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PERISAI PETROLEUM TEKNOLOGI BHD 632811-X



PERISAI PETROLEUM TEKNOLOGI BHD
(632811-X)



value creating technologists...

Suite 3A-17, Level 17, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur
E-mail: admin@perisai.biz

ANNUAL REPORT 2009

annual report 2009



To be the
Number One Value
Creating **Technology** company
for the **Oil and Gas** Sector
in the **Asean** Region

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Notice of Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting (“AGM”) of **PERISAI PETROLEUM TEKNOLOGI BHD.** (“Perisai” or the “Company”) will be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 25 June 2010 at 10.00 a.m. to transact the following businesses: -

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. *Please refer to note A*
2. To approve the payment of Directors’ Fees for financial year ended 31 December 2009. *(Ordinary Resolution 1)*
3. To re-elect the following Directors retiring in accordance with the Company’s Articles of Association and being eligible, have offered themselves for re-election:- *(Ordinary Resolution 2)*
 - (a) Dato’ Yogesvaran A/L T Arianayagam (Article 93)
 - (b) Encik Zainol Izzet Bin Mohamed Ishak (Article 98)
 - (c) Mr Adarash Kumar A/L Chranji Lal Amarnath (Article 98)
4. To appoint Messrs AljeffriDean as Auditors (consent letter attached on page 99) of the Company in place of the retiring Auditors, Messrs Kumpulan Naga, and to authorize the Directors to fix their remuneration. *(Ordinary Resolution 3)*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution:-

5. **PROPOSED RENEWAL OF AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** *(Ordinary Resolution 4)*

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) per cent of the issued share capital of the Company as at the date of this AGM **AND THAT** such authority shall continue in force until the conclusion of the next AGM of the Company **AND THAT** the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so issued.”

BY ORDER OF THE BOARD

LIM SECK WAH (MAICSA NO. 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA NO. 0781031)
Company Secretaries

Kuala Lumpur
3 June 2010



Notice of Seventh Annual General Meeting

cont'd

Notes on Appointment of Proxy:-

- A. This Agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 do not require a formal approval of the shareholders and hence, is not put forward for voting.
1. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.
2. A Proxy or attorney or corporate representative need not be a member of the Company and if not a member he/she need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar.
3. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
5. Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
7. The instrument of Proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office of the Company at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time of meeting or any adjournment thereof.
8. Explanatory notes on SPECIAL BUSINESS:-

Ordinary Resolution 4

The proposed Ordinary Resolution no. 4 is a renewal of the mandate given to the Company by the shareholders at the previous Annual General Meeting held on 29 June 2009, if duly passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

No shares have been issue and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 29 June 2009.



Corporate Information

BOARD OF DIRECTORS

Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Independent Non-Executive Chairman

Zainol Izzet Bin Mohamed Ishak
Managing Director

Adarash Kumar A/L Chranji Lal Amarnath
Executive Director

Nagendran A/L C. Nadarajah
Non-Independent Non-Executive Director

Dato' Yogesvaran A/L T. Arianayagam
Non-Independent Non-Executive Director

Chan Feoi Chun
Independent Non-Executive Director

AUDIT COMMITTEE

Chan Feoi Chun
Chairman

Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Member

Dato' Yogesvaran A/L T. Arianayagam
Member

COMPANY SECRETARIES

Lim Seck Wah (MAICSA 0799845)
M. Chandrasegaran A/L S. Murugasu
(MAICSA 0781031)

REGISTERED OFFICE

Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

PRINCIPAL PLACE OF BUSINESS

Suite 3A-17, Level 17 Block 3A
Plaza Sentral, Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : 03-2278 1133
Fax : 03-2278 1155
Website : www.perisai.biz
E-Mail : admin@perisai.biz

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

AUDITORS

Kumpulan Naga (AF0024)
Chartered Accountants
Suite 1, 1st Floor Wisma Leopad
No. 5, Jalan Tun Sambanthan
50470 Kuala Lumpur
Tel : 03-2274 6577
Fax : 03-2273 1710

SOLICITORS

Kamaruddin & Partners

PRINCIPAL BANKERS

Kuwait Finance House Berhad
Amlslamic Bank Berhad
AmBank (M) Berhad
Malayan Banking Berhad

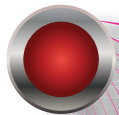
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 0047



Group Structure

Perisai Petroleum Teknologi Bhd 632811-X



100% SJR Marine (L) Ltd. LL05378

100% Perisai (L) Inc. LL04478

100% Corro-Pro (L) Inc. LL04771

100% Corro-Shield (SEA) Sdn. Bhd. 259263-P

100% Romilly (M) Sdn. Bhd. 477626-H

100% Perisai Research Sdn. Bhd. 732557-V

100% Alpha Perisai Sdn. Bhd. 700769-U

100% Orinippon Trading Sdn. Bhd. 478158-M

100% Kingsburg International Trading Limited. (HK) 1046118

100% Garuda Energy (L) Inc. LL07384

100% HummingBird Energy (L) Inc. LL07383

49% Phoenix Energy Sdn. Bhd. 876793-M

30% Corro-Shield (M) Sdn. Bhd. 383695-M



Profile of Directors

Dato' Dr. Mohamed Ariffin Bin Hj. Aton

Dato' Dr. Mohamed Ariffin Bin Hj. Aton, aged 65, a Malaysian, was appointed to the Board of Perisai as an Independent Non-Executive Director on 1 June 2004. He attended six (6) of the six (6) Board Meetings held in the financial year under review. He is the Chairman of the Nomination Committee and a member of the Audit Committee. He holds a Doctrate in Chemical Engineering from the University of Leeds. He started his professional career as a process engineer with Esso Refinery in Port Dickson in 1970. In November 1975, he joined the academia, as a Lecturer in Chemical Technology, Chemistry Department at Universiti Kebangsaan Malaysia ("UKM"). After numerous appointments he left UKM in 1989 when he was the Dean (Founder) of the Engineering Faculty and professor to join Petronas Research & Scientific Services Sdn. Bhd. ("PRSS") as the Deputy Director Downstream. Upon the corporatisation of PRSS in 1994 he was appointed as the Managing Director/Chief Executive Officer. He was subsequently appointed as the President and Chief Executive Officer of SIRIM Berhad ("SIRIM") in September 1996 till his retirement on 1 September 2007.

He is the President of the Malaysian Association of Research Scientists (MARS) and sits in various national committees such as National Council For Scientific Research & Development, Selangor Information Technology Council, Malaysian Scientific & Technology Information Council, Government IT & Internet Committee, Malaysian Nuclear Technology Advisory Board, the Asian Pacific Centre for Transfer of Technology (APCTT) and Malaysian Standards & Accreditation Council. He is a member of the Industrial Advisory Board for University of Nottingham Malaysia Campus as well as a special professor of the University. He is a Fellow of the Institute of Engineers Malaysia, Chartered Member of Institute of Chemistry Malaysia and Fellow of the Malaysian Scientific Association.

On 1 July 2008 he was appointed by the Minister of Domestic Trade and Consumer Affairs as Chairman of the Malaysian Intellectual Property Corporation. On 1 August 2008 he was appointed as Chairman of The National Measurement Council by the Minister of Science, Technology and Innovation.

He also sits on the Boards of Titan Chemicals Corp Bhd. and Malaysian Technology Development Corporation Sdn. Bhd. (MTDC), as well as a number of other private limited companies.

Zainol Izzet Bin Mohamed Ishak

Encik Zainol Izzet Bin Mohamed Ishak, aged 49, a Malaysian, was appointed to the Board of Perisai as a Non-Independent Non-Executive Director on 13 April 2010 and redesignated as Managing Director on 21 April 2010.

Encik Izzet began his career as a consultant with Hymans Robertson & Co., Consulting Actuaries, London in 1982. He then joined Messrs Kassim Chan & Co. in 1985 as a Management Consultant. He then left the field of consultancy in 1988 to join Seccolor (M) Industries as its General Manager, a position he held until 1992.

