

IN PURSUIT OF EXCELLENCE

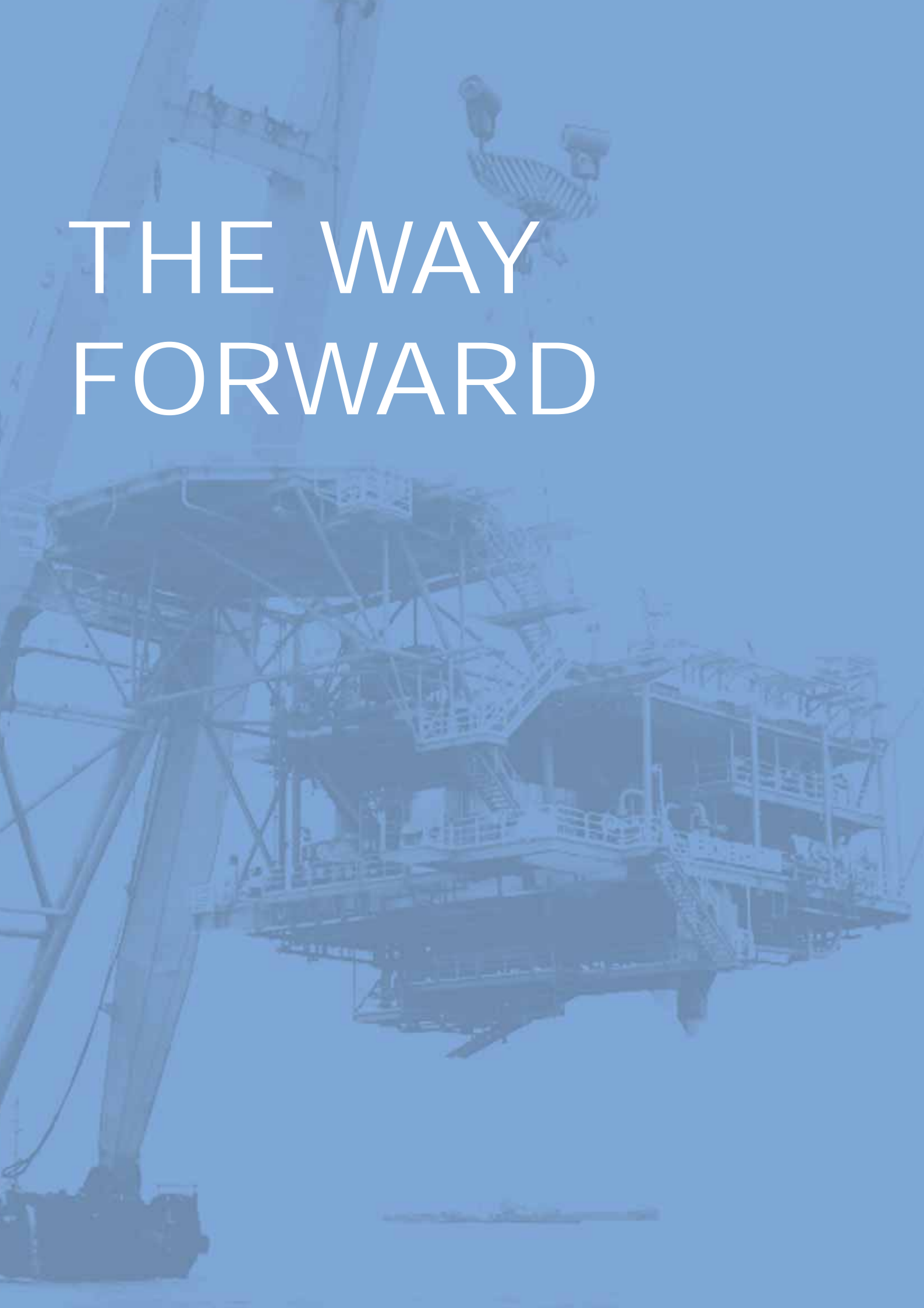


RAMUNIA HOLDINGS BERHAD (634775-D)

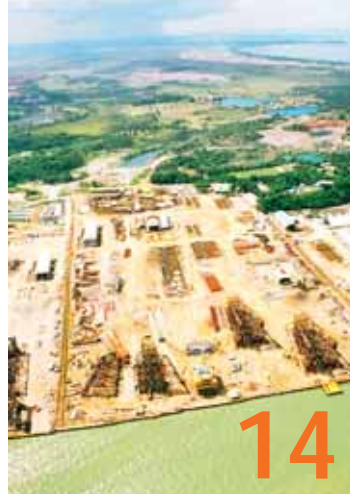
annual report 07

RAMUNIA HOLDINGS BERHAD
(634775-D)

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THE WAY FORWARD



In Pursuit Of Excellence

Our aspirations are based on our potential.

