

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

5.1 Promoters

The Promoters of Tanjung and their shareholdings in Tanjung upon completion of the IPO are as follows:-

Name	No. of Tanjung Shares			
	Direct	%	Indirect	%
Omar bin Khalid	40,949,850	48.75	^ 242,000	0.29
Abdullah bin Hashim	13,649,950	16.25	-	-

^ Deemed interested by virtue of Section 122A of the Act

5.1.1 Profiles

Omar Bin Khalid, a Malaysian, aged 50, is the Managing Director of Tanjung and has been with the Group since 1990. He obtained a Diploma in Accountancy from Institut Teknologi Mara (now known as Universiti Teknologi Mara) and thereafter joined Arthur Young & Co. as an Auditor in 1975. Later on, he further obtained a Bachelor of Business Administration (Finance) from Eastern Michigan University, USA in 1984. After having spent the next 6 years gaining audit and accounting experience, he moved on to Kompleks Kewangan (M) Berhad where he was a Finance Manager until 1990. Subsequently, he set up TOS and began his successful venture into the Malaysian oil and gas support service industry. He acquired the skills and knowledge of the Malaysian oil and gas support services through hands on experiences as well as keeping abreast with the latest developments within the industry by maintaining a close rapport with the suppliers/principals as well as sound knowledge of the rules and regulations set by the authorities and PETRONAS.

Under his stewardship in the early 1990s, the Tanjung Group together with Odjfell Drilling & Consulting Co. secured drilling contracts for exploratory and development wells in East Malaysia. In 1994, he was instrumental in assisting the Company to secure the exclusive agency for the OEM compressors from EBARA and thereafter the Company's first major contract to supply EBARA compressors to Sarawak Shell in 1997. Since then, the Tanjung Group has grown from a drilling company into an integrated service provider within the oil and gas industry, through the provision of new engineering equipment, marine services and maintenance services to the major oil and gas operators in Malaysia. Under his sound and prudent management practice, the Tanjung Group has won various awards and accreditations from various oil and gas operators within Malaysia. He has also secured the exclusive representation of SIEMENS gas turbines from the small to the medium ranges. He has been actively promoting the services of the Tanjung Group to the oil and gas operators as well as maintaining a close rapport with various suppliers/ principals both locally and overseas to further enhance the profile of the Tanjung Group.

As of to date, En Omar Bin Khalid is also a member of Akademi Laut Malaysia and a trustee member of the Yayasan Pendidikan Cheras, Kuala Lumpur.

Abdullah Bin Hashim, a Malaysian, aged 50, had been a shareholder of TOS since the early 1990s. He holds a Bachelor in Accountancy from Universiti Teknologi Mara and a Post Graduate Diploma in Business Administration from University of Central Lancashire, United Kingdom. En. Abdullah is a qualified Chartered Accountant and is a member of the Malaysian Institute of Accountant since 1995. En. Abdullah joined Arthur Young & Co. in 1977 and subsequently, he moved to Lembaga Tabung Haji, Yayasan Pelajaran Mara and Rakyat Corporation Sdn Bhd before joining Bank Kerjasama Rakyat Malaysia in 1993.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

He is one of the co-founders of TOS and has been actively contributing to the business strategies and directions of the Tanjung Group. This is especially so in the area of financial management gained through his vast experience in the financial field. He has been advising on various financial issues pertaining to the daily operations of the Tanjung Group such as budgeting, costing, tax planning and various financing facilities available for the oil and gas industry in Malaysia.

5.1.2 Substantial Shareholdings And Directorships In Other Public Corporations

Save as disclosed below, none of the Promoters, directors and/ or substantial shareholders of Tanjung have substantial shareholdings or directorships in other public corporations for the past two (2) years preceeding 15 April 2005.

Y.B. Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee

Name of Company	Directorship	Shareholding				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
C.I. Holdings Berhad	Non-Executive Director	-	-	-	-	Manufacturing of plumbing accessories, civil contractor and granite and quarrying

5.2 Substantial Shareholders

Upon completion of the IPO, the substantial shareholders of Tanjung, with 5% or more, direct or indirect shareholdings, are Omar bin Khalid and Abdullah bin Hashim. Their shareholdings and profiles have been set out in Section 5.1.

5.3 Directors

The Directors and their shareholdings in Tanjung upon completion of the IPO are as follows:-

Name	Designation	No. Of Tanjung Shares			
		Direct	%	Indirect	%
Y.B. Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	Independent Non Executive Chairman	* 200,000	0.24	-	-
Omar Bin Khalid	Managing Director	40,949,850	48.75	^ 242,000	0.29
Hamidon Bin Md Khayon	Executive Director	* 150,000	0.18	-	-
Y.B. Haji Ab. Wahab Bin Haji Ibrahim	Independent Non Executive Director	* 200,000	0.24	-	-
Edwanee Cheah Bin Abdullah	Independent Non Executive Director	* 200,000	0.24	-	-

Note:-

* Based on the assumption of subscription of all their pink form allocations pursuant to the Listing Scheme.

^ Deemed interested by virtue of Section 122A of the Act.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.3.1 Profile of Directors

The profile of Omar bin Khalid is set out in Section 5.1.1. The profiles of the other Directors are as follows: -

Y.B. Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee, a Malaysian, aged 42, is the Independent Non-Executive Chairman of Tanjung. He was appointed to the Board of Directors of Tanjung on 9 March 2005. He was awarded a Professional Diploma in Leadership and Management by the New Zealand Institute of Management, New Zealand in 2003 and is a member of the Society of Business Practitioners, United Kingdom. He ventured into business in the early 1980s and held directorships in several private and public corporations involved in a diverse range of businesses. He also holds directorships in Rubber Industry Smallholders Development Authority ("**RISDA**"), IIUM Holdings Sdn Bhd and C.I. Holdings Berhad and is the Chairman of Yayasan Pendidikan Cheras (YPC).

His political career began in 1978 as a Youth Chief of UMNO, Kelawai Branch, Jelutong Division, Pulau Pinang and assumed various positions within UMNO in Pulau Pinang and Kuala Lumpur. As of todate, he is the Head of Cheras UMNO division, Kuala Lumpur and Vice Chairman of Barisan Nasional's Cheras parliamentary constituency. He is also the Secretary of UMNO's Liaison Committee for Wilayah Persekutuan, the Barisan Nasional Wilayah Persekutuan Secretary and also the Secretary for the Senator's Club Malaysia.

Y.B. Senator Datuk Syed Ali was conferred with the Pingat Jasa Masyarakat (PJM), Pulau Pinang in 1994, the Darjah Johan Negeri (DJN), Pulau Pinang, in 1998 and for the year 2000, he was conferred the Seri Mahkota Selangor (SMS), Selangor, Kesatria Mangku Negara (KMN) from the Yang DiPertuan Agong and the Panglima Gemilang Darjah Kinabalu (PGDK), Sabah which carries the title "Datuk". He was appointed Senator by the Yang DiPertuan Agong on 21 April 2003.

Hamidon Bin Md Khayon, a Malaysian, aged 36, is the Executive Director of Tanjung and has been with the Group since 1995. He sits on the Board of Directors of TMS and TPC, both subsidiaries of Tanjung, to oversee the operations and business activities of these companies.

He started his career as a Drilling Fluid Engineer in 1993 with BW Promud Sdn Bhd, for area of operations predominantly in Malaysia. Later he joined Antah Baroid Sdn Bhd as a Drilling Fluids Specialist Sales and Services in 1994 for area operations within ASEAN. He joined TOS in April 1995 as a Project Sales Engineer to oversee marketing strategies and various projects and was subsequently promoted to lead the Business Development Section in 1997.

He has more than 10 years experience in oil and gas industry ranging from offshore drilling exploration works, project management development and marine services.

Hamidon is a graduate from Colorado School of Mines, USA and holds a Bachelor Degree of Engineering in Petroleum Engineering. He is currently a member of Malaysia Oil and Gas Engineering Consultants.

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5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Y.B. Haji Ab. Wahab Bin Haji Ibrahim, a Malaysian, aged 53, is the Independent Non-Executive Director and Chairman of the Audit Committee of Tanjung. He was appointed to the Board of Directors of Tanjung on 9 March 2005. He is a Chartered Accountant and also a member of the Malaysian Institute of Accountants. He holds a Diploma and Advanced Diploma in Accounting from University Technology Mara and his experience spans 26 years in the area of finance and accounting including overseeing the financial management and accounting of various companies, the listing of Petronas Gas Berhad and managing several projects worth located overseas such as in Brunei, Thailand, Vietnam, Cameroon, Sudan and Indonesia. He began his career in the Corporate Finance Division at PETRONAS in 1978 and later assumed the role of Finance Manager for Petronas Gas Berhad, a subsidiary of PETRONAS. He was also appointed as Joint Company Secretary and was a member of the Management Committee. Following the successful implementation of the listing of Petronas Gas Berhad, he was further reassigned as Head of the Finance and IT Division of Oil, Gas and Petrochemical Technical Services Sdn Bhd ("**OGP**"), another subsidiary of PETRONAS in 1996, a position he held until March 2004. Beyond his duties, he is also active in politics as well as social and community services.

Edwanee Cheah bin Abdullah, a Malaysian, aged 54, is the Independent Non Executive Director of Tanjung. He was appointed to the Board of Directors of Tanjung on 9 March 2005. He holds a Masters in Business and Administration (Technology) from Deakin University and is a Member of the Association of Professional Engineers, Scientists and Managers, Australia. His strong technical background is complemented by a wide and diverse business experience. He has over 30 years of international experience in the energy sector and has served various business units of the Royal Dutch Shell Group in Europe, USA, Africa, Middle East and Asia and has a good standing on the international projects community. Through his exposure and knowledge in energy sector he is now a professional in managing large oil and gas development projects and has successfully delivered several projects of value over USD1 billion. His area of expertise is in strategic planning, commercial deal making, and in leading large groups of technical and commercial resources.

5.3.4 Aggregate Remuneration And Benefits

The aggregate remuneration and benefits paid and proposed to be paid to the Directors of Tanjung for services rendered in all capacities to the Group for the FYE 31 December 2004 and the current FYE 31 December 2005 respectively falls within the following bands: -

Remuneration Band	Number of Directors	
	FYE 31.12.2004	FYE 31.12.2005
Up to 50,000	-	3
50,001 – 100,000	-	-
100,001 – 200,000	-	1
200,001 – 500,000	1	1
Total	1	5

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.4 Audit Committee

The Audit Committee which was set up on 9 March 2005 comprises the following members:-

Name	Designation	Directorship
Y.B. Haji Ab. Wahab Bin Haji Ibrahim	Chairman	Independent Non-Executive Director
Edwaneh Cheah Bin Abdullah	Member	Independent Non-Executive Director
Omar Bin Khalid	Member	Managing Director

The main functions of the Audit Committee include the review of audit plan and audit report of the auditors, review of the internal control procedures, review of the auditors' evaluation of internal accounting controls, review of the financial statements and nomination of the auditors.

5.5 Key Management And Key Technical Personnel

The management of Tanjung Group is headed by En. Omar bin Khalid, the Managing Director, and En. Hamidon bin Md. Khayon, the Executive Director, and are assisted by the key management and key technical personnel of Tanjung Group.

The designations and shareholdings (upon completion of the IPO) of the key management and key technical personnel of Tanjung Group are as follows:-

Name	Designation	No. Of Tanjung Shares			
		* Direct	%	Indirect	%
Zaaba Bin Sedek	Manager, Aftermarket Services	185,000	0.22	-	-
Muhammad Sabri Bin Ab. Ghani	Manager, Application Engineering	150,000	0.18	-	-
Ahmad Bin Khalid	Manager, Marine Vessels	147,000	0.18	^ 40,959,850	48.76
Farah Liza Wati Binti Jumail	Senior Accounts Executive	115,000	0.14	-	-
Abdul Mutalib Bin Idris	Director, TMS	50,000	0.06	-	-
Joachim Tan Seow Hoe	Manager, Corporate Finance	8,000	0.01	-	-
Khairiri Bin Abdull Karim	Director, TMS	50,000	0.06	-	-
Hassan Bin Haji Ali	Director, TKS	90,000	0.11	-	-

Note:-

* Based on the assumption of subscription of all their pink form allocations pursuant to the Listing Scheme.

^ Deemed interested by virtue of Section 122A of the Act

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Zaaba Bin Sedek, a Malaysian, aged 41, is the Manager of the Aftermarket Services Section. He manages the technical and commercial matters, day-to-day issues on gas turbines and compressors maintenance contract negotiations as well as overseeing their implementation.