He then joined Sapura Group of Companies in 1992 as General Manager of Corporate Planning, where he was responsible for the strategic planning and business development of the Group. In 1994, he was then appointed as Chief Executive Officer of Sapura Digital Sdn. Bhd., one of the pioneer operators of digital cellular phone (ADAM) in the country. Following the sale of Sapura Digital Sdn Bhd by Sapura Group, he was appointed as Senior Vice-President of the Energy Division within the Sapura Group before being appointed as CEO of SapuraCrest Petroleum Berhad on 7 July 2003. He retired as CEO from SapuraCrest Petroleum Berhad on 31 January 2010.

Adarash Kumar A/L Chranji Lal Amarnath

Mr. Adarash Kumar A/L Chranji Lal Amarnath, aged 50, a Malaysian, was appointed to the Board of Perisai as a Non-Independent Non-Executive Director on 13 April 2010 and redesignated as Executive Director on 21 April 2010.

He is presently an Executive Director of Ezra Holdings Limited. He has more than 30 years of experience in the marine industry. Prior to joining Ezra, he was Assistant General Manager for Bumi Armada Navigation Sdn. Bhd., an offshore support services provider based in Malaysia, responsible for its (offshore support vessels) operation. He had also held various positions onboard Vessels while working for the Malaysian International Shipping Corporation.



Profile of Directors

cont'd

Nagendran A/L C. Nadarajah

Mr. Nagendran A/L C. Nadarajah, aged 56, a Malaysian, was appointed to the Board of Perisai as an Executive Director on 1 June 2004 and was appointed Managing Director with effect from 5 February 2007. He attended six (6) of the six (6) Board Meetings held in the financial year under review. He is a member of the Remuneration Committee. He was a Fellow Member of the Chartered Association of Certified Accountants and has a Master in Business Administration, majoring in Finance from the City University, London.

His last position with Perisai was Group Finance Director. He is also responsible for sales and marketing efforts with a specific task of developing the overseas market for the Group's products and solutions. He has worked for over 25 years under various capacities in the oil and gas industry, commerce and educational establishments, mostly in the UK and Malaysia. Nagendran is also in the Corrosion Control Solution Committee of the R&D team and was involved in the development of the CorroCap™ and Composite Sleeve Repair.

Dato' Yogesvaran A/L T. Arianayagam

Dato' Yogesvaran A/L T. Arianayagam, aged 58, a Malaysian, was appointed to the Board of Perisai as a Non-Independent Non-Executive Director on 30 October 2003. He attended six (6) of six (6) Board Meetings held in the financial year under review. He is the Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees.

He is a Fellow of the Chartered Institute of Management Accountants, UK (CIMA), a Chartered Accountant with the Malaysian Institute of Accountants and an Associate Member of the British Institute of Management. He started his professional career in 1974 as a Management Accountant with British Steel Corporation, England. Upon his return to Malaysia in 1976, he joined Aseambankers Malaysia Berhad and was the Head of the Corporate Finance Division. He left Aseambankers Malaysia Berhad in May 1984 and joined Sampoorna Holdings Berhad as its Chief Executive Officer. In November 1989, he joined Murnivest Sdn. Bhd. as Managing Director and subsequently in January 2003 he joined Asian Pac Management Sdn. Bhd. as its Managing Director. He brings along 32 years of experience in Corporate Finance, Financial Management and extensive knowledge in Mergers and Acquisitions.

He currently sits on the Boards of MWE Holding Berhad a public listed company, Multi Purpose Insurans Berhad, Sampoorna Holdings Berhad and on the Boards of a number of private limited companies in Malaysia, Singapore and India.

Chan Feoi Chun

Mr. Chan Feoi Chun, aged 57, a Malaysian, was appointed to the Board of Perisai as an Independent Non-Executive Director on 6 June 2005. He attended five (5) of the six (6) Board Meetings held in the financial year under review. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. He is a Fellow of the Chartered Institute of Management Accountants, UK (CIMA), a Member of Malaysian Institute of Accountants and a Graduate of the Institute of Chartered Secretaries and Administrators UK (ICSA). He also holds a Master of Business Studies (Banking & Finance) from University College Dublin, Ireland.

He is currently employed as the Chief Executive Officer of Swiss Garden International Vacation Club Bhd. He held various senior positions in PJD Holdings Berhad Group of Companies. Prior to joining the PJD Group in 1994, he held senior management positions in the financial services Group of MBF Holdings. Mr. Chan who has international working experience in Britain and Thailand brings along 26 years experience in areas of financial management and business re-engineering.

He is presently the President of CIMA Malaysia Division and also the Honorary Secretary of the Malaysian Holiday Timeshare Developers' Federation.

He is also an Independent Non Executive Director of Iris Corporation Berhad and Versatile Creative Berhad. He sits on the Audit Committee of both companies.

Note:

All Board Members have no family relationship among themselves or with any of the substantial shareholders of the Company except for substantial shareholdings of a Director as described in page 96 of this report.

All Board Members do not have any conflict of interest with the Company and have never been convicted for any offences other than traffic offences within the past 10 years.



Chairman's Statement

Dear Shareholders,

It is my pleasure to report that for the year under review ended 31 December 2009 (FY 2009), Perisai Petroleum Teknologi Bhd (Perisai or the Group) posted a record profit attributable to the equity holders of the Company of RM33.04 million, which is more than double the figure achieved the previous financial year. These results are all the more commendable in the face of a very challenging environment. Aside from the financial numbers, FY 2009 will also be remembered as an important watershed for the Perisai Group.

In a dynamic environment in which we operate, Perisai remains an ever evolving entity. The global economic turbulence and its impact on the petroleum industry have affected oil and gas players in one way or another. It has compelled companies to re-think strategies and to draw up new road maps to take advantage of the opportunities that come with change. Thus, what may initially look like a constraint may actually turn out to be an opportunity.

Like the mythical Phoenix that the Group has adopted as its corporate logo, Perisai needs to go through a ritual of rebirth and rejuvenation and emerge even stronger to take on the challenges and opportunities of a more competitive and challenging environment. Perisai is now going through what I would call a period of aggressive consolidation to build an even stronger and more coordinated presence in the petroleum industry. Through the shedding of non-core and non-profitable assets, a leaner, more intensely-focused entity is emerging, and more changes are on the way.

The petroleum industry in Malaysia and the Asia-Pacific region offers tremendous growth prospects that remain to be exploited. By taking a holistic view of where we stand in the industry, we move forward with the confidence that we know where we are going and what we have to do to get there. As in everything else that we do, our overriding goal is to provide for long-term growth, and in the process, enhance value for our shareholders.

Given its track record and the fundamental strengths of the Group, I am convinced that we have not yet captured the full potential that the Perisai Group has to offer. Perisai is in the business for the long-haul and is still a work in progress with many more pages and chapters to be written. As in any good book, the reading only gets better and more interesting as the story builds up. With a strategic partnership established with Ezra Holdings Limited and a new management team in place, I firmly believe that a bright and promising future is in store for Perisai. I invite you to be on board with us as we embrace an exciting future with confidence.

On behalf of the Board of Directors, I am pleased to present this annual report and audited accounts of Perisai Petroleum Teknologi Bhd and its group of companies for the financial year ended 31 December 2009.



Chairman's Statement

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FINANCIAL PERFORMANCE

What a difference a year makes. It was only in 2008 when global economies and oil prices were on an upward trajectory. By the time oil prices hit a high of USD147.27 per barrel on 11 July 2008, the financial meltdown that began in the United States started to morph and thereafter spread rapidly to the rest of the world. The resulting slowdown in demand for oil caused prices to gyrate wildly, sinking to a low of US\$33.87 per barrel on 18 December 2008. (Source : theStar online, 9 June 2009) As the petroleum industry involves long-lead times and high capital costs, such price volatility undermines the ability of industry players to adjust to market conditions and make investment decisions. In early 2009, there were already indications of the global economy rebounding from the worst recession since the 1930s. Oil prices surged 85.0% during the year before settling at around US\$70.0 to US\$80.0 per barrel by financial year-end.

