SBN Industries Sdn Bhd	Bolts and nuts, cable tray and support	3.78%	2 years
First Marine Services Sdn Bhd	Aluminium helideck	3.78%	2 years

As the raw materials and contracting services can be sourced easily from various suppliers, there is no undue dependency on any of the major suppliers.

4.7 FUTURE PLANS, STRATEGIES AND PROSPECTS**4.7.1 Future Plans and Strategies**

Moving forward into the future, RFSB's mission is to become a leading key player in the regional oil and gas industry. Accordingly, its main focus and the corresponding planned strategies for the next five (5) years would be the following:-

4. INFORMATION ON THE GROUP (CONT'D)

Increase market share in the local industry in which Ramunia operates

The Group is currently one (1) of the principal players in the local oil and gas major fabrication industry. As the Group has successfully completed all the contracts secured within budgeted timeframe and costs and established good rapport with its customers and suppliers, the directors of RFSB are confident of capturing a larger market share. In addition, RFSB actively participates in offshore maintenance and hook-up and commissioning work as one (1) of the three (3) companies being awarded an umbrella contract for the hook-up and commissioning work from Petronas Carigali for the next three (3) years. Currently, the Group is enhancing its technical expertise by providing on-the-job and technical training to its skilled labour in order to secure additional projects.

Become a "one-stop" centre

RFSB's vision is to become a "one-stop" centre offering upstream oil and gas integrated services, namely design, engineering, procurement, fabrication, hook-up and commissioning, maintenance, modifications and upgrades. Such integrated services approach offers opportunities to local PSCs in Malaysia to accelerate development and experience total cost saving as successfully demonstrated in other parts of the world for instance Australia and the North Sea. In order to explore more business potentials, marketing strategies will be focused on integrated services offered, additional services of TR Yard in terms of ship constructions, repairs and refurbishment via collaborations with international ship-builders and even acquisition of new technologies.

Penetrate into power generation and petrochemical industries

The Group is planning to expand its business into power generation and petrochemical construction projects, which is expected to complement its current core activities. In line with this future plan, it consistently seeks business opportunities and alliances with other companies to undertake such projects. In this respect, RFSB will also explore potentials for fabrication and testing of process and mechanical equipment applicable to the oil and gas, petrochemical, refinery, power generation and so forth.

Penetrate into the oil, gas and petrochemical industries in the member countries of Association of South East Asian Nations and Middle East region

RFSB plans to expand its business to oil and gas petrochemical industries in the member countries of the Association of South East Asian Nations and Middle East region in the long term. Accordingly, efforts have been concentrated to achieve the same such as forming strategic alliances or joint ventures with engineering, procurement, construction and commission companies, consortium partners for bids and tenders submissions for local and international high profile jobs; actively participate in CORAL Malaysia's initiatives which has been authorised by PETRONAS and other contractors for all oil and gas contractors in Malaysia; and coordinate with Ministry of International Trade and Industry, Ministry of Finance and other major fabricators in Offshore Structure Fabricators Association of Malaysia.

4.7.2 Prospects of Ramunia Group

In view of the projected growth of the oil and gas industry aforementioned and the Ramunia Group's competitive advantages set out in Section 4.2.9 above and its future plans and strategies, the future prospects of Ramunia Group looks favourable. The directors of Ramunia expects the Group to continue growing and achieve its mission in the future.

It is also the intention of Ramunia to transfer its listing to the Main Board of Bursa Securities upon it meeting the requirements stipulated in the then prevailing SC Guidelines.