He joined the company in 1990 and started his career as an Accounts Assistant and later as an Accounts Executive. In 1994 he managed the Material Services Unit. Subsequently in 2002, this unit was expanded to include technical support on maintenance services and was renamed Aftermarket Services Section.

Muhammad Sabri Bin Ab. Ghani, a Malaysian, aged 33, is the Senior Manager of Application Engineering Section. He sits on the Board of Directors of TNE, a subsidiary company of TOS. He was appointed as the Executive Director for TNE in 2002 to oversee its operations and business activities especially for the oil and gas market and power plant industry. He started his career with TOS in January 1996 as a Project Engineer and was subsequently promoted to lead the Engineering Section in January 2000. He has extensive and vast experience in the field of project engineering and management especially for oil and gas industry, specializing in gas compression projects and power generation.

He was the Project Manager who led the gas turbine driven compression package for the three offshore platforms operated by Sarawak Shell in Central Luconia Gas Field Development and was responsible in ensuring that the job was completed within the time frame and achieved the highest machine's availability of 96% and above. He was also involved in managing a similar project capacity for Resak Platform gas compressor packages owned and operated by Petronas Carigali. He is currently a Project Manager for recycle gas turbine driven gas compressor packages for BRE CO₂ Removal Platform, owned and operated by Talisman. He attended several training programmes for maintenance, operation and trouble-shooting of EBARA Turbo Compressor and GE LM2500 gas turbine respectively.

Sabri is a graduate from the School of Mechanical and Offshore Engineering, The Robert Gordon University Aberdeen, Scotland and holds a Degree in Mechanical and Offshore Engineering. He also holds a Diploma in Petroleum Engineering from University Technology Malaysia. He is a registered graduate mechanical engineer with Board of Engineers Malaysia (BEM) since 1996 and is a member of Society of Petroleum Engineers International (SPE).

Ahmad Bin Khalid, a Malaysian, aged 55, is the Manager of Marine Vessels Section. He manages the operational, technical and commercial issues of the Company's fleet of marine vessels.

He started his career in Penang as a Marketing Executive in a shipping and forwarding-cum-stevedoring company in 1990 and progressed to the position of Managing Director. Thereafter, he joined Allied Marine and Equipment Sdn Bhd, a diving company until 1996 and later joined the Tanjung Group to lead the Marine Vessels division until the present day. En. Ahmad is highly experienced within the maritime services in the local oil and gas industry and instrumental in helping the Group set up the marine services division of the Tanjung Group in 2003.

Prior to the setting up of the said marine services division, he was involved in various consultations with a range of oilfield contractors and operators of vessels within the Kemaman Supply Base in Terengganu so as to ensure that the vessels operated by the Tanjung Group conform to the technical and safety specifications stipulated by operators and the authorities. He is mostly based in Kemaman Supply Base,

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Terengganu to directly monitor the operations and maintenance of the vessels, welfare of crew and attends monthly safety meetings with the oilfield operator(s) on the latest developments of the marine services and safety requirements.

Currently, he is also in charge of overseeing the commissioning and building of the Group's new vessels in Kuala Terengganu and Port Klang. He chairs the weekly meetings with the shipbuilders to ensure that the design, technical specifications and fabrication works are carried out according to the work manuals and schedules.

Farah Liza Wati Binti Jumail a Malaysian aged 29, is the Senior Accounts Executive. She joined the Tanjung Group in 1997 and her key responsibilities include supervising, monitoring and preparation of the accounting records and full set of accounts of the Group. She also liaises with the bankers, secretary and external auditors in ensuring the various financial and secretarial compliance requirements of the Tanjung Group are in order. She is also responsible for maintenance of the Group's payroll and credit control matters as well as handling the matters pertaining to Kumpulan Wang Simpanan Pekerja and Social Security Organisation.

She obtained a Diploma in Accounting from the London Chamber of Commerce & Industry, Institut Profesional Baitulmal in 1996.

Prior to joining Tanjung Group, Farah was an internal auditor with Chung-Khiaw Bank (Malaysia) Berhad in 1995 and her main responsibilities included assisting the team leaders in performing various audit functions within the said banking group.

Abdul Mutalib Bin Idris, a Malaysian, aged 44 is a Director of TMS (since June 2001) and is responsible for the overall operations of TMS including initiating and successfully obtaining the ISO 9001:2000 certification for TMS with SIRIM in 2003.

Abdul Mutalib has over 15 years on hands-on working experience in the area of material and material handling management in the oil and gas industry obtained via his attachment with various large corporations. His experience includes, amongst others, procurement and materials management, reengineering of business processes in the area of materials management, structuring and establishing logistics arrangement for multi-nationals petroleum companies and assessing and evaluation of various tender proposals.

He started his career as a Senior Purchasing Executive with FELDA Trading Corporation in 1989 before joining Petronas Carigali Sdn Bhd in 1992 as a Purchase Executive. He was later promoted to assume the role of Senior Materials Coordinator before he joined ESSO Production Malaysia Inc. and Nippon Oil Exploration (M) Sdn Bhd as the Purchase Analyst in 1995. In 1997, he joined Greater Nile Petroleum Operating Co., as the Head of Logistics Management Department before returning to ESSO Production Malaysia Inc. Co the following year. Thereafter, he moved on to assume the role of Executive Director in Britac-Saag Oil & Gas Sdn Bhd, a wholly-owned subsidiary of Britac Corp Berhad, a position he held from 1998 until he joined Tanjung in June 2001.

Mutalib holds an MBA (Purchasing & Materials Management) from Arizona State University, USA, a Bachelor of Business Administration (Econ-Fin) from the University of Tennessee, USA and a Diploma In Accountancy from Institut Teknologi Mara.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Khairiri Bin Abdul Karim, a Malaysian, aged 45, is a Director of TMS and had joined the Group since August 2001. His responsibilities include amongst others, supervision of the overall operations and safety management of TMS' workshops as well as the promotion and marketing of its service centre's capabilities and facilities to customers.

Khairiri has relevant experience and technical capabilities in the area of engineering equipment and spare parts in the oil and gas industry accumulated over the past years via his attachment with numerous large corporations. This aforesaid experience includes, amongst others, analytical troubleshooting and rectification of equipment failures, maintenance on the equipment and spare parts to minimize equipment shutdown and breakdown as well as ensuring consistent risk and safety management.

He began his career as a Technician in Lembaga Letrik Negara in 1982. He joined Esso Production Malaysia Inc. Kerteh, Terengganu as an Offshore Platform Instrument and Electrical Technician in 1986 and advanced to become the Offshore Turbomachinery Roving Team Technician in 1987. He was further promoted to assume the role of the Offshore Turbomachinery Roving Team Supervisor and Seligi Offshore Platform Maintenance Supervisor in 1992 and 1993 respectively. Thereafter he served Esso Production Malaysia Inc. as a Purchasing Analyst before joining Delcom Services Sdn Bhd as an Assistant Manager. Subsequently, he joined Turboservices Sdn Bhd wherein he was seconded to Petronas Carigali Sdn Bhd as the Turbomachinery Maintenance Specialist in 1998. Prior to joining TMS in 2001, he was attached to Britac-SAAG Sdn Bhd as a Customer Service Centre Manager.

En Khairiri holds a Bachelor of Science in Electromechanical Engineering from the University of Southern Pacific, Hawaii, US. He also holds a Certificate in Electrical Engineering (Power), Certificate in Instrument and Electrical Apprentice and a Diploma in Mechanical Engineering (General).

Joachim Tan Seow Hoe, a Malaysian, aged 30 is the Manager of Corporate Finance of the Tanjung Group. He joined the Tanjung Group in 2004 and is mainly involved in managing and overseeing all corporate exercises undertaken by the Tanjung Group including formulating financial strategies for the overall direction of the Group.

Joachim started his career as an auditor at PricewaterhouseCoopers ("PWC"), Kuala Lumpur in 1997 whereby he has gained extensive knowledge in auditing and financial reporting matters for a diverse range of industries. His tenure at PWC has also enabled him to gain in depth knowledge of the Malaysian oil and gas industry where he was part of the audit team which specialises in the quarterly PSC audits of various oil and gas operators in Malaysia such as Sarawak Shell, Sabah Shell and Carigali-Triton Operating Company.

In solidifying his knowledge of the Malaysian capital market, Joachim advanced his career by joining AmMerchant Bank in 2000 as a corporate finance executive whereby he gained extensive knowledge and experiences in various corporate finance exercises from origination to implementation for a range of public listed companies in Malaysia. Thereafter, he joined Affin Merchant Bank Berhad in 2003 as an Assistant Vice President in similar capacity and a universal broker before joining the Tanjung Group in 2004.

Joachim holds a Bachelor of Management Studies (Honours) from the University of Waikato, New Zealand and is a member of the Institute of Chartered Accountants of New Zealand (ICANZ) and the Malaysian Institute of Accountants (MIA).

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Hassan Bin Haji Ali, a Malaysian, aged 48, is the Executive Director of TKS which is the ship management subsidiary of Tanjung Offshore Berhad. He is principally responsible for the overall safety operations and efficiency management of Tanjung's fleet of vessels as well as ensuring that the vessels meet all the relevant statutory and Classification Society and Charterers' requirements.

He has thirty (30) years of experience in the marine transportation industry which amongst others include shipboard service in various capacities, lecturing, managerial and directorship positions.

He started his career as a Deck Cadet with Malaysia International Shipping Corporation (MISC) in 1975 and had sailed on various types of vessels. In 1988 he joined the Malaysian Maritime Academy (ALAM) as a Nautical Lecturer and was subsequently promoted to the position of Senior Lecturer and Section Head until his departure from ALAM in 1995.

Thereafter he served in various managerial positions with a number of shipping companies such as Petrokapal Sdn Bhd, Orient Overseas Container Line (M) Sdn Bhd (OOCL), Regship Services Sdn Bhd and finally as an Executive Director of shipbroking company, Gugusan Maritime Sdn Bhd, before joining the Tanjung Group.

Hassan holds a Masters of Foreign Going Certificate of Competency (Class 1) and a Masters in Transportation from the University of Wales College of Cardiff. He is currently a member of the Malaysian Maritime Institute (IKMAL).

5.6 Management Succession Plan

Tanjung Group's business is organised along functional lines where managers who head various departments, are relatively autonomous and have significant decision making authority within their span of control and within clearly defined boundaries. These managers comprise of competent professionals and qualified personnel who possess relevant qualifications and experience to discharge their duties. As such, there is no over dependency on the existing Executive Directors to ensure the smooth running of the Group's business operations.

Hence, the clear and well defined job responsibilities as well as proper reporting structure facilitates the smooth running of the Group's day-to-day operations with minimum intervention from the Executive Directors which in turn enable the Executive Directors to focus on other strategic issues to further develop and drive the business growth and continued success of the Tanjung Group.

Nevertheless, in ensuring a continuous and skilled management team for the Company, the Tanjung Group endeavours to execute a management succession plan whereby it will groom the existing managers for succession to senior positions and provide the relevant training to existing staff and hiring skilled staff for functional management.

In relation to this, selected managers will be provided with effective and efficient hands-on experiences in promoting job enrichment. Concurrently, newer members of the management will be also being groomed to gradually assume a wider scope of responsibilities. With the implementation of a smooth and organised management succession plan, the Tanjung Group believes that it will enable the Group to continually improve and propel to greater heights in the future.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.7 Involvement In Other Businesses Or Corporations

Save as disclosed below, none of the Executive Directors / key management are involved in other businesses or corporations.