Notwithstanding the turbulence, the Group closed FY 2009 in relatively good fiscal shape. Turnover was posted at RM101.18 million, an increase of 39.06% from RM72.76 million registered previously. The Group achieved its highest ever PAT of RM30.92 million, which represents a 96.19% growth over RM15.76 million recorded in FY 2008.

The Group's improved bottom-line was attributed mainly to earnings generated through the charter of Enterprise 3, a derrick lay barge on long-term charter to the SapuraCrest Petroleum Berhad (SapuraCrest) Group of Companies. Perisai also derives revenue from a two-year contract for a portable saturation diving system, used to perform underwater inspection services during pipeline construction. The results could have been even better in a more favourable operating environment as two of our vessels, Alpha Shield and Allied Shield were laid up for most of the year. However, in the face of slumping oil prices, many industry players adopted a 'wait-and-see' stance, and this had a negative impact on the level of upstream oil and gas activities.

DIVIDENDS

The Board does not recommend any dividend be declared for the financial year ended 31 December 2009.

CORPORATE DEVELOPMENTS

Among the many corporate developments during the year under review, one of the most significant is the transfer listing of Perisai from its MESDAQ status to the Main Board of Bursa Malaysia Securities Berhad on 8 June 2009. The move to the main board will enable Perisai to secure

better financing opportunities and enable it to market itself to a different group of investors previously restricted from investing in MESDAQ counters. It will also make the stock more accessible and attractive to foreign funds.

In another important corporate development, Mr. Nagendran C. Nadarajah, the outgoing Managing Director/major shareholder of the Company entered into a Share Purchase Agreement on 9 April 2010 with HCM Logistics Limited, a wholly-owned subsidiary of the Singapore-based Ezra Holdings Limited (Ezra). This agreement paves the way for the sale of his entire direct and indirect shareholdings in the Company representing approximately 19.9% of the capital of the Company. With a market capitalisation of S\$1.57 billion (RM3.7 billion) on the Singapore Stock Exchange, Ezra has operations spanning Southeast Asia, West Africa, Australia, India and the Middle East.

On 17 July 2009, the Company entered into a Share Sale Agreement (SSA) with Mr. Shanmugaraj a/l Rajadurai for the disposal of 51,000 ordinary shares of RM1.00 each in Bio-X Technologies Sdn. Bhd. (Bio-X), representing 51.0% of the issued and paid-up share capital of Bio-X, for a total cash consideration of RM632,400.00. The principal activity of Bio-X is the supply and provision of bio-remediation products, equipment and services primarily for the oil and gas industry. The disposal was completed on 29 July 2009.

On 12 August 2009, the Company entered into a SSA with Innovative Upstream Technologies Sdn. Bhd. for the disposal of 180,000 ordinary shares of RM1.00 each in Corro-Shield (M) Sdn. Bhd. (Corro-Shield), representing 30.0% of the issued and paid-up capital of Corro-Shield for a total cash consideration of RM3.240 million. Corro-Shield is involved in the manufacturing, supplying, commissioning and installation of corrosion control products and related services, primarily for the oil and gas industry. The disposal was completed on 12 August 2009, making Corro-Shield an associate of the Company.

On 3 December 2009, the Company incorporated two wholly-owned subsidiaries, namely Garuda Energy (L) Inc and HummingBird Energy (L) Inc Labuan to purchase two jack-up drilling rigs, namely Hercules 191 and Hercules 255 respectively via a sale and purchase agreement on 10 December 2009 at a cost of USD10 million which is pending completion. Perisai is currently studying a proposal from Mr. Nagendran C. Nadarajah to acquire the Company's two subsidiaries along with the two rigs.



Chairman's Statement

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OPERATIONAL HIGHLIGHTS

The Group's jewel in its crown of assets is without doubt the Enterprise 3. Perisai is one of only two companies in Malaysia with a pipe-laying vessel. Since 1 November 2008, the derrick lay barge has been chartered on a bare boat basis to SapuraCrest Group for a period of four and a half years. This means that for the next three years, the bulk of Perisai's profits will be protected by locked-in contracts.

As an oil and gas value creating technology provider, Perisai has more than 100 patents, granted or pending, owned directly or via licensing in a number of countries worldwide. This includes proprietary solutions for topsides to sub-sea and from green fields to the abandonment phase. The crowning success to Perisai's efforts as a technology innovator was the 'Excellence in Innovation' Award that was bestowed on the company at the Frost & Sullivan Growth Excellence Awards 2009. Perisai is the first oil and gas company in the Asia-Pacific region to be awarded the accolade by Frost & Sullivan, a global market research firm. The award was in recognition of Perisai's contribution to the development of marginal offshore oil and gas fields using a Mobile Offshore Production & Storage Unit (MOPSU) technology.

As a totally new and cost effective method for developing small and marginal fields in shallow waters, MOPSU has been described as a 'game changer' in the oil and gas industry. Unlike other systems that rely on drilling rigs, well-head platforms, pipelines or a floating storage and off-loading vessel, MOPSU uses modular drilling units, integrated storage and a detachable drilling template with the entire system and is fully recoverable and reusable.

We have tied up with Gryphon Energy (Asia Pacific) Sdn .Bhd. (Gryphon), the exclusive licensee of MOPSU, and established Phoenix Energy Sdn. Bhd. (Phoenix Energy) on 28 October 2009 to market the product in the Asia-Pacific region. Perisai holds a 49.0% stake in Phoenix Energy, with the rest held by Gryphon.

A TRANSITIONAL PHASE

Time has proven that the most successful and enduring companies are never static or complacent. They owe it to themselves, their employees and their shareholders to anticipate and exploit changes just beyond the horizon, evolving and taking advantage of the opportunities that come with change. Thus, Perisai was initially listed on the MESDAQ market as its core business then was in the manufacturing and marketing of corrosion control solutions to the oil and gas sector. Over the years, the company evolved to be a supplier of vessels and solutions provider for marginal field development.

Even though Perisai achieved its highest PAT in FY 2009, our focus remains on the future and the opportunities that lie ahead. With the global recession behind us, and demand for petroleum on the uptrend, this is an opportune moment for the Perisai Group to gain lasting break-away advantages by leveraging on emerging opportunities in high-growth areas. With our feet firmly planted in the oil and gas sector, a new Perisai is emerging, driven by new investment opportunities in the marketplace here in Malaysia and around the region. In striving for an even stronger and more coordinated presence in the petroleum industry, we undertook a comprehensive and critical evaluation of where we stood from different perspectives: industry dynamics, our own strengths and weaknesses, and opportunities to strengthen our business in selected areas.

It is still early days, and I seek your indulgence and patience for a little while longer as we flesh-out a new corporate direction for the Group and lay the foundations for the next thrust forward. Essentially, we will leverage on the strategic partnership we have established with Ezra, build on our new base and take advantage of emerging opportunities to strengthen our customer profile, enhance our services and our financial performance. Needless to say, we will relentlessly pursue every opportunity for future growth.

A PROMISING FUTURE

All indications point to FY 2010 being a more favourable year. While the global economy experienced the worst effects of the global financial crisis during the first half of the year, most economies were on the road to recovery by the second half. As an open economy, Malaysia was significantly affected by the drastic slow-down in world trade and gross domestic product contracted by 1.7% in 2009. Thanks to a raft of bold measures and strategies put in place by the Government, the Malaysian economy is projected to grow by 4.5 to 5.5% in 2010. All these translate into a favourable operating environment for the global oil and gas industry.

Fortified by our new partner, Perisai faces the future with confidence and a new vigour. Ezra has established itself as Asia's leading offshore support and marine services provider, offering integrated solutions across a wide spectrum of the offshore support supply chain. It also has one of largest fleet of modern offshore supply vessels in the region. The tie-up with Ezra is a win-win partnership for both parties. While Perisai will benefit from Ezra's expertise and experience, the latter will be able to leverage on Perisai's local knowledge and exposure to tap into oil and gas prospects in Malaysia. With Ezra now in the picture, we are confident it will open a new chapter in the Group's future earnings growth.