Our potential stems from our inherent talent, drive, skills and experience propelling us to greater success and growth.

Empowered by these attributes, we will harness our fullest potential for overcoming obstacles and capitalising on opportunities ahead.



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AT THE HELM

BOARD OF DIRECTORS

from left to right:

1. **Leou Thiam Lai**

Independent Non-Executive Director

2. **Too Kok Leng**

*Independent Non-Executive Director
(appointed on 28.1.2008)*

3. **Dr. Daniel Chung-Sung Ahn**

Managing Director

4. **Dato' Azizul Rahman bin Abd. Samad**

*Chairman
Non-Independent Non-Executive Director*

5. **Dato' Md. Zahari bin Md. Zin**

Independent Non-Executive Director



OUR VISION

To be the preferred oil & gas EPC contractor

OUR MISSION

- To be the preferred global EPC contractor by 2010.
- To achieve USD 1 billion turnover with robust profit margin by 2010.
- To undertake deep water projects.
- To be a caring and responsible organization for our employees and customers.
- “To win customers' trust through timely delivery, top quality products and competitive pricing.”
- To continuously promote and pursue HSE excellence throughout the organization.
- To build high caliber organization by embarking on holistic HRD initiatives.
- To create niche position by leveraging on the capability and capacity of world class Ramunia Yard.

OUR GUIDING PRINCIPLES

R - Resourceful

A - Aggressive

M - Mind

U - Unlimited

N - Natural

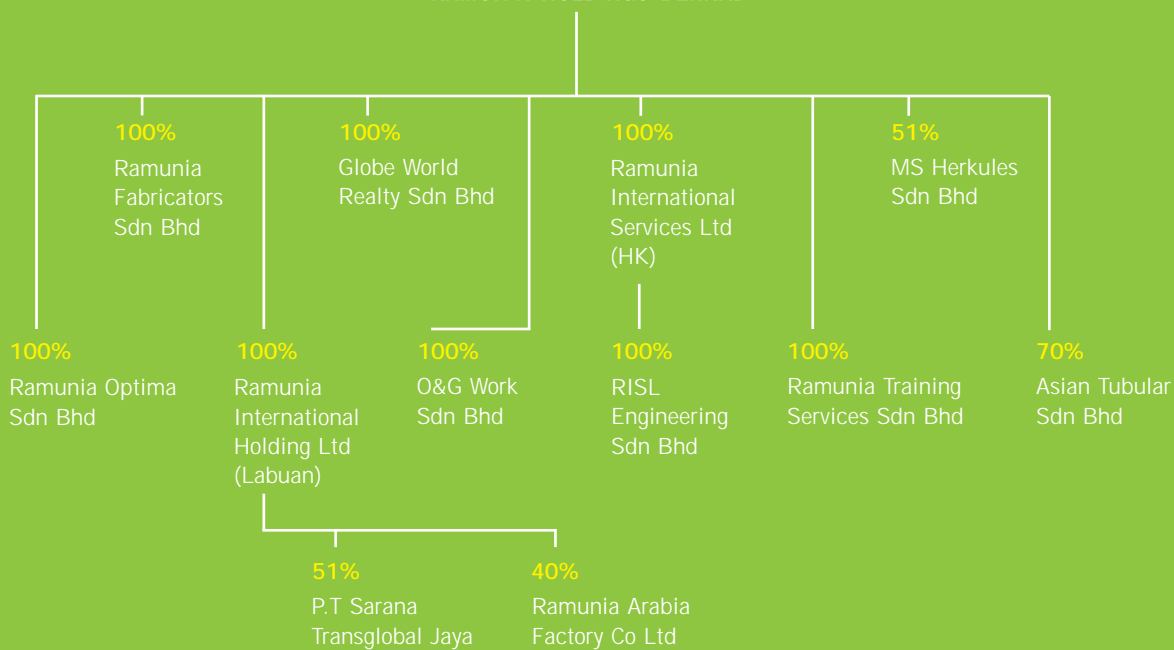
I - Innovative

A - Accountable

CORPORATE STRUCTURE



RAMUNIA HOLDINGS BERHAD



CORPORATE INFORMATION

AUDIT COMMITTEE

Leou Thiam Lai (Chairman)
 Dato' Md. Zahari bin Md. Zin
 Too Kok Leng (appointed on 28.1.2008)
 Izlan bin Izhab (appointed on 18.4.2007;
 resigned on 1.11.2007)
 Arshad bin Ahmad (resigned on 18.4.2007)

SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
 Tan Ai Ning (MAICSA 7015852)

AUDITORS

SJ Grant Thornton
 (Member of Grant Thornton International)
 Chartered Accountants
 Level 11, Faber Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur

REGISTERED OFFICE

Level 7, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur
 Tel : 03-2084 9000
 Fax : 03-2094 9940/ 2095 0292

PRINCIPAL PLACE OF BUSINESS

22nd Floor, Plaza Permata
 No. 6, Jalan Kampar
 Off Jalan Tun Razak
 50400 Kuala Lumpur
 Tel : 03-4047 6800
 Fax : 03-4043 1058

PRINCIPAL BANKERS

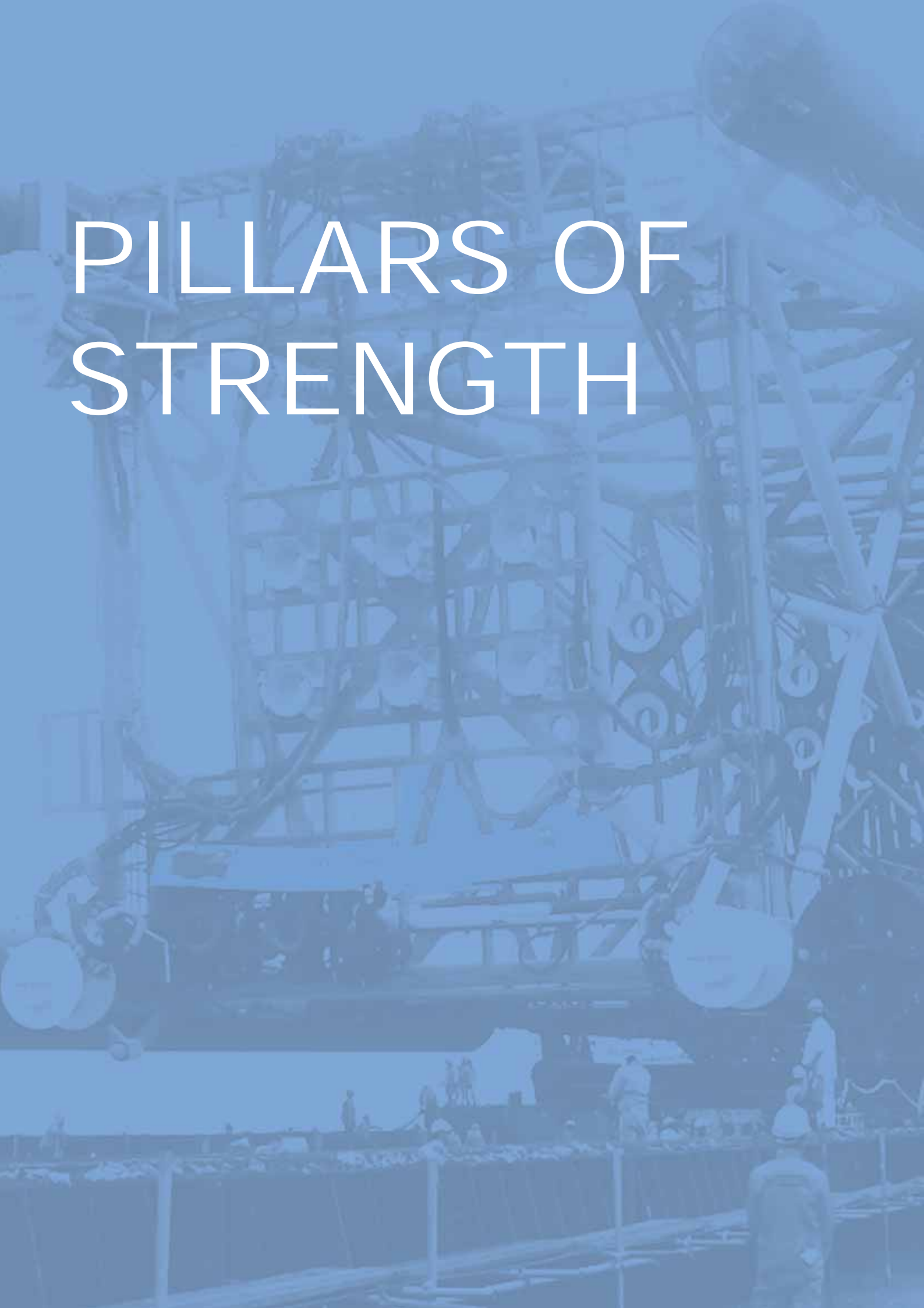
Affin Bank Berhad
 CIMB Bank Berhad
 Malayan Banking Berhad
 RHB Bank Berhad
 HSBC Bank Malaysia Berhad
 OCBC Bank Berhad