Omar Bin Khalid, a Director and Promoter of Tanjung, principally spends his time and effort on activities relating to the Tanjung Group. He is also a Director of the following: -

Name of Company	Directorship Date Appointed (Date of Cessation)	Shareholding as at 15 April 2005				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
PT Petrotech Batam, Indonesia	10 September 2003	-	-	-	-	Production of well head control panel

Abdul Mutalib Bin Idris, a Director of TMS, principally spends his time and effort on activities relating to the Tanjung Group. He is also a Director of the following: -

Name of Company	Directorship Date Appointed (Date of Cessation)	Shareholding as at 15 April 2005				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
Enceff Retrofit Services Sdn Bhd	16 January 1999	-	-	-	-	Provision of energy saving system for buildings

Farah Liza Wati Binti Jumail, a key management personnel of the Group, principally spends her time and effort on activities relating to the Tanjung Group. She is also a Director and shareholder in the following: -

Name of Company	Directorship Date Appointed (Date of Cessation)	Shareholding as at 15 April 2005				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
Sejoka Kembara Sdn Bhd	11 January 2002	1	Negligible	-	-	The provision of food and beverages and the management of restaurant

Khairiri Bin Abdul Karim, a Director of TMS, principally spends his time and effort on activities relating to the Tanjung Group. He is also a Director and shareholder of the following: -

Name of Company	Directorship Date Appointed (Date of Cessation)	Shareholding as at 15 April 2005				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
Arca Intelek Sdn Bhd	21 June 1994	2	20%	-	-	Dormant

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Zaaba Bin Sedek, a key management personnel of the Group, principally spends his time and effort on activities relating to the Tanjung Group. He is also a Director and shareholder in the following: -

Name of Company	Directorship Date Appointed (Date of Cessation)	Shareholding as at 15 April 2005				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
Center for Logistics Leadership in Business Sdn Bhd	25 March 2003	15,000	30	-	-	Academic and professional training in logistics

Hassan Bin Haji Ali, a key management personnel of the Group, principally spends his time and effort on activities relating to the Tanjung Group. He is also a Director and/or shareholder of the following: -

Name of Company	Directorship Date Appointed (Date of Cessation)	Shareholding as at 15 April 2005				Principal Activities
		Direct		Indirect		
		No. of shares	%	No. of shares	%	
Gugusan Maritime Sdn Bhd	2005	10,000	10%	-	-	Shipbroking activities
Topbase Venture Sdn Bhd	2005	-	-	-	-	Supply of stationery

5.8 Declaration

No Director or key management or key technical personnel of Tanjung Group is or has been involved in any of the following events, in or outside Malaysia:-

- i) a petition under any bankruptcy or insolvency laws filed and which has not been struck out, against the Director or key management or key technical personnel, or any partnership in which they were a partner, or any corporation of which they were Directors or key management or key technical personnel;
- ii) a charge and/ or conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- iii) an order, judgment or ruling of any court of competent jurisdiction temporarily enjoining them from acting as investment advisers, dealers in securities, Directors or employees of a financial institution and engaging in any type of business practice or activity.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.9 Family Relationships and Associations

Saved as disclosed below, there are no family relationships (as defined in Section 122A* of the Company Act, 1965) or associations between the Promoters, substantial shareholders and Directors of Tanjung, or key management or key technical personnel of the Tanjung Group.

- En Omar Bin Khalid and En Ahmad Bin Khalid are brothers.

* Section 122A of the Company Act, 1965 has set out that 'family' shall include a person's spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of his child, brother or sister.

5.10 Service Agreements

There are no existing or proposed service agreements (contracts for service) between the Tanjung Group and its Directors or key management or key technical personnel which are not terminable by notice without payment of compensation (other than statutory compensation).

5.11 Changes In Shareholdings In The Company For The Past Three (3) Years

Tanjung was incorporated on 11 August 2004. The significant changes of the promoters' and substantial shareholders' shareholdings in the Company since the date of incorporation is as follows: -

Name	--As at 11 August 2004-- (Date of Incorporation)		--As at 28 April 2005 ^--	
	No. of Shares	%	No. of Shares	%
Omar Bin Khalid	-	-	47,999,850	75.00
Abdullah Bin Hashim	-	-	15,999,950	25.00

^ Prior to the Public Issue but subsequent to the Acquisition of TOS and the Rights Issue.

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6. APPROVALS AND CONDITIONS

6.1 Approvals And Conditions

The Listing Scheme as set out in Section 4.3 was approved by the following authorities as follows:-

Authority	Date
SC and under the Guideline on the Acquisition of Interests, Mergers and Takeovers by Local and Foreign Interests	25 February 2005 and 28 March 2005
MITI	9 November 2004 and 24 March 2005

The conditions imposed and the status of compliance are as follows:-

Conditions imposed	Status of compliance												
(i) Tanjung to disclose in its quarterly and annual reports the status of utilisation of proceeds raised from the listing exercise until the proceeds are fully utilised.	Will be met.												
(ii) Moratorium on disposal of shares to be imposed on the following shareholders of Tanjung, as proposed, where they are not allowed to sell, transfer or assign their shareholdings for one (1) year from the date of admission of Tanjung on the Second Board of Bursa Securities:	Will be met. The Undertaking Letters dated 13 October 2004 have been submitted to the SC.												
<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Number of Tanjung shares under moratorium</th> <th>% of enlarged issued and paid-up share capital of Tanjung</th> </tr> </thead> <tbody> <tr> <td>Omar bin Khalid</td> <td>28,350,000</td> <td>33.75</td> </tr> <tr> <td>Abdullah bin Hashim</td> <td>9,450,000</td> <td>11.25</td> </tr> <tr> <td>Total</td> <td>37,800,000</td> <td>45.00</td> </tr> </tbody> </table>	Shareholder	Number of Tanjung shares under moratorium	% of enlarged issued and paid-up share capital of Tanjung	Omar bin Khalid	28,350,000	33.75	Abdullah bin Hashim	9,450,000	11.25	Total	37,800,000	45.00	
Shareholder	Number of Tanjung shares under moratorium	% of enlarged issued and paid-up share capital of Tanjung											
Omar bin Khalid	28,350,000	33.75											
Abdullah bin Hashim	9,450,000	11.25											
Total	37,800,000	45.00											
(iii) Any future transactions between the Tanjung Group and the directors/ substantial shareholders or companies related to the directors/ substantial shareholders, if any, must be conducted on an "arm's length" basis and must not be unfavourable to Tanjung and its minority shareholders;	Will be met, if applicable.												
(iv) The directors and substantial shareholders of the Tanjung Group should not, in the future, be involved in any business, which would be in conflict with the Tanjung Group's existing core business;	Will be met, if applicable.												
(v) The proceeds from the offer for sale should be put into a trust account until the listing of Tanjung shares on Bursa Securities;	Will be met.												
(vi) In relation to the special dividends, AmMerchant Bank/ Tanjung to submit to the SC a confirmation that the audited NTA of TOS after declaration and payment of the special dividend is not lower than the audited NTA as at 30 June 2004;	Met. The auditor of Tanjung, Messrs. AljeffriDean has confirmed to the SC that the audited NTA of TOS after declaration of the special dividends is not lower than the audited NTA of TOS as at 30 June 2004, vide a letter dated 14 March 2005.												

6. APPROVALS AND CONDITIONS (CONT'D)

Conditions imposed	Status of compliance
(vii) TOS to maintain at least 51% Bumiputera participation in its equity at all times, as required by the MOF;	Will be met.
(viii) AmMerchant Bank/ Tanjung to inform the SC on the status of compliance with the National Development Policy requirement upon completion of the flotation proposal;	Will be met.
(ix) The Tanjung Group to disclose in its listing prospectus the following:-	
(a) The status of withholding taxes and late payments charges imposed by the Inland Revenue Board amounting to RM1,028,709 payable by TOS and the impact on the Tanjung Group's financial position, if any;	Met. Please refer to Sections 1.10 (iv) and 9.4.4 for further details.
(b) The risk factors associated with the Tanjung Group's dependency on a few major customers and measures to mitigate these risks;	Met. Please refer to Section 3.3 for further details.
(c) Ability of the Tanjung Group to compete with other companies involved in similar industries; and	Met. Please refer to Section 3.6, 4.6.3 and 4.6.4 for further details.
(d) Details of the Tanjung Group's management succession plan;	Met. Please refer to Section 5.6 for further details.
(x) Tanjung to fully comply with all relevant requirements pertaining to the implementation of the above proposals as stipulated in the Issues Guidelines.	Will be met, where applicable.

The SC noted the changes to the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholders in Tanjung upon completion of the Listing Scheme, as follows:-

Category	Before proposal (%)	After proposal* (%)
Bumiputera	-	65.0
Non-Bumiputera	100.0	35.0
Foreign	-	-
	100.0	100.0

Note:-

* After Acquisitions, Rights Issue, Public Issue and Offer For Sale

The conditions imposed by MITI on Tanjung Group, and the status of compliance are as follows:-

Conditions imposed	Status of compliance
(i) To obtain the SC's approval for the Listing Scheme and compliance with the Guideline on acquisitions, mergers and take-overs.	Met. The SC has approved the IPO vide its letters dated 25 February 2005 and 28 March 2005 subject to certain conditions, as set out earlier.

6. APPROVALS AND CONDITIONS (CONT'D)

Conditions imposed			Status of compliance
(ii) MITI recognises the following Bumiputera's shareholdings:-			
Name	No. of Tanjung Shares	%	
Omar Bin Khalid	40,949,736	48.75	
Abdullah Bin Hashim	13,649,912	16.25	
	54,599,649	65.00	
as shareholdings held by recognised existing Bumiputera investors subject to the condition that 30% of the recognised amount can be sold without prior approval from MITI, and the balance of 70% is to be sold on a staggered basis after three (3) months after the listing of Tanjung Shares, with prior approval from MITI.			Will be complied, if applicable.
(iii) Tanjung is required to inform MITI in respect of the approved Bumiputeras' shareholdings in Tanjung, six (6) months after its listing on Bursa Securities.			Will be met.

6.2 Moratorium On Shares

The SC, in approving the Listing Scheme, has imposed a moratorium on the disposal of 37,800,000 Tanjung Shares, representing 45% of the enlarged issued and fully paid-up share capital of Tanjung ("**Moratorium Shares**"). An aggregate of 37,800,000 Tanjung Shares held by Omar bin Khalid and Abdullah bin Hashim (in their respective portion), would be subject to the moratorium. Hence, they will not be allowed to sell, transfer or assign their Moratorium Shares within one (1) year from the date of admission of Tanjung to the Official List of the Second Board of Bursa Securities.

The existing shareholders of Tanjung whose Tanjung Shares are subjected to the moratorium as imposed by the SC are as follows:-

Name of shareholder	Shareholdings after the IPO		Shareholdings to be placed under moratorium	
	(No. of Shares)	(%)	(No. of Shares)	(%)
Omar Bin Khalid	40,949,850	48.75	28,350,000	33.75
Abdullah Bin Hashim	13,649,950	16.25	9,450,000	11.25
Total	54,599,800	65.00	37,800,000	45.00

The restriction, which is fully accepted by Omar bin Khalid and Abdullah bin Hashim, has been endorsed specifically on the share certificates representing their shareholdings that are under moratorium, to ensure that the share registrar of Tanjung does not register any transfer of the Moratorium Shares.

The above shareholders have provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the SC Guidelines.

6. APPROVALS AND CONDITIONS (CONT'D)

The endorsement which has been affixed on the certificates of the Moratorium Shares is as follows:-

*"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission (the "**Moratorium Period**"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."*

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7. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

7.1 Related Party Transactions And Conflicts Of Interest

For the last financial year ended 31 December 2004 and subsequent period up to 15 April 2005, none of the Directors, substantial shareholders, and key management and key technical personnel, and/ or persons connected with them, were engaged in any existing and potential related party transaction * (which has the meaning given in the Listing Requirements of Bursa Securities) and there is no conflict of interest in relation to Tanjung Group and its related parties.

** The Listing Requirements of Bursa Securities has stipulated that a related party transaction means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party. Related party has been defined in the Listing Requirements of Bursa Securities as a Director, major shareholder or person connected with such Director or major shareholder.*

The Directors of Tanjung will ensure that the Tanjung Group will transact all future transactions which involve the interests of the Directors, substantial shareholders, and key management and key technical personnel, and/ or persons connected with them, if any, at arm's length, on the normal commercial terms of Tanjung Group which are not more favorable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders or of the Company. The Audit Committee will supervise the terms of related party transactions, and the Directors of Tanjung will report related party transactions, if any, annually in the annual reports of Tanjung.

7.2 Transactions That Are Unusual In Their Nature Or Conditions

The Directors of Tanjung have confirmed that to their best knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which Tanjung or any of its subsidiaries was a party, in the last financial year ended 31 December 2004 up to 15 April 2005, being the latest practicable date prior to the printing of this Prospectus.

7.3 Outstanding Loans Made For Benefit Of Related Parties

The Directors of Tanjung have confirmed that as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, there are no outstanding loans, including guarantees of any kind, made by the Tanjung Group, to or for the benefit of related parties of Tanjung.

7.4 Outstanding Payables To Related Parties

The Directors of Tanjung have confirmed that as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Tanjung Group has no outstanding payables to related parties.

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7. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (CONT'D)**7.5 Interests in Similar Businesses**

Save as disclosed below and to the best knowledge and belief of the Directors, substantial shareholders and key management of Tanjung Group, none of them and/or persons connected to them are interested, directly or indirectly, in any business carrying on a similar trade as the Company or its subsidiaries.