Chairman's Statement

cont'd

The Malaysian oil patch is still one of the most attractive to investors in the region. The country has some of the best prospects in terms of deepwater oil and gas discoveries, which is where the industry is headed as most of the continental shelf has already been explored. Since the discovery of Kikeh in 2002, the country now has at least 26 deepwater fields. The Gumusut – Kakap field is now being developed and it will be followed by the Malikai and Kebabangan fields.

The national petroleum corporation of Malaysia, Petroliam Nasional Berhad or PETRONAS has nearly doubled upstream capital expenditure over the past five years from RM12.8 billion to RM22.3 billion. With oil prices restored to an even keel, PETRONAS and the other oil majors are expected to re-start green-field development projects in a more substantial way in order to sustain longer-term production targets. Beyond Malaysia, upstream spending in Asia and Australasia has been projected to rise from 2010 onwards, with national oil companies spearheading the drive.

ACKNOWLEDGEMENTS

The way to success is through our people, and they have proven they are tough, capable and highly professional in meeting the challenges of the past year. Because of their commitment and sense of common enterprise, we are well positioned to achieve even more.

We wish to thank our valued customers, shareholders, associates and business partners. Their confidence in the Group has helped us to achieve our goals and expand our horizons.

Perisai is fortunate to have a strong Board, equipped to provide the sound counsel and corporate oversight required for its future growth and profitability. Mr. Nagendran C. Nadarajah, who served the Company as its Managing Director, was redesignated to Non-Independent Non-Executive Director after the disposal of his entire shareholding in Perisai to HCM Logistics Limited with effect from 21 April 2010. The Board and I take this opportunity to thank him for his services and wish him every success in his future endeavours. We are pleased to welcome Encik Zainol Izzet Mohamed Ishak who has been appointed the new Managing Director of Perisai, effective 21 April 2010. He brings with him vast knowledge and experience in the oil and gas business, and we look forward to benefiting from his fresh insights.

With a new management team on board, we intend to craft Perisai's present and future with undiminished entrepreneurial courage, far-sightedness and energy. It will be a new game and we aim to be a dominant player.

I thank all of you for your continued support.

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

Chairman



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

INTRODUCTION

The Board of Directors of Perisai (“Board”) are committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Company. The ensuring paragraphs set out the manner in which the Group has applied the principles set out in the revised Malaysian Code of Corporate Governance (“Code”) and the extent of its compliance with the best practice of the Code for the year ended 31 December 2009.

BOARD MEETINGS

During the financial year under review, the Board met six (6) times and the attendance record for each Director is as follows:

	Number of meetings
Dato’ Dr. Mohamed Ariffin Bin Hj. Aton	6/6
Chan Feoi Chun	5/6
Dato’ Yogesvaran A/L T. Arianayagam	6/6
Nagendran A/L C. Nadarajah	6/6
Juhari Bin Husin (<i>resigned on 25 November 2009</i>)	5/6
Zainol Izzet Bin Mohamed Ishak (<i>appointed on 13 April 2010</i>)	N/A
Adarash Kumar A/L Chranji Lal Amarnath (<i>appointed on 13 April 2010</i>)	N/A

The minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) has been complied with.

BOARD BALANCE

The Board comprised of two (2) Executive Directors and Four (4) Non-Executive Directors of whom (2) are independent. Such a balance is in compliance with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market in respect of the board composition.

The Executive Director is generally responsible for making and implementing operational decisions whilst the Non-Executive Directors support the skills and experience of the Executive Director, contributing to the formulation of policy and decision making through their knowledge and experience of relevant business sectors.

The Board retains full and effective control over the Group. The Chairman leads strategic planning at the Board level, while the Executive Director is responsible for the implementation of the policies laid down and executive decision-making. The Board makes key decisions, such as approval of interim and annual reports, acquisitions and disposals, new ventures and investments, material agreements, major capital expenditures and budgets.

The Non-Executive Directors are of the calibre necessary to provide an independent judgment on the issues of strategy, performance and resource allocation. They carry sufficient weight in Board decisions to ensure the long term interest of the shareholders, employees, customers and other stakeholders.



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

cont'd

SUPPLY OF INFORMATION

All Directors are provided with reports and other relevant information on a timely manner, covering various aspects of the Group's operations and performance. They are also provided with an agenda and a set of board papers pertaining to agenda items prior to Board meetings for consideration and where appropriate, for decision. This is issued in sufficient time to enable the Directors to consider the matter to be deliberated and to obtain further explanation, where necessary, in order to be briefed properly before the Meeting. The Board has unrestricted access to all staff for any information pertaining to the Group's affairs. In addition, the Board has access to the advice and services of the Company Secretary and may seek professional advice from external consultants at the Company's expense should the need arise.

At the Board meetings, the Management updates the Board on the business and market factors relevant to the Group.

BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees which operate within defined terms of reference. The Board Committees include the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The respective Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

AUDIT COMMITTEE

The Audit Committee was established on 15 June 2004 and the current members are as follows:-

Name of Director	Designation
Chan Feoi Chun	Chairman
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Member
Dato' Yogesvaran A/L T. Arianayagam	Member

The Board is assisted by an Audit Committee, whose role and functions are as set out in the Audit Committee Report on pages 20 to 23 of this annual report.

NOMINATION COMMITTEE

The Nomination Committee was established on 15 June 2004 and the current members are as follows:-

Name of Director	Designation
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Chairman
Dato' Yogesvaran A/L T. Arianayagam	Member
Chan Feoi Chun	Member



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

cont'd

THE NOMINATION COMMITTEE'S TERMS OF REFERENCE ARE AS FOLLOWS:-

- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third of the Directors for the time being shall retire from office. A retiring Director shall be eligible for re-election. Every director, including the Managing Director, shall be subject to retirement at least once in every 3 years.
- Review annually its required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board and disclose the same in the Annual Report.
- Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- Ensure that the appointment of any Executive Director or Managing Director of PERISA shall be for a fixed term not exceeding three years at any one time with power to re-appoint, remove or dismiss thereafter.
- Recommend to the Board, candidates for all directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder and to recommend to the Board candidates to fill the Audit, Nomination, Remuneration or other Board Committees. A description/specification for the new Directors should be drafted before identifying possible candidates. Candidates should be evaluated against this specification.
- Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee met once during the financial year ended 31 December 2009.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 15 June 2004 and the current members are as follows:-

Name of Director	Designation
Dato' Yogesvaran A/L T. Arianayagam	Chairman
Chan Feoi Chun	Member
Nagendran A/L C. Nadarajah	Member

THE REMUNERATION COMMITTEE'S TERMS OF REFERENCE ARE AS FOLLOWS:-

- Set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of Executive Directors and the Managing Director having regard to the overall Group policy guidelines/framework.
- Advise the Board on the performance of the Chief Executive Officers, Executive Directors and the Managing Director and an assessment of his/her entitlement to performance related pay. The Remuneration Committee should also advise the Managing Director on the remuneration and terms and conditions (and where appropriate, severance payments) of senior staff (defined as the small group of staff who report directly to the Managing Director).
- Review the history of and proposals for the remuneration package of the Company's committees.

The Remuneration Committee met once during the financial year ended 31 December 2009.



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

cont'd

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 15 June 2004 and the current members are as follows:-

Name of Director	Designation
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Chairman
Chan Feoi Chun	Member
Juhari Bin Husin (<i>resigned on 25 November 2009</i>)	Member

In collaboration with other related committees and divisions, the Risk Management Committee assesses risks that can significantly impact the sustainability of the Company; takes preventive measures and responsive actions; and also proposes company-wide risk management policies.

The Risk Management Committee was dissolved and merged into the Audit Committee on 24 February 2010.