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
 Level 7, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur
 Tel : 03-2084 9000
 Fax : 03-2094 9940/ 2095 0292

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
 - Second Board



PILLARS OF STRENGTH



DIRECTORS' PROFILE



Dato' Azizul Rahman bin Abd. Samad
Chairman / Non-Independent Non-Executive

Dato' Azizul Rahman bin Abdul Samad ("Dato' Azizul"), a Malaysian aged 47, was appointed Director of the Company on 1 September 2004 and is currently the Chairman of Ramunia Holdings Berhad Group of Companies. He graduated from University of Kent at Canterbury, United Kingdom with a Bachelor of Arts Law Honours in 1988. Upon obtaining the Certificate of Legal Practice Malaysia, he started off his career as a partner of Rahman Too & Co., a Kuala Lumpur based legal practice. In 1996, Dato' Azizul was appointed as a director in Nauticalink Berhad and subsequently assumed the position of Chief Executive Officer in 2000 and resigned on 15 January 2002.

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

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

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

DIRECTORS' PROFILE

Dr. Daniel Chung-Sung Ahn
Managing Director



Dr. Daniel Chung-Sung Ahn ("Dr. Ahn"), an American aged 70 was appointed Director of the Company on 18 July 2005 and subsequently appointed as Managing Director of Ramunia Holdings Berhad Group of Companies on 28 May 2007. Dr. Ahn obtained his PhD in Ocean Engineering and a Masters in Science in Meteorology and Oceanography and Naval Architecture from the prestigious Massachusetts Institute of Technology (MIT). He earlier graduated with a Bachelor in Science, majoring in Maritime Science from the Korean Maritime University. In 1990, Dr. Ahn completed his Advanced Management Program from the Harvard Business School.

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

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

DIRECTORS' PROFILE



Dato' Md. Zahari bin Md. Zin
Independent Non-Executive Director

Dato Md. Zahari bin Md. Zin ("Dato Zahari"), a Malaysian aged 61 was appointed Director of the Company on 1 September 2004. He graduated from University of Malaya in 1971 with a Bachelor of Arts. Dato Zahari served the Johor State Government for thirty two (32) years and was responsible for the implementation of the State Government's objective pertaining to the respective departments and districts.

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

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

Dato Zahari sits as a member of the Audit Committee and Chairman of the Nomination and Remuneration Committees of the Company.

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

DIRECTORS' PROFILE

Mr. Too Kok Leng

Independent Non-Executive Director

Mr. Too Kok Leng, a Malaysian, aged 49 was appointed Director of the company on 28 January 2008. He holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practicing under the name and style of Messrs. Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialized in the corporate and banking fields rendering legal advice to several banks and public listed companies. He since ventured to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

Mr. Too Kok Leng was appointed as an Independent Non-Executive Director of Menang Corporation (M) Berhad on 1 August 1995.

He is a member of the Audit, Nomination and Remuneration Committees of the company.

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



Mr. Leou Thiam Lai

Independent Non-Executive Director

Leou Thiam Lai ("Mr. Leou"), a Malaysian aged 52 was appointed Director of the Company on 1 September 2004. He is currently a partner of Messrs. Leou & Associates, Chartered Accountants which started operations in 1988. He is a member of the Malaysian Institute of Accountants: a fellow member of The Chartered Association of Certified Accountants (UK) and an associate member of the Malaysian Institute of Taxation.