Name of entity with similar business	Interested Director	Nature of business	No of shares held in the company as at 15 April 2005			
			Direct	(%)	Indirect	(%)
PT Petrotech Batam, Indonesia	Omar bin Khalid	Production of well head control panel	-	-	-	-

Omar Bin Khalid, the substantial shareholder and Promoter of Tanjung, is also a Director of PT Petrotech Batam, Indonesia since 10 September 2003. The principal activity of PT Petrotech Batam is the production of well head control panels for the oil and gas industry. However, as Tanjung is not in the provision of well head control panels and the target customers and market segment of PT Petrotech is different from that of the Tanjung Group, there is deemed no conflict of interest with the existing business of the Tanjung Group.

7.6 Promotions Of Material Assets Within Two (2) Years Preceding The Date Of This Prospectus

Save for the Acquisitions set out in Sections 4.3.1 and 4.3.2, no substantial shareholders or Directors of Tanjung have any interest, direct or indirect, in the promotion of, or in any material assets within the two (2) years preceding the date of this Prospectus, acquired or disposed of by or leased to Tanjung Group, or are proposed to be acquired, disposed of by or leased to the Tanjung Group.

7.7 Declarations By The Advisers

AmMerchant Bank declares that there are no existing or potential conflicts of interest in respect of its capacities as the Adviser, Managing Underwriter, Underwriter and Sole Placement Agent for the IPO.

Messrs AljeffriDean have confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Auditors and Reporting Accountants for the IPO.

Messrs Raslan Loong, have confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Solicitors for the IPO.

Messrs Frost & Sullivan have confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Independent Market Researcher for the IPO.

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8. LAND AND BUILDINGS

A summary of the land and buildings owned by the Tanjung Group, of which TOS is the registered owner, is set out below:-

No	Title Identification / Postal Address	Description And Existing Use	Approximate Age of Building / Tenure / Date of Expiry of Lease	Land Area / (Built-Up Area) (sq. ft.)	Restriction In Interest / Encumbrances / Express Conditions	Net Book Value As At 31 December 2004 (RM)
1.	GRN 38601 Lot No. 25929 (formerly known as HS(D) 73775, PT No. 4612) Mukim of Setapak, District and State of Wilayah Persekutuan / No. 8-3, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur; and	3-storey shophouse used as the head office for the Tanjung Group	Age of building : approximately 9 years / Tenure : Freehold Certificates of Fitness issued on 24 February 1999	1,760 / (4,634)	Express Conditions: The Land is to be used for commercial purposes only. There is no restriction in interest imposed on the Land.	590,472
	GRN 38600 Lot No. 25930 (formerly known as HS(D) 73774, PT No. 4611) Mukim of Setapak, District and State of Wilayah Persekutuan / No. 10, Jalan Puncak Setiawangsa 4, Taman Setiawangsa, 54200 Kuala Lumpur			1,760 / (4,634)		760,000
2.	PN 4114, Lot No. 3790 (formerly known as HS(D) 2670, PT 4199), Mukim of Teluk Kalung, District of Kemaman, State of Terengganu / Lot D1 Kawasan MIEL Teluk Kalung 24007 Kemaman Terengganu Darul Iman	A factory lot used as the Group's Kemaman Operation Centre providing maintenance services such as fabrication, cleaning, overhaul etc.	Age of building : approximately 2 years / Tenure : 60-year leasehold expiring 22.8.2057 Certificate of Fitness issued on 25 January 2000	21,427 / (8,626)	Express Conditions: (i) The Land is to be used for industrial purposes only. (ii) Within two (2) years from the date the Land is granted, a building in relation to industrial purpose shall be built in accordance with the approved plans by the Local Authorities. <u>Restriction in Interest:</u> (i) There shall be no transfer or charges created over the Land without the approval of the State Authority. (ii) Restriction in interest of (i) is not applicable to the first owner.	867,000

8. LAND AND BUILDINGS (CONT'D)

No	Title Identification / Postal Address	Description And Existing Use	Approximate Age of Building / Tenure / Date of Expiry of Lease	Land Area / (Built-Up Area) (sq. ft.)	Restriction in Interest / Encumbrances / Express Conditions	Net Book Value As At 31 December 2004 (RM)
3.	PN 4115, Lot No. 3791 (formerly known as HS(D) 2671, PT 4200), Mukim of Teluk Kalung, District of Kemaman, State of Terengganu / Lot D2 Kawasan MIEL Teluk Kalung 24007 Kemaman Terengganu Darul Iman	A factory lot used as the Group's Kemaman Operation Centre providing maintenance services such as fabrication, cleaning, overhaul etc.	Age of building : approximately 1.5 years / Tenure : 60-year leasehold expiring 22.8.2057 Certificate of Fitness issued on 25 January 2000	16,017 / (8,626)	<u>Express Conditions:</u> (i) The Land is to be used for industrial purposes only. (ii) Within two (2) years from the date the Land is granted, a building in relation to the industrial purpose shall be built in accordance with the approved plans by the Local Authorities. <u>Restriction in Interest:</u> 1. There shall be no transfer or charges created over the Land without the approval of the State Authority. 2. Restriction in interest of (i) is not applicable to the first owner.	830,167
4.	Lot No. 3369, PM 397 (PT 1378P), Mukim of Kerth, District of Kemaman, State of Terengganu / No 478, Lorong Sepakat 9, Taman Panalex, 24300, Kerth, Terengganu Darul Iman	Double-storey terrace house used for the accommodation for the Group's employees in Kemaman.	Age of building : approximately 4.5 years Tenure : 99-year leasehold expiring 20.9.2085 Certificate of Fitness issued on 14 January 1985	1,399 / (1400)	<u>Express Conditions:</u> (i) The Land is to be used for residential purposes only. (ii) Within two (2) years from the date the Land is granted or within the extended period as approved by the Director of the Land Office in Terengganu, residential homes must be erected upon the Land. <u>Restriction in Interest:</u> The Land shall not be transferred, charged or leased without the prior consent of the State Government Council.	67,257

Note:-

In respect of the land and buildings of Tanjung Group, the Directors of Tanjung have confirmed the following:-

- i) that save as disclosed above, there are no other restrictions in interest or encumbrances
- ii) that the existing use on land is in accordance with the land use condition
- iii) all the above properties have been issued with Certificate of Fitness for Occupation
- iv) all the above properties are in compliance to the relevant land use and building regulations
- v) all the above properties are in compliance to the express condition attached

9. FINANCIAL INFORMATION**9.1 Historical Financial Information**

The following table sets out a summary of the proforma audited consolidated results of the Group for the past five (5) financial years ended 31 December 2004, prepared on the assumption that the Group had been in existence throughout the period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus.

	←-----Financial years ended 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	90,804	117,560	254,211	210,856	223,800
Gross Profit	2,764	4,540	9,336	13,973	15,532
Profit before finance cost, taxation, depreciation and amortisation	1,734	2,464	5,972	8,982	9,872
Net finance costs	(8)	(23)	(49)	(29)	(107)
Depreciation and amortisation	(85)	(271)	(450)	(577)	(678)
Profit before taxation and share of associated company's result	1,641	2,170	5,473	8,376	9,087
Share of associated company's result	-	-	-	599	1,788
Net profit before taxation	1,641	2,170	5,473	8,975	10,875
Taxation	(417)	(598)	(1,991)	(2,577)	(2,529)
Adjustment pursuant to MASB 25	-	(64)	(2)	(18)	-
Profit from ordinary activity	1,224	1,508	3,480	6,380	8,346
Minority interest	-	39	11	24	(12)
Net profit after taxation	1,224	1,547	3,491	6,404	8,334
Number of Tanjung Shares assumed in issue ('000)	36,423	36,423	36,423	36,423	36,423
Gross EPS (sen)	4.51	5.96	15.03	24.64	29.86
Net EPS (sen)	3.36	4.25	9.58	17.58	22.88

Note:

- * The number of ordinary shares assumed in issue throughout the financial years under review is the number of ordinary shares in issue after Acquisition of TOS i.e. 36,423,136 ordinary shares of RM0.50 each.

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9. FINANCIAL INFORMATION (CONT'D)

9.2 Analysis Of Historical Financial Information

9.2.1 Analysis Of Revenue

By Companies

	<-----FYE 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Tanjung	-	-	-	-	-
TOS	90,527	117,506	253,178	207,327	219,956
TMS	277	54	1,033	3,523	3,775
TNE	-	-	-	-	69
TPC	-	-	-	6	-
TKS	-	-	-	-	-
	90,804	117,560	254,211	210,856	223,800

By Product and Services

	<-----FYE 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Marine services	31,167	80,600	136,627	129,426	105,164
Engineering equipment and parts	43,614	23,605	104,787	40,611	97,216
Maintenance	16,023	13,355	12,797	40,819	21,420
	90,804	117,560	254,211	210,856	223,800

9.2.2 Analysis Of Profit After Taxation

By Companies

	<-----FYE 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Tanjung	-	-	-	-	-
TOS	1,195	2,015	4,286	5,870	6,078
TMS	29	(507)	(806)	143	665
TNE	-	-	-	(36)	(11)
TPC	-	-	-	(117)	(117)
TKS	-	-	-	-	(2)
	1,224	1,508	3,480	5,860	6,613
Share of profit after tax from FOP	-	-	-	520	1,768
Consolidation adjustment	-	-	-	-	(35)
	1,224	1,508	3,480	6,380	8,346

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9. FINANCIAL INFORMATION (CONT'D)**By Product and Services**

	<-----FYE 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Marine services	420	1,034	1,870	3,916	4,672
Engineering equipment and parts	588	303	1,434	1,229	2,686
Maintenance	216	171	176	1,235	1,023
	1,224	1,508	3,480	6,380	8,381
Consolidation adjustment	-	-	-	-	(35)
	1,224	1,508	3,480	6,380	8,346

9.3 Declaration On Financial Performance, Position And Operations

Save as disclosed in this Prospectus and as set out below, the Directors of Tanjung declare that:-

- i) there are no known trends, demands, commitments, events or uncertainties that have had, or that Tanjung Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of Tanjung Group, other than those set out in this Prospectus;
- ii) save for capital commitment of RM55.0 million for the commissioning of two (2) new vessels as detailed in Section 9.4.5, there are no material capital expenditure commitments;
- iii) there are no unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of Tanjung Group; and
- iv) there are no known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.4 Working Capital, Borrowings, Material Litigation, Contingent Liabilities And Material Commitments**9.4.1 Working Capital**

The Directors of Tanjung are of the opinion that, after taking into account the funds to be generated from the Group's operations, current cash flow position, the banking facilities available and the net proceeds from the Listing Scheme, the Tanjung Group will have adequate working capital for a period of 12 months from the date of issue of this Prospectus.

9.4.2 Borrowings

As at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the total outstanding borrowings of the Tanjung Group, amounted to approximately RM46.08 million. All its outstanding borrowings are interest-bearing liabilities, and relate to borrowings from local financial institutions.

9. FINANCIAL INFORMATION (CONT'D)

The outstanding borrowings can be analysed further as follows:-

Type Of Borrowings	Outstanding Amount As At 15 April 2005 (RM'000)
Short-term	
- Overdraft	3,862
- Trade Facilities	3,384
- Others	159
Long-term	
- Term Loan	38,670
Total	46,075

The Directors of Tanjung confirm that there has been no default on payments of either interest and/ or principal sums in respect of any borrowings throughout the last FYE 31 December 2004 and up to 15 April 2005.

9.4.3 Material Litigation

As at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business or financial position of Tanjung Group, and the Directors of Tanjung have no knowledge of any proceeding pending or threatened against the Tanjung Group, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the business or financial position of the Tanjung Group.

9.4.4 Contingent Liabilities

Save as disclosed below, as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, they are not aware of any contingent liability which, upon becoming enforceable, may materially affect the profit or net asset value of the Tanjung Group.

The Inland Revenue Board has notified TOS of a withholding tax liability totalling RM1,028,709 vide its letter dated 18 October 2004. The Tax Liability arose due to late-payment to IRB by TOS of a portion of the withholding taxes due, as a result of certain computational errors. An application has been made by the Company for a waiver for the Tax Liability.

As at 15 April 2005, being the latest practicable date prior to the printing of this prospectus, the aforesaid waiver is pending approval from the IRB. The Tax Liability has been disclosed as a contingent liability in the financial statements of Tanjung for the FYE 31 December 2004.

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9. FINANCIAL INFORMATION (CONT'D)**9.4.5 Material Commitments**

Save as disclosed below, as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Tanjung Group has no other material commitments.