APPOINTMENT AND RE-ELECTION TO THE BOARD

Appointments to the Board are made based on the recommendation of the Nomination Committee. In accordance with the Company's Articles of Association, one-third (1/3) of the Board of Directors for the time being, or, if the number is not a multiple of three, the number nearest to one-third (1/3) shall retire from office Provided Always that each Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

DIRECTORS' TRAINING

All Directors have attended and completed the Mandatory Accreditation Program (MAP) conducted by Bursa Malaysia Training Sdn Bhd in compliance with the Listing Requirements.

Two (2) directors attended the following courses during the financial year

Director	Date	Course Attended
Dato' Yogesvaran A/L T Arianayagam	13/07/2009-14/07/2009	The global village – no boundaries, no limits
	02/12/2009	From good governance to great branding
Chan Feoi Chun	13/05/2009	Leading and managing in financially difficult times
	13/07/2009-14/07/2009	The global village – no boundaries, no limits

The other Directors who have not attended any formal training in 2009 had hectic schedules for 2009. However, they will continue to undergo further training from time to time to keep abreast with new regulatory developments and requirements in compliance with Bursa Securities Listing Requirements.



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

cont'd

DIRECTOR'S REMUNERATION

The Company's remuneration policy for Directors is adapted to support the Company's overall objective of delivering long-term value to its shareholders. The remuneration packages are intended to encourage the creativity and innovation of its members and to enable the Company to recruit and retain individuals of the required caliber pertinent in achieving the Company's strategic objectives.

The Group's remuneration scheme for Executive Directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry. Performance is measured against profits and targets set in the Group's annual plan and budget.

For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them. The remuneration packages of all executives of the Group including that of Executive Directors are laid out in the Group's Human Resource Manual, which is reviewed from time to time to be in tandem with market/industry practices.

The aggregate Directors' remuneration for the financial year ended 31 December 2009 are set out below:-

	Fees RM	Salaries RM	Others RM	Total RM
Executive Directors	-	554,625	178,576	733,201
Non-Executive Directors	138,000	-	3,000	141,000

The number of Directors whose remuneration fall into the following bands are as follows:-

Remuneration Band	Executive Directors	Non-Executive Directors
RM50,000 and below	1	2
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	1	-
RM550,000 – RM600,000	1	-

SHAREHOLDERS

Dialogue between the Company and Investors

As part of the Board's responsibility in developing and implementing an investor relations program, discussions are held between the Managing Director and analysts or investors throughout the year, when necessary.

Presentations based on permissible disclosures are made to explain the Group's performance and development programs. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to Bursa Malaysia Securities Berhad has been made. In addition, the annual and quarterly reports, together with the Company's earnings announcements and share price information are available on www.bursamalaysia.com.

It is integral to the Group's philosophy that in enhancing corporate governance and encouraging transparency, it practices an open communications policy with its shareholders through the Group's annual report, AGM and Group website www.perisai.biz. This ensures that the shareholders are given accurate and fair representation of the Group's performance and position.



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

cont'd

SHAREHOLDERS *cont'd*

Annual General Meeting

The Company's AGM provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group. At the AGM, shareholders are encouraged to question the resolutions being proposed or the Group's business operations in general.

To keep the media informed, the Group disseminates copies of the annual report to all relevant press and holds a press conference immediately following the AGM at which time the Managing Director briefs those present about the details of the financial year results.

The Group's website www.perisai.biz provides an alternative communications avenue, targeted at giving information on developments in the Group's business via updates, company news, promotions and news releases to employees, shareholders and members of the public. The website is updated periodically.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company. The Directors consider the presentation of the financial statements and ensure that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Audit Committee assists by scrutinising the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on pages 27 to 95 of this annual report.

Statement of Directors' Responsibility for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits. The Board recognises that risks cannot be fully eliminated.



Statement on Corporate Governance

for the Financial Year Ended 31 December 2009

cont'd

ACCOUNTABILITY AND AUDIT *cont'd*

Internal Control *cont'd*

As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

Relationship with the Auditors

The Company's external auditors, Kumpulan Naga has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements.

In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 20 to 23 of the Annual Report.



Statement on Internal Control

for the Financial Year Ended 31 December 2009

RESPONSIBILITY

The Board of Directors is responsible for maintaining a sound system of internal control for the Group and for reviewing its adequacy and integrity. However, due to the limitations inherent in any system of internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in reviewing the adequacy and integrity of the system of internal control in the Group. The Audit Committee is assisted by the Internal Auditor, who conducts regular and systematic reviews of the system of internal control of the Group and also the extent of compliance with the Group's operating policies and procedures. The findings are reported directly to the Audit Committee

The membership and terms of reference and activities of the Audit Committee are set out on pages 20 to 22.

RISK MANAGEMENT FRAMEWORK

The Audit Committee and the management are committed to formalizing a comprehensive Risk Management Framework in accordance with the guidance as contained in the publication – Statement of Internal Control: Guidance for Directors of Public Listed Companies.

A Risk Management Committee has been established to provide guidance on the implementation of risk management processes to ensure all significant, current and potential risks of the business are understood and managed. Also, an independent consultancy firm was engaged to put in place a structured risk management framework for the Group and reinforce the tone of risk awareness and control consciousness. Continuous efforts will be made to monitor and re-assess the existing risk management framework in regards to maintaining a proper system of managing risks as well as the related control activities.

The Risk Management Committee was dissolved and merged into the Audit Committee on 24 February 2010 however, the functions of the Risk Management Committee will be undertaken by the Audit Committee.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems of the Group are as follows:

- The Executive Directors actively participate in the day to day running of the businesses and hold regular dialogues with senior management of the various business unit.
- There are clearly defined delegation of responsibilities and appropriate limits of authority for different processes, decisions and commitments.
- The Board of Directors meets at least quarterly to discuss the performance of the Group and other major issues. The Annual Report and the announcements of quarterly results are reviewed by the Audit Committee before the Board's approval and release to the public.
- The Board also reviews and approves the annual budget and business plans of the business units. These plans set out the key business objectives of the respective business units and the major risks and opportunities in the operations and the ensuing action plans.

The Board, with the assistance of the Audit Committee, constantly reviews the adequacy and integrity of the system of internal control and is confident that there were no material losses incurred during the current financial year as a result of weaknesses of internal control.



Audit Committee Report

for the Financial Year Ended 31 December 2009

THE AUDIT COMMITTEE AND INTERNAL AUDIT

The Group has engaged an Internal Auditor to support the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the year under review, the Internal Auditor carried out audits based on the internal audit plan approved by the Audit Committee. The audit findings are deliberated and resolved with management. The Audit Committee, on behalf of the Board, reviews internal control issues identified, and recommendations from reports prepared by the internal and external auditors on a regular basis.

AUDIT COMMITTEE

The Audit Committee was established on 15 June 2004 and the revised terms of reference of the Audit Committee was adopted by the Board on 24 February 2010.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and their attendance at the 4 meetings held during the year are as follows:-

Name of Director	Designation	Attendance
Chan Feoi Chun	Chairman	4/4
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	Member	4/4
Dato' Yogesvaran A/L T. Arianayagam	Member	4/4

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors from among their members and shall be composed not fewer than 3 members of whom must be non-executive directors, with majority of them being independent directors.

The members of the Audit Committee shall elect a chairman from among their member who is an independent director. The chairman elected shall be subjected to endorsement by the Board.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the results that the number is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

No alternate Director shall be appointed as a member of the Audit Committee.

At least one member of the Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years' working experience and:-
 - i) he must have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.



Audit Committee Report

for the Financial Year Ended 31 December 2009
cont'd

TERMS OF REFERENCE *cont'd*

Rights and Authority of the Audit Committee

The Company must ensure that whenever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with the procedures to be determined by the Board and at the cost of the Company to:

- investigate any matters within its terms of reference;
- have adequate resources which it needs to perform its duties;
- have full access to any information which it requires in the course of performing its duties;
- have unrestricted access to the chief executive officer and the chief financial officer;
- have direct communication channels with the external and internal auditors (if any) and convene meetings with external auditors and internal auditors or both, excluding the attendance of other directors and employees of the Company;
- have access to independent professional or other advice in the performance of its duties at the cost of the Company; and
- be able to invite outside professionals with relevant experience and expertise to attend its meetings, if necessary.