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

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

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

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

Note: Please refer to the Directors' Shareholding on page 91 for details on Directors' Shareholding.



Dato' Azizul Rahman bin Abd. Samad
Chairman / Non-Independent Non-Executive

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am honoured to present the Annual Report of Ramunia Holdings Bhd and its subsidiaries for the year ended 31 October 2007.

We can draw much satisfaction that 2007 was a year of strong growth and success for us.

I am pleased to share that for the year ended, we recorded a total revenue of RM610.0 million, with gross profit at RM89.4 million. Profit after tax and before exceptional items was RM19.98 million. This represents a commendable 75.1% escalation in revenue, generating increases of 43.3% and 28.9% in gross and net profits respectively.

The strong performance achieved was anchored against a solid bedrock of financial and non-financial achievements. Ramunia is on the right track towards establishing itself as a major player in the industry.

A YEAR OF RESOUNDING PROGRESS

Year 2007 saw crude oil rising to record prices. Oil and gas companies aggressively increased their exploration activities to meet demands for more production, in particular, deepwater exploration.

The increased spin-off demand for fabrication of oil and gas production structures and related support services together with our inherent strengths and experience enabled us to successfully secure several international EPC projects:

With regard to Teluk Ramunia Yard, we are happy to report that modernisation and capacity expansion work is progressing on schedule and is expected to be completed by end 2008.

Once fully completed, we will be the only Malaysian yard capable of fabricating heavier structures of up to 61,000 metric tonnes annually. This places us in a leading position to secure more and larger contracts with bigger financial returns, especially from PETRONAS who has announced plans to award up to RM10 billion worth of contracts for 2008.

CORPORATE GOVERNANCE

Our focus has always been to ensure transparency, accountability and protection of shareholders' interests; and to mitigate risks through prudent company operations and risk assessment and controls through the establishment of the following committees:

- Nomination Committee
- Remuneration Committee
- Audit Committee

CHAIRMAN'S STATEMENT

Board papers are prepared for the Directors containing detailed operational and financial performance. This is further supported by a summary report prepared by the Managing Director which consists of summary highlights and identifies significant issues, strategic initiatives and directions involving the Company.

In addition, members of the Management Team are regularly called upon to directly present reports or to answer questions the Board may have.

PEOPLE – A WINNING FACTOR

In the industry where mobility of human resource is truly global, we have undertaken several initiatives to ensure that the project cycle is well supported by a competent and capable workforce. Our accomplishments in 2007 can be attributed to the hard work and dedication of our people, led by the Managing Director and his team.

The development of human resources will remain a key thrust of our internal policies. The creation of a world-class working culture and first rate mentality, the upgrading of our workforce's technical skills and expertise, these are areas we will continue to emphasise going forward.

SAFETY

Safety is always a foremost priority in project execution and every step has been taken to ensure Ramunia complies with international Health, Safety and Environmental (HSE) standards as demanded by the oil and gas industry.

In terms of loss-time-incidence (LTI) – the benchmark measurement for safety in our industry, we have recorded zero LTIs even after six (6) million man-hours. This is a remarkable record given the number of projects undertaken and delivered. It is testimony to our policies, practices and working culture with regard to safety.

A sound safety record such as 5 million man hours without a single LTI means we are operating at a high performance level at the highest safety standards. Our safety record also enhances our reputation and instils confidence among customers that they have chosen a credible industry player and their projects are in capable hands.

BUSINESS PROSPECTS GOING FORWARD

With high global energy prices and the on-going efforts from oil producers globally to bring more production on stream, combined with continuing maintenance and repair work, there are significant opportunities only restricted by capacity constraints. The objective for the local industry should eventually be to take advantage of these opportunities to design and construct offshore facilities for oil production within the near region of Indonesia, Thailand, Vietnam and India and also the Middle East. Our geographical proximity to both the Middle and Far East should prove to be an advantage in this regard.

The recently announced proposed merger with Malaysia Marine and Heavy Engineering Sdn Bhd will place the Group on an even stronger position with the introduction of a new majority shareholder, MISC Berhad. The institutionalisation of Ramunia shareholding structure will further enhance long-term growth, market presence, financial strength and business prospects of the Group in the face of tremendous opportunities in the oil and gas industry.