Material Commitment	RM ('000)
Construction of new 60-metre anchor handling, tug and supply vessel (contracted)	33,000
Construction of new 45-metre utility vessel (contracted)	22,000
Total	55,000

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9. FINANCIAL INFORMATION (CONT'D)

9.5 Consolidated Profit Forecast For The FYE 31 December 2005 Together With The Reporting Accountants' Letter Thereon

Partners:

Dato' Syed Amin Aljeffri
Neoh Chin Wah
Lam Wai Min
Mohd Neezal Md. Noordin

AljeffriDean

Chartered Accountants (M)
Firm No:AF 1366

Principals:

Ghazali Hj. Mohd Yahya
Leong Woay Hong
Kamarul Azhar Dahaman Huri

Date: 29 APR 2005

The Board of Directors
Tanjung Offshore Berhad.
2-6-13, 6th Floor Menara KLH
(Business Centre)
No. 2, Jalan Kasipillay
51200 Kuala Lumpur

Dear Sirs,

**TANJUNG OFFSHORE BERHAD AND ITS SUBSIDIARIES AND ASSOCIATED COMPANY
("COMPANY" OR "TANJUNG GROUP")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER
2005**

We have reviewed the consolidated profit forecast of the Company for the financial year ending 31 December 2005 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the International Standards of Auditing 810 applicable to the review of forecast. The profit forecast has been prepared for inclusion in the Prospectus in connection with the following transaction:-

- (i) Acquisition of 7,500,000 ordinary shares of RM1.00 each in Tanjung Offshore Services Sdn. Bhd. ("TOS") representing the entire issued and paid-up share capital of TOS, for a total purchase consideration of RM18,211,468 to be satisfied by an issuance of 36,422,936 new ordinary shares of RM0.50 each in Tanjung Offshore Berhad ("Tanjung Shares") at an issue price of RM0.50 each in Tanjung ("Acquisition of TOS");
- (ii) Acquisition of 2 ordinary shares of RM1.00 each in Tanjung Kapal Services Sdn. Bhd. ("TKS"), representing the entire issued and paid-up share capital of TKS for a total purchase consideration of RM2 to be satisfied wholly by cash ("Acquisition of TKS");
- (iii) Rights issue of 27,576,864 new Tanjung Shares at an issue price of RM0.50 each in Tanjung Offshore Berhad ("Right Issue");
- (iv) Public issue of 20,000,000 new Tanjung Shares comprising:-
 - (a) 6,000,000 Tanjung Shares available for the application by Malaysian public;
 - (b) 11,680,000 Tanjung Shares available for placement to selected investors; and
 - (c) 2,320,000 Tanjung Shares available for application by the eligible Directors and employees of the Tanjung Group;at an issue price of RM1.30 per Tanjung Shares ("Public Issue");
- (v) Offer for sale of 9,400,000 Tanjung Shares at a proposed offer price of RM1.30 each in Tanjung Offshore Berhad to selected investors ("Offer For Sale").

9. FINANCIAL INFORMATION (CONT'D)

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respect, are properly prepared on the basis of the assumptions made by the Directors as set out in the accompanying statement (which we have stamped for the purpose of identification) and are presented on bases consistent with the accounting policies adopted and disclosed by the companies within the Tanjung Group in their respective audited financial statements for the year ended 31 December 2004. The Directors of the Company are solely responsible for the preparation and presentation of the profit forecast and the assumptions on which the profit forecast are based.


A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimated assumptions). While information may be available to support the assumption on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results may be different from the forecast since anticipated events sometimes do not occur as expected and the variation could be material.

In particular, the consolidated profit forecast are substantially dependent on the achievability of the assumptions set out in the accompanying statement.

Subject to the matters stated in preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made and disclosed by the Directors and is presented on a basis consistent with the accounting policies adopted by the Tanjung Group.

Yours faithfully



AljeffriDean
Firm Number : AF1366
Chartered Accountants (Malaysia)

Kuala Lumpur,



Mohd Neezal Noordin
Approval Number : 2162/06/05 (J)

9. FINANCIAL INFORMATION (CONT'D)

**TANJUNG OFFSHORE BERHAD AND ITS SUBSIDIARIES AND ASSOCIATED COMPANY
 ("COMPANY" OR "TANJUNG GROUP")
 CONSOLIDATED PROFIT FORECAST
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2005**

Year ending	31 December 2005 Forecast RM'000
Revenue	294,177
Gross Profit	19,264
Pre-tax Profit	13,561
Profit After Tax	11,561
Profit After Tax and Minority Interest	11,516
Number of Ordinary shares in issue of RM0.50 each (units '000)	84,000
Gross EPS (Sen)	16.14
Net EPS (Sen)	13.71
Gross PE Multiple based on IPO Price of RM1.30 per Tanjung Shares (times)	8.05
Net PE Multiple based on IPO Price of RM1.30 per Tanjung Shares (times)	9.48
Gross Margin (%)	6.55
Pre- tax Profit Margin (%)	4.61

AljeffriDean (AF 1366)
 Chartered Accountants (M)
 For identification purposes only

9. FINANCIAL INFORMATION (CONT'D)**TANJUNG OFFSHORE BERHAD AND ITS SUBSIDIARIES AND ASSOCIATED COMPANY
("COMPANY" OR "TANJUNG GROUP")
PRINCIPAL BASES AND ASSUMPTIONS FOR THE PREPARATION OF
CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2005**

The principal bases and assumptions upon which the consolidated profit forecast of Tanjung Group has been made are as follows: -

1. There will be no significant changes in the principal activities, group structure, key management and operating policies, business policies presently adopted by Tanjung Group. In respect of accounting policies, the existing accounting standard is applied to the profit forecast of Tanjung Group.
2. There will be no significant changes to the prevailing economic, political, social and market conditions in Malaysia and globally that will materially affect the activities or performance of Tanjung Group.
3. There will be no material changes to present legislation or Government regulations, rates and bases of duties, levies and taxes which will materially affect Tanjung Group's activities or the markets in which its operates.
4. There will be no major industrial disputes or any abnormal or extraordinary circumstances, which will materially affect Tanjung Group's operations, sales and supplies.
5. Inflation and foreign currency exchange rates will not fluctuate significantly from the present and projected level. The Malaysian Ringgit will continue to be pegged to the United States Dollar ("USD") at a rate of RM3.80/USD.
6. Financial facilities will be available to the Tanjung Group when additional facilities are required. Interest rates will not vary significantly from the present levels.
7. Capital expenditure will be implemented and incurred as scheduled and there will be no material acquisition or disposal of property, plant and equipment or investments other than those planned and incorporated in the profit forecast.
8. There will be no material change to sales and related costs projected. Generally, the current trend of increasing demand for the products and services of Tanjung Group will be maintained. There will be no significant changes in the labour and other operating costs of Tanjung Group.
9. All payment and receipts are made on a timely basis and in accordance to the terms as stipulated in the respective agreements/invoices and contracts.
10. All payment and receipts are paid in full and without disputes.
11. All secured and to be secured contracts will be carried out and are performed in accordance to the stipulated milestones without any delay or downtime.
12. All financing facilities for the commissioning of up to four (4) vessels, which comprises of utility vessels, supply vessels and anchor handling tug supply vessels, which are estimated to cost approximately RM30.0 million per vessels, are to be secured.
13. The demand forecasted for Tanjung Group's products and services will be in line with the projected level.
14. There will not be any significant loss of Tanjung Group's existing customers, distributors and business alliances that will materially affect the revenue of Tanjung Group. Tanjung Group will not experience a significant level of bad or doubtful debts.

AljeffriDean (AF 1366)
Chartered Accountants (M)
For identification purposes only

9. FINANCIAL INFORMATION (CONT'D)

**TANJUNG OFFSHORE BERHAD AND ITS SUBSIDIARIES AND ASSOCIATED COMPANY
("COMPANY" OR "TANJUNG GROUP")
PRINCIPAL BASES AND ASSUMPTIONS FOR THE PREPARATION OF
CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2005**

15. There will be no major breakdown or disruption in the servicing of equipments and machinery nor there any disruption in the supply of materials which will adversely affect the operations of Tanjung Group.
16. There will be no unusual material fluctuation in operating costs (including labour and overheads) that would adversely affect the activities and operations of the Tanjung Group.
17. There will be sufficient supply of skilled and unskilled labour, services and equipment to meet the operational requirements anticipated to be carried out by Tanjung Group.
18. Tanjung Group will not be engaged in any material litigation and there will be no legal proceedings, which will adversely affect their activities or performance or give rise to any additional contingent liabilities, which will materially affect their position or business. There will be no material claims.
19. The tax liabilities will be at the prevailing tax rate and all unabsorbed losses and unutilised capital allowances will be agreed and approved by the Inland Revenue Board.
20. Proposed listing expenses estimated at RM1,700,000 will be set off against the share premium account.
21. On the proposed implementation by Malaysian Government of the AFTA (ASEAN FREE TRADE AREA) by year 2005 or earlier, it is assumed that there are no significant changes to the terms of the AFTA (in its current form and content) that will adversely affect the operations of Tanjung Group.

AljeffriDean (AF 1366)
Chartered Accountants (M)
For identification purposes only

9. FINANCIAL INFORMATION (CONT'D)**9.6 Directors' Analysis And Commentary On The Consolidated Profit Forecast**

The Directors of Tanjung confirm that the Consolidated Profit Forecast of Tanjung Group for the FYE 31 December 2005, and the underlying bases and assumptions as set out in Section 9.5, have been reviewed by the Directors of Tanjung after due and careful enquiries, and that the Directors of Tanjung, having taken into account the future prospects of the industry, the future plans and strategies of the Tanjung Group, and its level of gearing, liquidity and working capital requirements, as well as the underlying bases and assumptions used in preparing the Consolidated Profit Forecast, are of the opinion the the Consolidated Profit Forecast of Tanjung Group is fair and reasonable.

Nevertheless, the underlying bases and assumptions used in preparing the consolidated profit forecast cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of Tanjung. Therefore, certain assumptions used in the preparation of the consolidated profit forecast may differ significantly from the date of this Prospectus and this may have a material impact on the consolidated profit forecast.

9.7 Dividend Forecast And Policy

Subject to the prevailing laws and legislation, it will be the policy of the Directors of Tanjung to recommend dividends to allow shareholders to participate in the profits of the Tanjung Group as well as leaving adequate reserves for its future growth.

On the basis of the Consolidated Profit Forecast, and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of Tanjung expect that they would be in a position to propose a dividend of 4% for the FYE 31 December 2005.

	FYE 31.12.2005
Gross dividend per Tanjung Share (sen)	2.00
Net dividend per Tanjung Share (sen)	1.44
Gross dividend yield based on the IPO Price of RM1.30 per Tanjung Share (%)	1.54
Net dividend yield based on the IPO Price of RM1.30 per Tanjung Share (%)	1.11
Net dividend cover (times)	9.52

Investors should note that actual dividends proposed and declared, may vary depending on the financial performance and cash flows of the Tanjung Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of the Tanjung Group.

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9. FINANCIAL INFORMATION (CONT'D)

9.8 Proforma Consolidated Balance Sheets Of Tanjung As At 31 December 2004 Together With The Reporting Accountants' Letter Thereon

Partners:

Dato' Syed Amin Aljeffri
Neoh Chin Wah
Lam Wai Min
Mohd Neezal Md. Noordin

AljeffriDean

Chartered Accountants (M)
Firm No:AF 1366

Principals:

Ghazali Hj. Mohd Yahya
Leong Woay Hong
Kamarul Azhar Dahaman Huri

Date: 29 APR 2005

The Board of Directors
Tanjung Offshore Berhad.
2-6-13, 6th Floor Menara KLH
(Business Centre)
No. 2 Jalan Kasipillay
51200 Kuala Lumpur

Dear Sirs,

**TANJUNG OFFSHORE BERHAD ("TANJUNG" OR "THE COMPANY")
PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004**

We have reviewed the presentation of the proforma consolidated balance sheets of Tanjung and its subsidiaries and associated company ("Tanjung Group") as at 31 December 2004, together with the notes as set out in the accompanying statement (which we have stamped for the purpose of identification), for which the directors of Tanjung are solely responsible, for the inclusion in the Prospectus in connection with the following transaction:

- (i) Acquisition of 7,500,000 ordinary shares of RM1.00 each in Tanjung Offshore Services Sdn. Bhd. ("TOS") representing the entire issued and paid-up share capital of TOS, for a total purchase consideration of RM18,211,468 to be satisfied by an issuance of 36,422,936 new ordinary shares of RM0.50 each in Tanjung ("Tanjung Shares") at an issue price of RM0.50 each in Tanjung ("Acquisition of TOS");
- (ii) Acquisition of 2 ordinary shares of RM1.00 each in Tanjung Kapal Services Sdn. Bhd. ("TKS"), representing the entire issued and paid-up share capital of TKS for a total purchase consideration of RM2 to be satisfied wholly by cash ("Acquisition of TKS");
- (iii) Rights issue of 27,576,864 new Tanjung Shares at an issue price of RM0.50 each in Tanjung ("Right Issue");
- (iv) Public issue of 20,000,000 new Tanjung Shares comprising:-
 - (a) 6,000,000 Tanjung Shares available for the application by Malaysian public;
 - (b) 11,680,000 Tanjung Shares available for placement to selected investors; and
 - (c) 2,320,000 Tanjung Shares available for application by the eligible Directors and employees of the Tanjung Group;at an issue price of RM1.30 per Tanjung Shares ("Public Issue");
- (v) Offer for sale of 9,400,000 Tanjung Shares at a proposed offer price of RM1.30 each in Tanjung to selected investors ("Offer For Sale").