Responsibilities and Duties

The duties and responsibilities of the Audit Committee shall be:-

- to consider the nomination of external auditors, the audit fees and any question of resignation or dismissal;
- to oversee all matters pertaining to audit including the review of the audit plan and report;
- to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- to discuss problems and reservations arising from the interim and final results, and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- to review the quarterly interim results, half-yearly, annual financial statements and audit report, focusing on:
 - any changes in accounting and operating policies and practices;
 - significant adjustment(s) arising from the audit;
 - adequacy of disclosure of all information in the financial statements essential to a true and fair representation of the financial affairs of the Company and its subsidiary companies; and
 - compliance with applicable approved accounting standards and business practices.
- to review any management letter sent by the external auditors to the Company and the management's response to such letter;
- to discuss with the external auditors their evaluation of the quality and effectiveness of the internal control and management information systems;



Audit Committee Report

for the Financial Year Ended 31 December 2009

cont'd

TERMS OF REFERENCE *cont'd*

Responsibilities and Duties *cont'd*

- to review the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its work;
- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- to review and approve the annual audit plan proposed by the internal auditors;
- to review the co-operation or assistance given by the Company's officers to both external and internal auditors;
- to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- to review all related party transactions and potential conflict of interests situations; and
- to consider other matters, act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to management of the Group, as defined.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR 2009

During the current year Audit Committee has :

1. Reviewed and approved the Annual Audit Plan for the financial year 2009 to ensure adequacy scope and coverage over the activities of the Group.
2. Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on;
 - changes in or implementation of major accounting policies and practices;
 - the going concern assumption;
 - significant adjustments arising from audit;
 - major judgmental areas;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
3. Reviewed the related party transactions and conflict of interest situation that may arise within the Company or the Group including any transactions, procedures or course of conduct that raised questions of management integrity which incurred during the financial year were done in the ordinary course of business.
4. Carried out an assets verification exercise on a subsidiary with regards to the existence and the conditions of the assets and the reviewed the Account Receivables of the Group with regard to credit control, debt collection and the provision of bad debts.



Audit Committee Report

for the Financial Year Ended 31 December 2009
cont'd

INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") is independent of the activities or operations of other operating units. The principal role is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such a system continue to operate satisfactorily and effectively. It is the responsibility of internal auditor to provide the Audit Committee with independent and objective reports on the state of internal control on the various operating units within the Group and the extent of compliance of the units with the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The IAF was undertaken internally and the costs incurred for the IAF for the financial year 2009 was RM52,057.

Further details of the activities of the IAF are set out in the Statement on Internal Control.



Additional Compliance Information

1. SHARE BUYBACKS

Details of the shares bought-back by the Company during the financial year 2009 are set out below:-

Date	No. of Shares Purchased	Purchase Price per share (RM)	Total Consideration (RM)
19 November 2009	138,500	0.580	80,330
20 November 2009	170,000	0.575	97,852
23 November 2009	91,500	0.575	52,613

At the end of the financial year, a total of 400,000 ordinary shares at RM0.10 each were retained as treasury shares.

There was no sale or cancellation of treasury shares during the financial year.

2. OPTIONS, WARRANTS OR CONVERTIBLE BONDS

In 2009, the Company issued USD10,000,000 Nominal Value of Zero Coupon two (2) years Redeemable Convertible Bonds ("RCB").

3. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The details of the utilization of proceeds raised from its issuance of USD10,000,000 Nominal Value of Zero Coupon two (2) years Redeemable Convertible Bonds ("RCB") as at 31 December 2009 are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised RM'000
Future viable investments and/or business expansion	25,000	18,642	6,358
Working capital	5,364	0	5,364
Corporate proposal expenses	700	692	8
Total	31,064	19,334	11,730

4. AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR and GDR programmes during the financial year.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies during the financial year under review.



Additional Compliance Information

cont'd

6. NON-AUDIT FEES

There were no non-audit fees paid or payable to the external auditors by the Group for the financial year ended 31 December 2009.

7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not undertake any profit estimate forecast or projection for the financial year.

8. VARIANCE IN RESULTS

There is no significant variance between the project after tax for the financial year ended 31 December 2009 and the unaudited results previously announced.

9. PROFIT GUARANTEE

The Company did not provide any profit guarantee for the financial year ended 31 December 2009.

10. MATERIAL CONTRACTS

During the year under review, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' or major shareholders' interests (not being contracts entered into in the ordinary course of business).

11. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not have any landed properties as at financial year ended 31 December 2009.

12. CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES AND PRACTICES

The Company recognizes the importance of being a responsible corporate citizen. In addition to improving workplace environment and commitment to staff training, the Company will be planning and organizing more CSR activities for the coming financial year.



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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management, administrative and financial support services to the subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) after tax from continuing operations	36,319,050	(1,254,406)
Loss after tax from discontinued operations	(5,394,185)	-
Profit/(Loss) for the year	<u>30,924,865</u>	<u>(1,254,406)</u>
Attributable to:		
Equity holders of the Company	33,038,410	(1,254,406)
Minority interests	(2,113,545)	-
	<u>30,924,865</u>	<u>(1,254,406)</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.



Directors' Report

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DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Dr. Mohamed Ariffin Bin Hj. Aton
Nagendran A/L C. Nadarajah
Dato' Yogesvaran A/L T. Arianayagam
Chan Feoi Chun
Zainol Izzet Bin Mohamed Ishak (appointed on 13 April 2010)
Adarash Kumar A/L Chranji Lal Amarnath (appointed on 13 April 2010)
Juhari Bin Husin (resigned on 25 November 2009)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, as required to be disclosed by Section 169(8) of the Companies Act, 1965.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM0.10 Each			
	At 1.01.2009	Acquired	Sold	At 31.12.2009
Dato' Yogesvaran A/L T. Arianayagam				
- direct	1,536,092	2,320,092	-	3,856,184
Nagendran A/L C. Nadarajah				
- direct	21,306,300	28,632,881	-	49,939,181
- indirect	-	10,000,000	-	10,000,000
- deemed interest #	29,366,998	36,708,748	-	66,075,746

Deemed interest by virtue of his substantial shareholdings in Maya Terang Sdn. Bhd.



Directors' Report

cont'd

ISSUE OF SHARES

During the financial year, the Company increased its:

- (a) authorised share capital from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each through the creation of 500,000,000 ordinary shares of RM0.10 each; and
- (b) issued and paid-up ordinary share capital from RM29,440,000 comprising 294,400,000 ordinary shares of RM0.10 each to RM66,240,000 comprising 662,400,000 ordinary shares of RM0.10 each by issuance of bonus shares of 368,000,000 ordinary shares of RM0.10 each through capitalisation of RM36,800,000 from share premium on the basis of five (5) new ordinary shares for every four (4) existing shares held by the shareholders on 19 May 2009.

The new ordinary shares issued during the financial year ranked *pari passu* in all respect with the existing ordinary shares of the Company.

On 8 June 2009, the listing of the entire issued and paid up share capital comprising 662,400,000 ordinary shares of RM0.10 each were transferred from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.

TREASURY SHARES

During the financial year, the Company repurchased 400,000 units of its issued ordinary shares from the open market at an average price of RM0.576 per share. The total consideration paid for the repurchase including transaction costs was RM230,795. The repurchase transaction were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2009, the Company held as treasury shares a total of 400,000 of its 662,400,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM230,795 and further relevant details are disclosed in Note 27 to the financial statements.

REDEEMABLE CONVERTIBLE SECURED BONDS ("RCB")

During the financial year, the Company issued USD10,000,000 equivalent to RM33,680,000 nominal value of zero coupon two (2)-years Redeemable Convertible Secured Bonds ("RCB") at a discount rate of 12% (net 88%) of the nominal value of the RCSB for additional working capital purposes.