ACKNOWLEDGMENTS

On behalf of the Board, I thank our staff for their loyalty and tireless dedication and effort throughout the year in review. I have no doubt that their spirit, passion and commitment will continue to spur this company forward to meet the challenges ahead.

My appreciation also extends to our customers, financiers and partners for their continued support to us. Last but not least, I wish to express my gratitude to my fellow board members for their valuable insights and contributions throughout the year in review.



Dato' Azizul Rahman Abd. Samad

Non-Independent Non-Executive Chairman
Ramunia Group of Companies

YARD MODERNISATION

In 2006, Ramunia Holdings Berhad through its property development arm, Globe World Realty Sdn Bhd, began modernisation work on the Teluk Ramunia Yard.

This has been one of the company's most ambitious and biggest initiatives yet and once completed, the 170-acre Teluk Ramunia fabrication yard comprising of yards A, B and C will be one of the largest yards in Asia.

The expanded capacity offers Ramunia the distinct advantage of being able to undertake larger projects, in particular, the lucrative deepwater fabrication works for fully integrated platforms.

In 2006 work on the yard was mostly focussed on planning with minimal construction activities. We are happy to report that construction progressed smoothly with several key structures completed in 2007.

Completed works include the fabrication shop which is equipped with 2 bays of 43m x 80m each and 40-ton overhead cranes for each bay. Also ready for operations is the new warehouse which offers expanded storage area with additional facilities such as a cold room.

The workshop, autoblast and CNC shop, blasting and painting chambers as well as the piping shop are also ready for operation. Equally encouraging is the progress of the eight-storey, 15,000m² corporate office block, which is expected to be ready by end 2008. The project scope also includes additional sub-stations for increased power supply; concrete pavement roads, enhancement of security features and a well engineered drainage and sewerage system.

Plans for the deepening of the wharve are already in place to accommodate the bigger platforms that Ramunia will undertake in the near future.

The modernised Teluk Ramunia Yard will offer us additional capabilities and facilities to meet its existing and future capacity requirements, taking into account the burgeoning demand for offshore structures in line with increased oil exploration activities.



NEW WAREHOUSE
1





CORPORATE BUILDING AND
SECURITY COMPLEX
2



WORKSHOP
3



AUTO BLAST SHOP
4



FABRICATION SHOP
7



PIPING SHOP
6



BLASTING & PAINTING
CHAMBERS
5

MAKING A DIFFERENCE



CORPORATE SOCIAL RESPONSIBILITY

HELPING HAND TO THE NEEDY

As a caring corporate organization, Ramunia Holdings Berhad, in line with our corporate social responsibility program, identified a dilapidated house belonging to Puan Fatimah binti Atan at Kampung Dato' Haji Abdul Ghani Othman (formerly known as Kampung Baru Teluk Ramunia), to be repaired and upgraded by us. The objective of this CSR program is to provide a more conducive home for the needy.

A mock cheque for RM 10,000 was presented to Puan Fatimah by Yang Amat Berhormat Dato' Haji Abdul Ghani Othman, Menteri Besar Johor at the Launching of Kampung Datuk Haji Abdul Ghani Othman on 2nd August 2007, witnessed by our Chairman, YBhg. Dato' Azizul Rahman Abdul Samad.

The repairs and refurbishment work was completed before Hari Raya Aidil Fitri and was done on a "Gotong Royong" spirit involving our staff. It was indeed a dream come true for Puan Fatimah.



RAMUNIA SPONSORS NATIONAL OSH AWARD FOR SCHOOLS

Ramunia Holdings Berhad signed a Memorandum of Understanding with National Institute of Occupational Safety and Health, Malaysia (NIOSH) on Friday, 29th June 2007 at NIOSH Theatre Hall in Bangi, for the sponsorship of "National OSH Award For Schools".

The MOU was signed by Y.Bhg. Dato' Dr. Syed Hussain Syed Husman representing Ramunia and Ir. Amir Yahya, Executive Director representing NIOSH witnessed by Y.Bhg. Tan Sri Dato' Lee Lam Thye, Chairman of NIOSH.