9. FINANCIAL INFORMATION (CONT'D)

In our opinion:

- (i) the proforma consolidated balance sheets of Tanjung as at 31 December 2004, which are prepared for illustrative purpose only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheets and such basis is consistent with the accounting policies adopted by the Group; and
- (ii) the adjustments to the consolidated balance sheets of Tanjung as at 31 December 2004 are appropriate for the purposes of the proforma consolidated balance sheets.

The accompanying proforma consolidated balance sheets and this letter had been prepared for the purposes stated above only. This letter is not to be reproduced, referred to in any other document, or used for any purposes without our prior written consent.

Yours faithfully



AljeffriDean
Firm Number : AF1366
Chartered Accountants (Malaysia)

Kuala Lumpur



Mohd Neezal Noordin
Approval Number : 2162/06/05 (J)

9. FINANCIAL INFORMATION (CONT'D)

TANJUNG OFFSHORE BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2004

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the balance sheets of the Tanjung Group as at 31 December 2004 had the Acquisition of TOS, Acquisition of TKS, Rights Issue and Public Issue been effected on that date:

	Audited Accounts as at 31 December 2004 RM'000	Proforma I After the Acquisition of TOS and Acquisition of TKS RM'000	Proforma II After (I) and Rights Issue RM'000	Proforma III After (II) and Public Issue and Offer For Sale RM'000
PROPERTY, PLANT AND EQUIPMENT	-	36,403	36,403	36,403
INTANGIBLE ASSETS	-	55	55	55
ASSOCIATED COMPANY	-	2,459	2,459	2,459
CURRENT ASSETS				
Inventory	-	720	720	720
Trade receivables	-	28,410	28,410	28,410
Other receivables and deposits	0.1	3,807	3,807	3,807
Amount owing by Associates	-	2,795	2,795	2,795
Fixed deposits with licensed banks	-	1,009	1,009	1,009
Cash and bank Balances	-	493	14,281	38,581
	0.1	37,234	51,022	75,322
CURRENT LIABILITIES				
Trade payables	-	25,354	25,354	25,354
Other payables and accruals	16.9	1,038	1,038	1,038
Special dividend payable	-	4,265	4,265	4,265
Hire purchase and lease Creditors	-	118	118	118
*Amount owing to Director	-	1,000	1,000	1,000
Short term loan	-	3,684	3,684	3,684
Overdraft	-	2,228	2,228	2,228
Provision for taxation	-	2,541	2,541	2,541
	16.9	40,228	40,228	40,228
NET CURRENT ASSETS / (LIABILITIES)	(16.8)	(2,994)	10,794	35,094
	(16.8)	35,923	49,711	74,011

AljeffriDean (AF 1366)
Chartered Accountants (M)
For identification purposes only

9. FINANCIAL INFORMATION (CONT'D)

	Audited Accounts as at 31 December 2004 RM'000	Proforma I After the Acquisition of TOS and Acquisition of TKS RM'000	Proforma II After (I) and Rights Issue RM'000	Proforma III After (II) and Public Issue and Offer For Sale RM'000
Financed by:				
SHARE CAPITAL	0.1	18,212	32,000	42,000
SHARE PREMIUM	-	-	-	14,300
ACCUMULATED PROFIT/(LOSS)	(16.9)	38	38	38
SHAREHOLDERS' EQUITY	(16.8)	18,250	32,038	56,338
MINORITY INTEREST	-	36	36	36
LONG TERM LIABILITIES				
Hire purchase and lease creditors	-	122	122	122
Term loan	-	17,409	17,409	17,409
Deferred taxation	-	106	106	106
	(16.8)	35,923	49,711	74,011
 NTA per ordinary shares (RM)	 (84)	 0.50	 0.50	 0.67

* The amount owing by the Tanjung Group to director of RM1 million has been subsequently repaid on 21 February 2005.

AljeffriDean (AF 1366)
Chartered Accountants (M)
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9. FINANCIAL INFORMATION (CONT'D)

**TANJUNG OFFSHORE BERHAD
PRINCIPAL BASES AND ASSUMPTIONS FOR THE PREPARATION OF
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2004**

1. The proforma consolidated balance sheets ("PCBS") have been prepared for illustrative purposes, based on the audited financial statements of Tanjung Offshore Berhad ("Tanjung") and its subsidiaries and associated company as at 31 December 2004 (Tanjung and its subsidiaries and associated company are collectively referred to as "the Tanjung Group"), to show the effects of the transactions as if the transactions were completed as at 31 December 2004. The PCBS should be read in conjunction with the notes below.
2. The PCBS have been prepared based on the accounting principles and bases consistent with those adopted in the preparation of the audited consolidated financial statements of the companies within the Tanjung Group for the financial year ended 31 December 2004.

3. Proforma I

Proforma I incorporates:-

- a) The acquisition by Tanjung of 7,500,000 ordinary shares of RM1.00 each in TOS, representing the entire issued and fully paid-up share capital of TOS, from the existing shareholders of TOS for a total purchase consideration of RM18,211,468 to be satisfied by an issuance of 36,422,936 new Tanjung Shares at an issue price of RM0.50 each in Tanjung.
- b) The acquisition by Tanjung of 2 ordinary shares of RM1.00 each in TKS, representing the entire issued and fully paid-up share capital of TKS, from TOS for a total purchase consideration of RM2 to be satisfied wholly by cash.

4. Proforma II

Upon completion of Proforma I, Tanjung proposes to implement a rights issue of 27,576,864 new Tanjung Shares on the basis of approximately three (3) new Tanjung Shares for every four (4) existing shares held in Tanjung at an issue price of RM0.50 each in Tanjung.

5. Proforma III

Proforma III is stated after proforma I and II and incorporates the effects of the following:

Public issue of 20,000,000 new Tanjung Shares comprising:

- (a) 6,000,000 Tanjung Shares available for the application by Malaysian public;
- (b) 11,680,000 Tanjung Shares available for placement to selected investors; and
- (c) 2,320,000 Tanjung Shares available for application by the eligible Directors and employees of the Tanjung Group;

at a proposed issue price of RM1.30 per ordinary share;

AljeffriDean (AF 1366)
Chartered Accountants (M)
For identification purposes only

9. FINANCIAL INFORMATION (CONT'D)

**TANJUNG OFFSHORE BERHAD
PRINCIPAL BASES AND ASSUMPTIONS FOR THE PREPARATION OF
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2004**

The gross proceeds of approximately RM39.79 million which will be received by Tanjung from the Proposed Rights Issue and Proposed Public Issue will be utilised in the following manner:-

No.	Purpose	RM ('000)
(i)	Part finance the commissioning of vessels	18,000
(ii)	Setting up of new operation centre	6,000
(iii)	Repayment of bank borrowings	10,000
(iv)	Estimated listing expenses	1,700
(v)	Working capital	4,088
	Total	39,788

6. Share Capital and Share Premium

The movements in share capital and share premium of the Tanjung Group are as follows:

	Share Capital RM	Share Premium RM	Total RM
As at 8 March 2005	100	-	100
Acquisition of TOS	18,211,468	-	18,211,468
Acquisition of TKS	-	-	-
As per Proforma I	18,211,568	-	18,211,568
Rights Issue	13,788,432	-	13,788,432
As per Proforma II	32,000,000	-	32,000,000
Public Issue	10,000,000	16,000,000	26,000,000
Less: Listing expenses	-	(1,700,000)	(1,700,000)
As per Proforma III	42,000,000	14,300,000	56,300,000

AljeffriDean (AF 1366)
Chartered Accountants (M)
For identification purposes only

9. FINANCIAL INFORMATION (CONT'D)

7. No dividends have been paid or declared by Tanjung Group since their incorporation.

Pursuant to the listing, TOS declared a special interim dividend amounting to RM4,265,148 (RM231,555 tax exempt dividend and RM4,033,593 net of tax dividend) on 28 February 2005 made payable to the shareholders/vendors of TOS.

8. TOS has acquired an additional 5% equity in TNE subsequent to FYE 31 December 2004. No effect on the said acquisition is shown in the proforma balance sheets of Tanjung above as its impact is immaterial.

AljeffriDean (AF 1366)
Chartered Accountants (M)
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FROST & SULLIVAN

Frost & Sullivan (M) Sdn. Bhd. (522293W)
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2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel: 603 6204 5800 Fax: 603 6201 7402
www.frost.com

29 APR 2005

The Board of Directors
Tanjung Offshore Berhad
No. 8-3 Jalan Puncak Setiawangsa 4
Taman Setiawangsa
54200 Kuala Lumpur
Malaysia

Dear Sirs:

**Executive Summary of the Independent Market Research Report on the
Outlook of the Malaysian Oil and Gas Support Service Market**

The purposes of the Summary Independent Market Research Report of Tanjung Offshore Berhad ("Tanjung") prepared by Frost & Sullivan (M) Sdn Bhd for inclusion in the Prospectus of Tanjung (herein together with all its proposed subsidiaries will be referred to as the Tanjung Group) in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of Tanjung on the Second Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

Introduction to the Malaysian Oil and Gas Market

The oil and gas industry consists of both, the upstream and downstream sectors. In Malaysia, the upstream sector represents the exploration, development, production, operation, maintenance and abandonment activities, whilst the downstream sector comprises refining, blending, distribution and retailing. In addition, the production of oil and gas and refining activities supplies feedstock to the petrochemical industry. Petrochemicals industry in simplified terms consists of lighter hydrocarbon properties, which may not be used as fuels. These petrochemicals are used in the manufacturing of polymers and other plastic materials.

Malaysia's current production rate of crude oil and condensates rose by about 2 percent to about 750,200 barrels per day in the first quarter of 2004, from a previous production rate of about 738,000 barrels per day as at the end of 2003. Malaysia's oil reserves are expected to last another 18 years and its gas reserves are expected to last for another 34 years from 2004.

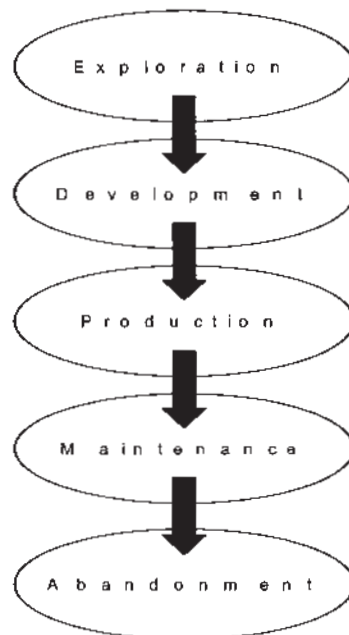
10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

In the near future, it is expected that with more successful efforts in exploration activities, the oil and gas reserves could be increased. Malaysia has approximately 565,555 square kilometres of acreage available for oil and gas exploration of which 205,500 square kilometres are currently covered by Production Sharing Contracts ("PSC").

Product Lifecycle

Chart 1.1 below, illustrates the whole product life cycle of the upstream oil and gas field activities in Malaysia. The Tanjung Group is involved in all the upstream support service activities and some downstream support activities for the Malaysian oil and gas industry; however this report focuses on the former segment only.

