

Risks and Opportunities

	Issues (chance x impact) 1 is least and 3 is most	Uncertainty	Risk H/M/L	Process	Remarks/Opportunities
1	Market Risks		1,2 - L 3,4 - M 6,9 - H		
1.1	Customer demands 2 x 2	Demands fluctuate and vary seasonally	M	Bi-weekly progress meeting (PMs) – rig idling & tenders Monthly management meeting (Board) – 6-month forecast	
1.2	Competitor actions 1 x 3	New competitors and alternative products	M	Bi-weekly progress meeting (PMs) – market information collection Monthly management meeting (Board) – strategy/response	
1.3	Company and Service Image 1 x 3	Serious faults and accidents	M	Trainings on ethics and crisis management for management staff (Board/PMs) Ensure an effective IMS is implemented (HSEQM)	
1.4	Economic growth 1 x 3	Cyclical recession	M	Monthly management meeting (Board) – 6-month forecast; strategy/response	
1.5	Prices 3 x 1	Market prices change from time to time	M	Tender adjudication (GM/PM) prior to submission. Decision criteria include internal workload and market environment	
1.6	Reliance on key customers 1 x 3	Loss of business with the key customers for whatever reasons	M	Monthly management meeting (Board) – review regularly the split of customers	Avoid to rely on only a few customers; assess / review the creditability of customers from time to time; collection and sharing of market information
1.7	Political changes 1 x 3	Instability in a country including government, regulatory bodies, policy makers & military control	M	Ad-hoc basis: Include this as a consideration factor upon receipt of overseas tenders; Monitor regularly the political aspect during the contract period for overseas works	
2	Financial Risks				
2.1	Access to capital 1 x 3	Funding sources	M	Monthly management meeting (Board) – report working capital and available banking facilities.	
2.2	Financial leverage 1 x 2	Limited use of leverage	L	Ad-hoc basis: To be discussed by Board when use of borrowed funds is required.	
2.3	Interest rate volatility 2 x 1	No significant impact to existing business	L	Ad-hoc basis: To be discussed when borrowed funds are excessive	
2.4	Foreign exchange volatility 1 x 2	Exchange rate fluctuation for overseas work			

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2.5	Accounting systems 1 x 1	Ambiguities and uncertainty in overseas systems	L	Ad-hoc basis: Include this as a consideration factor upon receipt of overseas tenders	A consideration factor before tender, tender payment terms, collection control, response to non-payments, market information
2.6	Customer credit 1 x 2	Delayed payment, non- payment or bankruptcy	L	Bi-weekly progress meeting (PMs) – Monitor account receivables and implement collection control	
3	Operational Risks				
3.1	Access to resource 1 X 2	Minimal in most of the projects	L	Monthly resource meeting – staff, plant, drillers and subcontractors	
3.2	Quality assurance 1 x 3	Internal control and compliance	M	Regular Inspections (SO) and monthly HSEQ meeting (committees)	
3.3	Project management 2 x 2	Consistent control on programme, finance (cost & collection) and QSE	M	Bi-weekly progress meeting (PMs) CPD & trainings for PMs	
3.4	Performance of vendors & subcontractors 1 x 2	New: unknown performance Old: Inconsistent performance	L	Use vendors & subcontractors on company approved list Regular appraisals	
3.5	Client expectation (both internal and external) 1 x 2	No communication or unclear or ignorance	L	Proactive communication, clarify if unclear and record	
4	Compliance Risks				
4.1	Regulatory changes 1 x 2	Some changes may impact the business operation	L	Ad-hoc: Review relevant regulatory changes and their impacts	
4.2	Breach of laws and regulations 1 x 3	Degree of obedience/compliance to company rules	M	Ethical – internal rules and circulars Employment terms HSEQ training	
4.3	Non-compliance to standard procedures 1 x 2	Degree of obedience/compliance to standard procedures	L	Regular inspection of compliance (supervisors)	
5	Force Majeure Risks				
5.1	Natural events/disasters affect company's operations, suppliers and customers (local)1 x 2	Local: typhoons Overseas: depends on geographical locations	L	Insurance for the risks Precaution actions	