Y.Bhg. Tan Sri Dato' Lee Lam Thye in his opening speech illustrated the concept and objectives of practicing "OSH in School" which is to create schools as working premises as stated in the Occupational Safety and Health Act (OSHA) 1994. With the contribution from Ramunia Holdings Berhad in sponsoring the "National OSH Award for Schools", he believes that all activities which have been planned for "OSH in School" will be implemented accordingly.

CORPORATE SOCIAL RESPONSIBILITY



WE KNOW AND WE CARE! - Aid for the Flood Victims

26 January 2007 - Our Director, YBhg. Dato' Md. Zahari Md. Zin, representing Ramunia Holdings Berhad and all employees presented a cheque of RM 50,000 to the Kota Tinggi District Officer in aid of the flood victims in Kota Tinggi to alleviate their plight.

UMRAH

1 September 2007 – 22 employees of Ramunia Holdings Berhad flew to Medinah and subsequently to Mekah to perform their “Umrah” subsidised by the company. They were joined by their family members and they were there for 15 days.



WE MARCHED WITH PRIDE

Ramunia Merdeka Parade Contingent 2007 upheld the good name of Ramunia Holdings Berhad with an impressive show of high spirit and teamwork when they marched with pride and won 3rd Place in the 50th Merdeka Day Celebration Parade in Johor Bahru on 31st August 2007. A week later, they sustained their excellence in the 50th Merdeka Day Celebration Parade for the Pengerang Sub District by winning two main prizes in the Private & NGO's Category – Best Contingent and Best Contingent Uniform.

CORPORATE SOCIAL RESPONSIBILITY

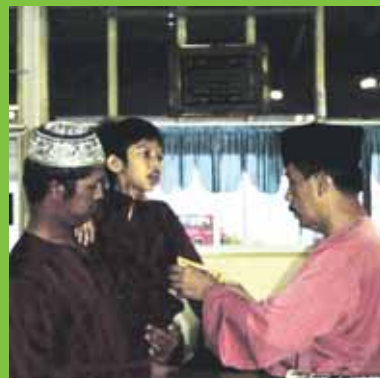


ZAKAT PRESENTATION

2 October 2007 - YBhg. Dato' Azizul Rahman, Chairman of Ramunia Holdings Berhad fulfilled Ramunia's Zakat obligation to Majlis Agama Islam Negeri Johor. A cheque amounting to RM500,000 was presented to Johor Menteri Besar, YAB Dato' Haji Abdul Ghani Othman.

HARI RAYA DONATIONS

4 October 2007 - Ramunia Holdings Berhad presented Hari Raya donations to 38 needy families, 36 orphanages and 25 single mothers in and around Teluk Ramunia. The presentation was made on behalf of Ramunia Holdings by Yang Behormat Dato' Hj. Harun Bin Abdullah. ADUN Tanjung Surat in a ceremony held at Masjid Jamek Teluk Ramunia.



AND WITH
FULL
COMMITMENT





OPERATIONS REPORT

+

INTEGRITY



2007 has seen another record year of achievements for Ramunia Holdings Berhad and its subsidiary companies. The tremendous pace of Exploration and Production activities within the domestic and international oil and gas industry continues unabated and Ramunia Group of Companies have benefited directly and greatly from the robust E&P spending by oil majors.

On 15 January 2007 RISL secured the CPOC project, the single largest project ever awarded to Ramunia then at USD92 million (approximately RM308 million). Unfortunately, due to commercial disagreement with CPOC, the project was taken back from RISL. Subsequent negotiations with the client resulted in Ramunia being given due payment for work done to date.

Post 2007 financial year saw several new projects awarded including Angsi D and B193 valued at RM170 million and USD685 million respectively. The B193 award represents Ramunia entry into the India market as a main EPC contractor.

Another notable award was the Pluto LNG Topside project in Australia worth USD26.4 million (approximately RM92.3 million) as it marked Ramunia first foray as a prime contractor in the international market.

Several projects awarded in 2006 were undertaken and successfully completed in 2007 as follows:

1. BKC Annex Topside and Jacket for Talisman
2. Bunga Orkid WHRP 3 Jackets for Talisman
3. Vasai Jacket, Piles and Bridge for Samsung
4. F13E (SC) DR-A for Shell
5. Sumandak SUJT - Monopod & Topside for Petronas Carigali
6. Sumandak SUPG - Compression Module for Petronas Carigali
7. East Belumut - Jacket and Topside for Petronas Carigali, and
8. Fabrication BRA Comp Module for Talisman