Chart 1.1



Source: Frost & Sullivan

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)***Dependence on Other Industries***

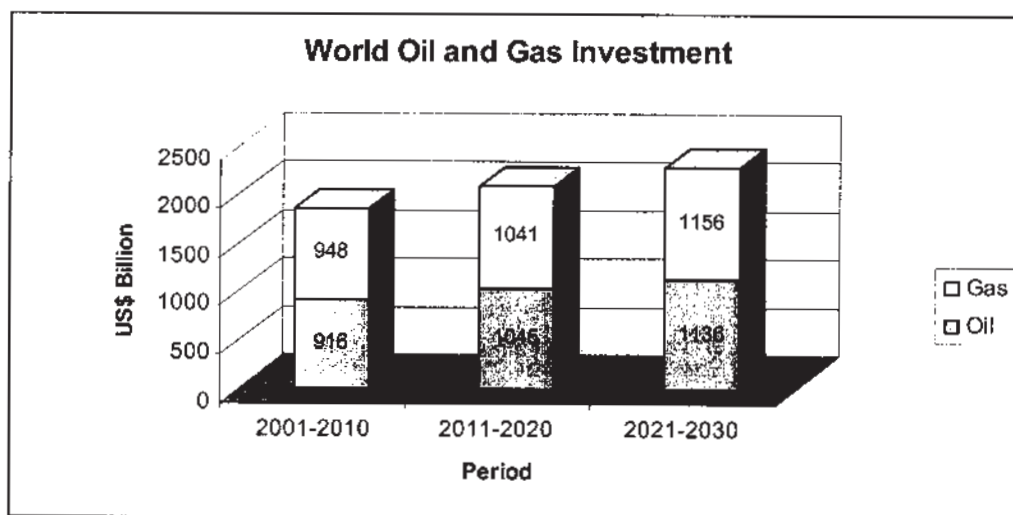
The oil and gas sector represents the main driver to the energy industry, that drives economic growth and helps improve the living standards of the population. There is a strong correlation between economic growth and demand for energy. For instance, the economic growth in emerging economies like China has increased demand for oil, coal and other sources of energy. It can also be seen that the rate of energy usage is high in other developing economies such as India, Thailand, Indonesia and Malaysia; compared to developed economies as the former are experiencing faster economic growth and hence, higher energy consumption in comparison with the latter.

Leading petroleum producers however recently suggested that the reason for such a trend could also be due to developing countries using energy less efficiently in comparison with the developed nations. In statistical terms, the developed world is found to use only one-third the energy consumed by the developing world per unit of GDP.

Due to the increasing competition from China in the non-resource based manufacturing industries, the Malaysian government is keen to promote the development of the resource-based industries like petroleum. The petroleum industry is expected to be the main source of power for an increasingly energy-deficient world over the next few decades as countries and companies research ways and means to produce alternative energy (solar, wind, etc.) in a cost effective and efficient manner.

The world's investment in oil and gas is forecasted to grow by 23 percent from the forecast period 2001-2010 to 2011-2020 and this is in line with the world's demand for energy which is forecasted to grow at nearly 2 percent annually. Chart 1.2 shown below, depicts the world's forecasted investment levels in oil and gas industry.

Chart 1.2



Source: Data from International Energy Agency

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

The move into deep water exploration and production activities is expected to boost the petroleum industry. Due to the maturing of existing petroleum fields, deep water exploration is viewed as the final frontier of the petroleum industry. In addition, the technological advances in seismic-imaging techniques and more powerful computers are leading to better visualization of the sub-surface offshore terrain thereby improving the oil & gas industry's ability to locate possible oil & gas deposits.

Overview of the Petroleum Industry in Malaysia

Malaysia's current annual production rate of crude oil and condensates rose by 6.6 percent to 274.6 million barrels, from a previous production rate of 256.4 million barrels in 2003. Malaysia's oil reserves are expected to last another 18 years and its gas reserves are expected to last for another 34 years from 2004. It is expected that in the near future with more successful efforts in exploration activities, the oil and gas reserves could increase. Of the natural gas reserves, about 50 percent is located offshore Sarawak, 41 percent offshore east coast peninsular Malaysia and the remaining 9 percent offshore Sabah.

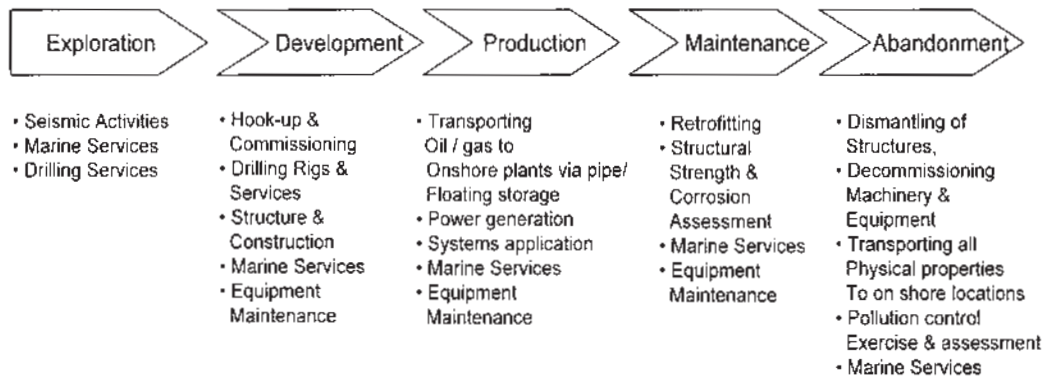
New found oil fields namely Gumusut, Kakap, Keabangan, Kenarong, Kikeh and Malikai have further lengthened local reserves from the previous estimated 15 years to 18 years. Continuous exploration activities within Malaysian waters are expected to further lengthen supply reserves in the future. In addition, the technology developments related to extraction in order to maximize the oil and gas production as well improve the returns on investment in setting up the oil field could lead to an extension in the development and production lifecycle. These developments will further boost the demand for maintenance services as well as marine support services.

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Market Dynamics

There are various offshore oil and gas support activities that revolves around the production lifecycle of any given oil and gas well. The said full lifecycle comprise of several stages. In turn these stages comprise of various support service activities as shown below in Figure 1-1.

Figure 1-1



Source: Frost & Sullivan

Industry participants in the offshore oil and gas support services market offer one or more services to the oil field operators. However, companies that can offer a multitude of services as an integrated or “one-stop” support service provider targeted at the above stages of an offshore oil and gas field, potentially have a competitive advantage over the support service providers offering only discrete / individual services. Herein of course one needs to understand that it is presumed that these service providers have all the necessary competencies and capabilities as well as proven experience in the provision of various oil and gas support services. These are some of the critical parameters for securing new contracts.

This report and executive summary focuses on three main segments of the offshore oil and gas support service activities, which consist of centrifugal compressor, gas turbine and marine vessel support services. These segments are the main revenue contributors to the Tanjung Group.

The market for all the three main product and services provided by Tanjung Group is currently experiencing stable growth and expected to sustain throughout the forecast period from 2004-2009. The overall market landscape which includes, the size, capitalization, potential, growth rate, price range, competition, technical change and loyalty is set to be stable for centrifugal compressors and gas turbines, as these are products with an expected lifecycle of approximately 25-30 years.

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

The marine support services, however differs in terms of market potential, growth rate and price range, as its activity is highly correlated with the offshore oil and gas activities. The current tendencies of increase in the price of crude oil have elevated the prospect for the marine support service sector overall growth for its forecast period.

The recent oil discoveries in Malaysia (Gumusut, Kakap, Kebabangan, Kenarong, Kikeh and Malikai) are also expected to drive the demand for new equipment including turbines and compressors as these fields are developed and used for production in the near term. In addition, the technology developments aiding oil recovery could also potentially extend the useful life of the field thereby driving the need for maintenance of various engineering equipment including turbines and compressors as well as the need for supporting marine services.

Centrifugal Compressors:

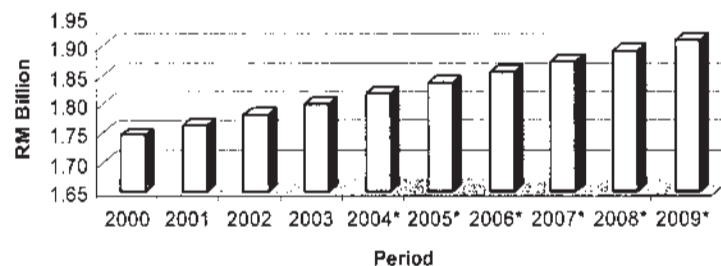
The centrifugal compressors market size is based on market capitalisation (total expenditure on unit acquisition accrued over the years) as opposed to revenues. This can be explained by considering the lifespan of the centrifugal compressors, which is about 25-30 years. This coincides with the average lifespan of an offshore platform. It needs to be highlighted that not all offshore platforms require a centrifugal compressor.

The market capitalisation for offshore centrifugal compressor products was estimated at approximately RM1.82 billion in Malaysia up to 2004. This figure is based on the total number of centrifugal compressors installed on existing offshore oil and gas platforms up to the year 2004. By taking the expected number of offshore oil and gas platforms to be built yearly into account, the market size for centrifugal compressor is projected to expand to RM1.91 billion in 2009, yielding a compounded annual growth rate (CAGR) of 1 percent during the forecast period. The figure includes the installation or service component of contracts, in addition to the hardware.

Chart 1.3 shown below, shows the steady trend of centrifugal compressor for the period 2003-2009.

Chart 1.3

Malaysia Estimated Offshore Centrifugal Compressor Market Capitalisation for the Oil and Gas Industry (in Terms of Accrued Total Installation)



Note: *Estimated forecast figures Source: Frost & Sullivan

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Frost and Sullivan estimates the number of offshore gas platforms with centrifugal compressors to be around 30 as of end 2004. Of these, according to the Tanjung Group, Elliott Ebara brand of centrifugal compressors have been deployed on 8 offshore gas platforms for the same period. This therefore translates into a market share of 27 percent for Elliott Ebara (and hence the Tanjung Group) in the Malaysian offshore oil and gas market.

The key or important brands/OEMs and their exclusive agents are as shown below in Figure 1-2.

Figure 1-2

	Centrifugal Compressor OEM Principal	Local Exclusive Agent
1.	Elliott Ebara Turbomachinery Corporation	Tanjung Group
2.	Rolls-Royce Plc	OTEC Kemajuan Sdn Bhd
3.	Kawasaki Heavy Industries	Sojitz Malaysia Sdn Bhd
4.	Dresser-Rand Company	Enserv Sdn Bhd
5.	Demag Delaval Industrial Turbomachinery Pte Ltd	HL Engineering Sdn Bhd
6.	Nuovo Pignone (GE)	Information Not Available

Source: Frost & Sullivan

Gas Turbines:

The market size of gas turbines depends on several key factors. First, it depends on the usage of gas turbine, whether it is used for power generation or compression. The former requires installation at the earliest stage of the oil and gas platform lifecycle, as it generates power needed to activate operations of various machinery and equipment on the oil and gas platform. The latter, however, will only be used after the commencement of production. This is because newly found oil wells are naturally pressurised. The pressure is strong enough to extract the crude oil or gas from the wells without artificial pressure required to be created by centrifugal compressors (which run on gas turbines). Therefore, new gas turbines for compression will only be installed after production output from oil and gas wells experiences declining pressure.

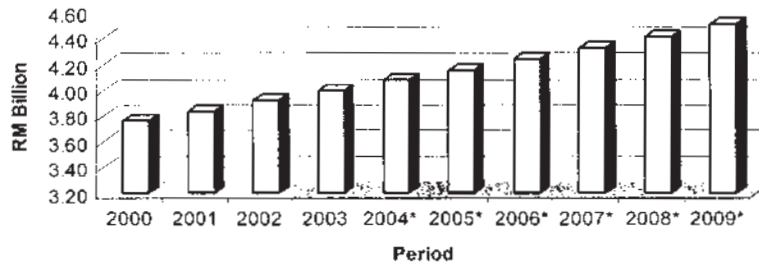
The market capitalization for gas turbine products is estimated at approximately RM4.08 billion in Malaysia up to 2004. This figure is based on the total number of installed gas turbines on existing offshore oil and gas platforms up to the year 2004. Furthermore, based on expected new offshore platforms to be built, the market size for gas turbines is projected to expand to RM4.5 billion in 2009, yielding a compounded annual growth rate (CAGR) of 2 percent during the forecast period. The figure includes the installation or service component of contracts, in addition to the hardware. It needs to be highlighted that not all offshore oil & gas platforms have a gas turbine.

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

As can be seen in Chart 1.4 shown below, the market growth is fairly consistent throughout the forecast period, reaching RM4.5 billion in capitalisation for the year 2009.

Chart 1.4

**Malaysia Estimated Offshore Gas Turbine Market Capitalisation
for the Oil & Gas Industry
(in Terms of Accrued Total Installation)**



Note: *Estimated forecast figures Source: Frost & Sullivan

Frost & Sullivan estimates that there are about 200 gas turbine units installed on offshore platforms up to the year 2004. The estimated total number of platforms that uses gas turbines is around 67 platforms based on the assumption of 3 turbines per platform. Of these, according to the Tanjung Group, Siemens brand of gas turbines have been deployed on 5 offshore oil and gas platforms for the same period. This therefore translates into a market share of 7 percent for Siemens AG (and hence the Tanjung Group) in the Malaysian offshore oil and gas market.

The key or important brands/OEMs and their respective exclusive agents are shown below in Figure 1-3.

Figure 1-3

	Gas Turbine OEM Principal	Local Exclusive Agent
1.	Siemens AG	Tanjung Group
2.	Rolls-Royce Plc	OPEC Kemajuan Sdn Bhd
3.	Solar Corporation	Delcom Services Sdn Bhd
4.	General Electric Company	Information Not Available

Source: Frost & Sullivan

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**Gas Turbine Maintenance:**

In Malaysia, depending on the type of service or overhaul jobs, the cost of *maintenance for gas turbine* ranges from RM1 million to RM10 million. The lifespan of a turbine is expected to be about 25-30 years before it may be replaced with a new one. Depending on the specifications of the turbines and running hours, an overhaul must be done for an average turbine once in every 3 to 5 years.

The Malaysian market size for the offshore gas turbine maintenance was estimated at approximately RM1,009 million, of which RM756.75 million is generated from the sales of spare parts in 2004. It is projected to expand to about RM1.23 billion in 2009, yielding a compounded annual growth rate (CAGR) of 4 percent during the forecast period.

Marine Vessel Support Services:

The revenue generated from the marine support vessel services can be calculated in several ways. A more accurate way for computing the same is based on the kinds of jobs that are available in the Malaysian market which comprises of drilling, hook-up and commissioning, maintenance, towing, etc. The type of jobs to be carried out determines the type of vessels needed. In addition, each job will also have a required number of days of which services of the vessels are needed. Each vessel service is therefore normally charged according to a daily rate. The daily rates of any given vessel will depend on the specifications of the vessels. For instance, the anchor handling tug supply ("AHTS") vessel rates are based on its brake horsepower ("bhp"). The average daily rates for AHTS on an indicative basis are as shown below in Figure 1-4.

Figure 1-4

Industrial average daily rates for AHTS vessels

	Horsepower Rating of Vessels	Daily Rates (RM)
1.	2,000-5,000 bhp	19,000
2.	5,000-10,000 bhp	45,600
3.	Above 10,000 bhp	57,000

Note: Rates are based on industrial averages and originally quoted in US Dollars, US\$1:RM3.80

Source: Frost & Sullivan

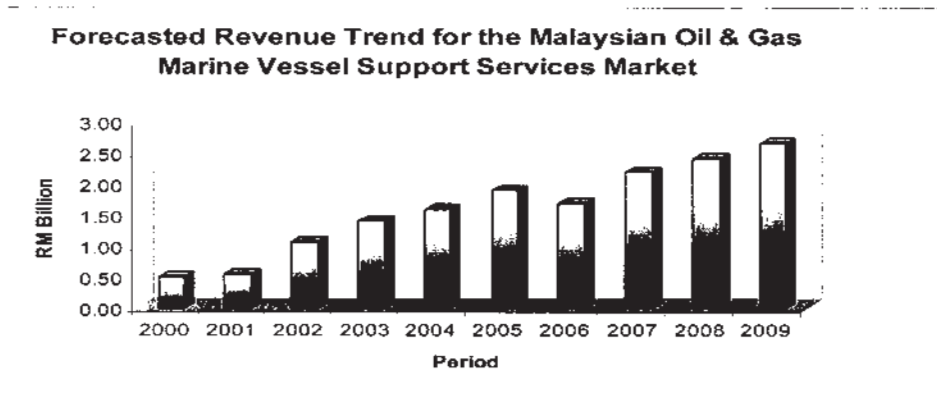
Apart from meeting the specifications as required by the oil and gas operators, a vessel has to be registered with the Ministry of Transport before it can be chartered or leased. In most instances, the marine vessel support service providers ensure that the requirements of the domestic shipping license ("DSL") are met upon receipt of a contract.

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Service providers will only apply for a license if and when a contract is awarded. Thereafter, the awarded contract will be used in the application for the DSL. Therefore, it is found that the issuance of licenses correlates with the demand for marine vessel support services in the oil and gas industry.

The market size for marine vessel support services is estimated at approximately RM1.60 billion in Malaysia in 2004. It is projected to expand to about RM2.65 billion in 2009, yielding a compounded annual growth rate (CAGR) of 11 percent during the forecast period as depicted in Chart 1.5 below.

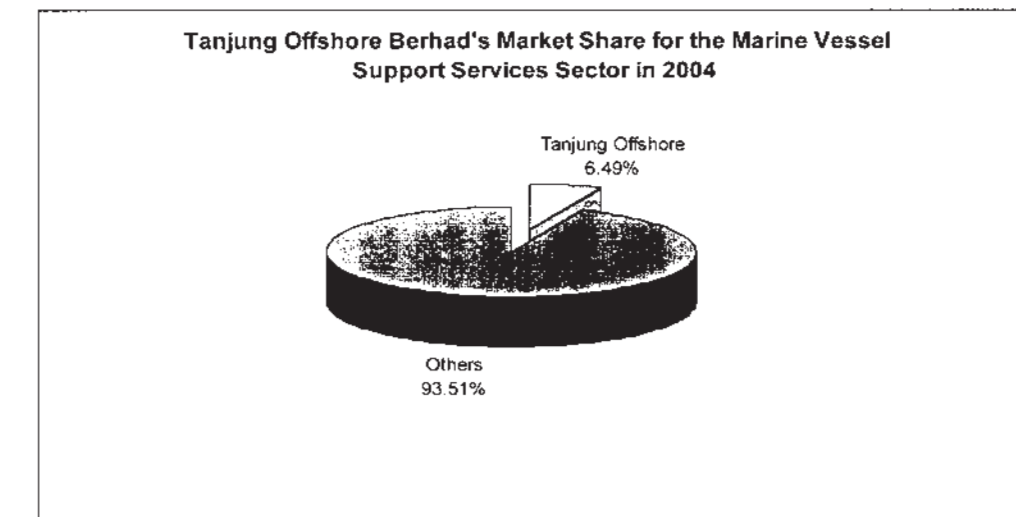
Chart 1.5



Source: Frost & Sullivan

Chart 1.6 shown below, depicts Tanjung Group's marine vessel support services market share for the oil and gas industry in 2004.

Chart 1.6



Source: Frost & Sullivan

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Based on revenues generated from offshore oil and gas marine support service activities, it is estimated that the Tanjung Group accounts for around 6.49 percent of market revenues in marine vessel support services market in 2004.

The Tanjung Group currently co-owns an AHTS vessel and leased another two (2) units of AHTS in carrying out its marine services. The expected additional commissioning of up to six (6) units of vessels in the near future, which include AHTS vessel(s), utility vessel(s) and straight supply vessel(s) would enable the Tanjung Group to capture a larger market share of the local marine vessel support services within the oil and gas industry.

Presently in terms of the number of marine vessels, foreign vessels account for around 69 percent with the local vessels contributing the remaining 31 percent. It must be noted that the marine support service vessel market is not static and the percentage breakdown of local and foreign vessels may change over time due to new DSLs being issued in order to meet the demands generated from various exploration, development and production activities in the oil and gas industry.

Furthermore, given that the foreign players constitute the larger share of the Malaysian marine vessels support service market, there appears to have been a continuous effort by the Malaysian Government to promote the use of locally registered vessels as well as locally owned marine vessels to participate in reversing this situation. This can potentially create a high growth market for the local players to tap into the market space presently controlled by the foreign players.

Competitive Structure

There exist approximately 35 companies that are active in activities similar to that of the Tanjung Group involving the provision of oil and gas support services in Malaysia. These companies can be subdivided into three tiers according to its distribution structure. Tier 1 comprise of large foreign companies that are essentially world leaders in their own field. These large multinationals comprise of three main players namely Schlumberger Limited, Halliburton Company and Baker Hughes Incorporated.

Tier 2 companies comprises of local players such as the Tanjung Group, Petra Perdana Berhad, Scomi Group Berhad that are involved in various provisions of product and services to the oil and gas industry, operating on a large scale with significant market share in terms of revenue generated from the oil and gas support service industry in Malaysia.

Tier 3 comprise of small companies that mainly act as distribution or retail agents for various oil and gas products and these companies mainly market the same to Tier 1 or Tier 2 companies. These companies are typically not directly involved in the bidding process of contracts from oil and gas producers or operators.

The most important criterion in selecting a service provider is its technical capability. Evidently, though local companies are encouraged and given priority by the Government, foreign companies are still being sought after due to the industry's high technical and engineering requirements.

Capital Intensity

Effective August 1995, the Malaysian government has defined a capital-intensive industry by using a benchmark of RM55,000. This is computed based on the capital investment per employee ratio. Using this definition, the Tanjung Group business operation in Malaysia is considered a capital-intensive industry, as it exceeds this figure.

The benchmark serves as a guideline to indicate whether or not an organization or company is of capital intensive or labour intensive. It does not, however shows the benchmark within any given industry practice. In the Malaysian oil and gas offshore support service industry, a service provider with less capital invested on machinery or equipment may exist and operates within the said industry and act as exclusive agent to larger foreign principal companies, in which case a company may be deemed as a trading company.

Comparison with similar size of operation companies within the same field as the Tanjung Group, indicates that a company needs to invest within the range of RM100,000 to RM300,000 per employee, with total employee ranging from 100 to 150 persons.

Industrial Dependence on Imports

Generally all engineering machinery and equipment for the Malaysian oil and gas industry are imported from developed countries such as U.S., Germany, Italy, Sweden and Japan, with the exception of certain components which may be fabricated locally under the supervision of the OEM principals. Malaysia is not expected to be into the manufacturing of these engineering machinery and equipment because of the high technology and capital nature of the business.

The manufacturing of these highly engineered and mission-critical machinery and equipment will require the setting up of a capital intensive manufacturing facilities with the presence of an advanced testing plant with actual simulation facilities which have an astronomical cost. At present, there are no local Malaysian companies that seek to invest in such a plant with advanced testing for highly engineered and mission-critical equipment such as gas turbines, due to the absence of high production volumes to make such a venture commercially viable.

Hence, it is expected that the importation of these high engineering and mission-critical machinery and equipment such as gas turbines and compressors will remain status quo during the forecast period. It is important to note however, that the heavy reliance/dependence on one source/country for such critical engineering machinery and equipment and its spare parts may affect the continuity of such supplies and lead to the disruption of any upstream/downstream oil and gas activities/operations.

Industry Outlook

The increasing price of crude oil is expected to enhance the exploration, development, maintenance, as well as production activities for the oil and gas industry in Malaysia. This is reflected by higher investments in equipment and enhancement of existing platforms to achieve higher productivity levels by the oil and gas operators. The near static market for centrifugal compressor is expected to move slightly upwards post forecast period, as the world is expected to experience another energy crisis involving the production of gas. Gas platforms are equipped with centrifugal compressors to compress gas and piped to onshore plants.

Furthermore, the oil and gas industry expects that there will be an estimated total of 65 to 70 new platforms to be installed over the next five years till 2009.

As for gas turbines, it is expected to provide for steady growth throughout the forecast period registering CAGR of 2 percent. The main revenue generated from gas turbine is expected from the maintenance servicing and spare parts. The higher margin will be reaped upon the commencement of service and maintenance stages.

With reference to the marine vessel support services, there is potential for significant growth due to the prevailing high price of crude oil resulting in a multiplier effect on offshore activities. It is therefore expected that the growth rate for 2004, will register at 53 percent compared to previous year of 31 percent in 2003.

The recent high oil prices of above US\$55 per barrel in early March 2005, will only have a modest negative impact on the growth of Malaysia's economy, as Malaysia is still a net exporter of oil and gas products. According to the Governor of Bank Negara, the government stood to gain between RM100 million to RM200 million from every US Dollar increase in the price of a barrel of crude oil, after taking into account subsidies to maintain low petrol prices.

The possibility of the price of crude oil to maintain at about US\$44-US\$55 per barrel for the next 3 to 5 years will result in higher investment in the oil and gas industry for acquisitions of new machineries and equipment to cater for higher production output. At the same time, the maintenance market for all machineries and equipment is expected to grow due to aging facilities as well as to enhance current and future production outputs.

Given the current rise in the world's energy demand and the prevailing high oil prices, Frost & Sullivan is of the opinion that the Malaysian oil and gas support service providers stand to benefit from the current and planned offshore activities in Malaysia. These activities are expected to increase, with special emphasis on the marine support vessel services. Companies such as the Tanjung Group that offer integrated services for both upstream and downstream activities are expected to benefit the most from the anticipation of higher offshore oil and gas activities, as such integration of supporting services tends to lower the total cost of oil and gas well operation for petroleum producers and operators.

10. SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of among others, secondary statistics and primary research. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and / or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Yours Sincerely



Sanjay Singh
Director
Industrial Practice