The terms of the RCB are disclosed in Note 23 to the financial statements.



Directors' Report

cont'd

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 32 to the financial statements.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.



Directors' Report

cont'd

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 11, 16, 17 and Note 33 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent events are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs Kumpulan Naga, shall retire and do not offer themselves for re-appointment.

The auditors Messrs AljeffriDean, have intimated their willingness to offer themselves for appointment as auditors to fill the vacancy arising from the retiring auditors.

Signed on behalf of the Board in accordance with a resolution of the directors.

NAGENDRAN A/L C. NADARAJAH

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

Kuala Lumpur, Malaysia
21 April 2010



Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, NAGENDRAN A/L C. NADARAJAH and DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON, being two of the directors of PERISAI PETROLEUM TEKNOLOGI BHD., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 95 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

NAGENDRAN A/L C. NADARAJAH

DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON

Kuala Lumpur, Malaysia
21 April 2010.

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, NAGENDRAN A/L C. NADARAJAH, being the Director primarily responsible for the financial management of PERISAI PETROLEUM TEKNOLOGI BHD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 95 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
NAGENDRAN A/L C. NADARAJAH, at Kuala Lumpur
in the Federal Territory on 21 April 2010.

NAGENDRAN A/L C. NADARAJAH

Before me,

Dr. T. YOKHESWAREM (NO. W540)
Commissioner for Oaths
Kuala Lumpur, Malaysia.



Independent Auditors' Report

to the Members of Perisai Petroleum Teknologi Bhd.
(Incorporated in Malaysia)

We have audited the financial statements of **PERISAI PETROLEUM TEKNOLOGI BHD.**, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility included: Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standard and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report On Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditor, which are indicated in Note 16(a) to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' report on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Act.



Independent Auditors' Report

to the Members of Perisai Petroleum Teknologi Bhd.
(Incorporated in Malaysia)

cont'd

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KUMPULAN NAGA

A.F. No. 0024

Chartered Accountants (M)

T. NAGARAJAN KMN

No: 824/04/10 (J)

Kuala Lumpur, Malaysia.

21 April 2010.



Income Statements

for the Year Ended 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Continuing Operations					
Revenue	3	101,180,299	72,756,817	5,082,297	2,440,005
Cost of sales	4	(39,103,467)	(38,338,318)	-	-
Gross profit		62,076,832	34,418,499	5,082,297	2,440,005
Other income	5	2,060,650	3,939,241	2,269,469	5,336,628
Administrative expenses		(17,287,043)	(19,864,460)	(5,359,620)	(10,185,414)
Operating profit/(loss)		46,850,439	18,493,280	1,992,146	(2,408,781)
Finance costs	6	(10,844,024)	(6,155,214)	(2,872,509)	(3,792,791)
Profit/(Loss) before tax	7	36,006,415	12,338,066	(880,363)	(6,201,572)
Income tax expense	10	(1,003,701)	2,830,593	(374,043)	35,999
Share of associate profit		1,316,336	-	-	-
Profit/(Loss) for the year from continuing operations		36,319,050	15,168,659	(1,254,406)	(6,165,573)
Discontinued Operations					
(Loss)/Profit for the year from discontinued operations	11	(5,394,185)	589,203	-	-
Profit/(Loss) for the year		30,924,865	15,757,862	(1,254,406)	(6,165,573)
Attributable to:					
Equity holders of the Company		33,038,410	15,261,809	(1,254,406)	(6,165,573)
Minority interests		(2,113,545)	496,053	-	-
		30,924,865	15,757,862	(1,254,406)	(6,165,573)
Earning per share attributable to equity holders of the Company (sen)					
- Basic, for profit from continuing operations	12	7.45	6.30		
- Basic, for profit from discontinued operations	12	(1.05)	0.25		
- Basic, for profit for the year	12	6.40	6.55		

The accompanying notes form an integral part of the financial statements.



Balance Sheets

as at 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	312,923,984	369,382,037	221,426	235,472
Drydocking expenditure	14	5,090,908	1,434,425	-	-
Intangible assets	15	84,949,481	90,315,900	-	-
Investment in subsidiaries	16	-	-	144,276,787	144,389,346
Investment in associates	17	5,004,637	-	3,688,301	-
Deferred tax assets	26	5,650,391	6,225,670	994,314	994,314
		<u>413,619,401</u>	<u>467,358,032</u>	<u>149,180,828</u>	<u>145,619,132</u>
Current assets					
Inventories	18	99,055	325,638	-	-
Trade and other receivables	19	52,418,159	46,874,521	18,299,418	889,555
Amount due from subsidiaries	20	-	-	50,127,529	43,020,477
Cash and bank balances	21	17,781,935	3,669,198	11,378,378	1,513,384
		<u>70,299,149</u>	<u>50,869,357</u>	<u>79,805,325</u>	<u>45,423,416</u>
Assets of disposal group classified as held for sale	11	43,498,056	20,691,074	1,030,000	8,396,801
		<u>527,416,606</u>	<u>538,918,463</u>	<u>230,016,153</u>	<u>199,439,349</u>
TOTAL ASSETS					
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	27	66,240,000	29,440,000	66,240,000	29,440,000
Share premium	27	94,298,669	131,476,989	94,298,669	131,476,989
Treasury Shares	27	(230,795)	-	(230,795)	-
Other reserve	28	(2,896,952)	869,004	-	-
Retained earnings	29	83,262,417	50,224,007	(1,208,348)	46,058
		<u>240,673,339</u>	<u>212,010,000</u>	<u>159,099,526</u>	<u>160,963,047</u>
Minority interests		-	7,266,256	-	-
Total equity		<u>240,673,339</u>	<u>219,276,256</u>	<u>159,099,526</u>	<u>160,963,047</u>



Balance Sheets

as at 31 December 2009

cont'd

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
EQUITY AND LIABILITIES					
Non-current liabilities					
Borrowings	22	193,703,109	211,011,229	36,365,375	17,070,000
Hire purchase payables	24	-	90,993	-	-
		193,703,109	211,102,222	36,365,375	17,070,000
Current liabilities					
Borrowings	22	57,577,055	77,795,113	21,674,563	13,920,000
Hire purchase payables	24	-	44,002	-	-
Trade and other payables	25	35,017,571	27,067,201	12,567,847	7,486,302
Taxation		365,181	62,976	308,842	-
		92,959,807	104,969,292	34,551,252	21,406,302
Liabilities directly associated with assets classified as held for sale	11	80,351	3,570,693	-	-
Total liabilities		286,743,267	319,642,207	70,916,627	38,476,302
TOTAL EQUITY AND LIABILITIES		527,416,606	538,918,463	230,016,153	199,439,349

The accompanying notes form an integral part of the financial statements.



Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2009

Group	Note	← Attributable to Equity Holders of the Company →							Total Equity RM
		← Non distributable →				← Distributable →		Minority Interest RM	
		Share Capital RM (Note 27)	Share Premium RM (Note 27)	Treasury Shares RM (Note 27)	Other Reserve RM (Note 28)	Retained Earnings RM	Total RM		
At 1 January 2008		20,800,000	10,516,989	-	48,736	34,962,198	66,327,923	6,842,118	73,170,041
Foreign exchange reserve		-	-	-	820,268	-	820,268	-	820,268
Issue of shares for the acquisition of subsidiary		8,640,000	120,960,000	-	-	-	129,600,000	-	129,600,000
Acquisition of minority interest		-	-	-	-	-	-	(71,915)	(71,915)
Net profit for the year		-	-	-	-	15,261,809	15,261,809	496,053	15,757,862
At 31 December 2008		29,440,000	131,476,989	-	869,004	50,224,007	212,010,000	7,266,256	219,276,256

The accompanying notes form an integral part of the financial statements.



Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2009

cont'd

Group	Note	← Attributable to Equity Holders of the Company →							Minority Interest	Total Equity
		← Non distributable →				← Distributable →				
		Share Capital RM (Note 27)	Share Premium RM (Note 27)	Treasury Shares RM (Note 27)	Other Reserve RM (Note 28)	Retained Earnings RM	Total RM			
At 1 January 2009		29,440,000	131,476,989	-	869,004	50,224,007	212,010,000	7,266,256	219,276,256	
Foreign exchange reserve		-	-		(3,765,956)	-	(3,765,956)	-	(3,765,956)	
Issue of bonus shares	27	36,800,000	(36,800,000)	-	-	-	-	-	-	
Issue cost of bonus shares		-	(378,320)	-	-	-	(378,320)	-	(378,320)	
Net profit for the year		-	-	-	-	33,038,410	33,038,410	(2,113,545)	30,924,865	
Disposal of subsidiaries	11 (e)	-	-	-	-	-	-	(5,152,711)	(5,152,711)	
Treasury shares purchased	27	-	-	(230,795)	-	-	(230,795)	-	(230,795)	
At 31 December 2009		66,240,000	94,298,669	(230,795)	(2,896,952)	83,262,417	240,673,339	-	240,673,339	

The accompanying notes form an integral part of the financial statements.



Company Statements of Changes in Equity

for the Year Ended 31 December 2009

Company	Note	Non distributable			Distributable	Total RM
		Share Capital RM (Note 27)	Share Premium RM (Note 27)	Treasury Shares RM (Note 27)	Retained Earnings RM	
At 1 January 2008		20,800,000	10,516,989	-	6,211,631	37,528,620
Issue of shares for the acquisition of subsidiary		8,640,000	120,960,000	-	-	129,600,000
Net loss for the year		-	-	-	(6,165,573)	(6,165,573)
At 31 December 2008		29,440,000	131,476,989	-	46,058	160,963,047
At 1 January 2009		29,440,000	131,476,989	-	46,058	160,963,047
Issue of bonus shares	27	36,800,000	(36,800,000)	-	-	-
Issue cost of bonus shares		-	(378,320)	-	-	(378,320)
Net loss for the year		-	-	-	(1,254,406)	(1,254,406)
Treasury shares purchased	27	-	-	(230,795)	-	(230,795)
At 31 December 2009		66,240,000	94,298,669	(230,795)	(1,208,348)	159,099,526

The accompanying notes form an integral part of the financial statements.



Cash Flow Statements

for the Year Ended 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Cash Flows From Operating Activities					
Profit/(Loss) before tax from:					
Continuing operations		36,006,415	12,338,066	(880,363)	(6,201,572)
Discontinued operations	11	(5,371,580)	988,276	-	-
Adjustment for:					
Depreciation of property, plant and equipment	7 & 11	21,671,190	7,540,975	48,216	35,524
Net gain on disposal of property, plant and equipment	5 & 11	(65,734)	(1,987)	-	-
Amortisation of prepaid land lease payment	7 & 11	2,798	4,545	-	-
Impairment of property, plant and equipment	7	4,429,224	-	-	-
RCB issuing cost		786,550	-	786,550	-
RCB discount amortised	23	612,324	-	612,324	-
Unrealised exchange loss on RCB	23	779,651	-	779,651	-
Property, plant and equipment written off	7 & 11	962,179	9,303	20,357	-
Loss on disposal of subsidiary	11(f)	1,175,748	1,914,237	441,172	41,563
Amortisation of drydocking expenditure	7	1,114,468	662,900	-	-
Exchange reserve arising due to retranslation of financial statements in foreign currency		8,144,928	(812,174)	-	-
Finance costs:					
- Continuing operations		10,844,024	6,155,214	2,872,509	3,792,791
- Discontinued operations		48,475	99,514	-	-
Interest income	5 & 11	(14,260)	(1,445)	(2,269,469)	(1,559,750)
Operating profit/(loss) before working capital changes		81,126,400	28,897,424	2,410,947	(3,891,444)
Decrease in inventories		548,845	383,195	-	-
Increase in trade and other receivables		(22,819,224)	(16,456,118)	(22,118,522)	(4,631,548)
Increase in trade and other payables		32,711,433	4,824,469	5,081,545	1,694,209
Cash generated from/(used in) operations		91,567,454	17,648,970	(14,626,030)	(6,828,783)
Interest paid		(10,892,499)	(4,385,229)	(2,872,509)	(1,923,292)
Interest received		14,260	1,445	2,269,469	1,445
RCB issuing cost		(786,550)	-	(786,550)	-
Cost of bonus shares issued		(378,320)	-	(378,320)	-
Taxes paid		(152,843)	(1,086,748)	(65,201)	(130,144)
Net cash generated from/(used in) operating activities		79,371,502	12,178,438	(16,459,141)	(8,880,774)



Cash Flow Statements

for the Year Ended 31 December 2009

cont'd

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Cash Flows From Investing Activities					
Purchase of property, plant & equipment		(24,339,640)	(43,584,890)	(54,915)	(191,942)
Proceeds from disposal of property, plant and equipment		262,401	81,055	388	-
Net cash inflow from the disposal of subsidiary	11(f)	(1,427,575)	2,433,186	956,400	2,500,000
Net cash inflow/(outflow) on acquisition of subsidiary		-	8,776,237	-	(7,274,393)
Drydocking expenditure		(4,785,990)	(2,097,325)	-	-
Investment in associates		(4,900)	-	(4,900)	-
Net Investment in subsidiaries		-	-	(6)	1,080,002
Development expenditure		4,426,632	(3,986,260)	-	-
Net cash (used in)/generated from investing activities		(25,869,072)	(38,377,997)	896,967	(3,886,333)
Cash Flows From Financing Activities					
Hire purchase payables		(82,573)	(51,504)	-	-
Placement of fixed deposits		1,356,836	495,870	-	566,672
Term loans		(78,742,452)	20,541,286	(13,920,000)	13,684,014
Purchase of treasury shares		(230,795)	-	(230,795)	-
Proceeds from issuance of Redeemable Convertible Bonds		29,638,400	-	29,638,400	-
Acquisition of shares from minority shareholder		-	(187,590)	-	(187,590)
Net cash (used in)/generated from financing activities		(48,060,584)	20,798,062	15,487,605	14,063,096
Net increase/(decrease) in cash and cash equivalents		5,441,846	(5,401,497)	(74,569)	1,295,989
Cash and cash equivalents at beginning of year		1,909,270	7,310,767	1,513,384	217,395
Cash and cash equivalents at end of year	21	7,351,116	1,909,270	1,438,815	1,513,384

The accompanying notes form an integral part of the financial statements.



Notes to the Financial Statements

31 December 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The listing was transferred from ACE Market to the Main Market of Bursa Malaysia Securities Berhad on 8 June 2009. The registered office of the Company is located at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at Suite 3A-17, Level 17, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the provision of management, administrative and financial support services to the subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 16.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis.

The financial statements are presented in Ringgit Malaysia.

2.2 Summary of Significant Accounting Policies

(a) *Subsidiaries and Basis of Consolidation*

(i) *Subsidiaries*

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(a) *Subsidiaries and Basis of Consolidation cont'd*

(ii) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) *Property, Plant and Equipment and Depreciation*

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(b) *Property, Plant and Equipment and Depreciation cont'd*

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Leases of land where title is not expected to pass to the lessee at the end of the lease term is classified as operating leases as land normally has an indefinite useful life. The upfront payments made on entering into or acquiring a leasehold land that is an operating lease represents prepaid lease payments which are amortised on a straight line basis over the lease term.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Marine vessels	15 - 20 years
Building	2%
Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Air conditioner	10%
Renovation	10%
Tools and equipment	20%
Computer and software	33.33%
Moulds	20%
Saturation system	10%
Plant and machinery	10%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(c) *Impairment of Non-Financial Assets*

The carrying amounts of the Group's assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(c) *Impairment of Non-Financial Assets cont'd*

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(d) *Inventories*

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(e) *Financial Instruments*

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

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

(i) *Cash and Cash Equivalents*

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) *Trade Receivables*

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iii) *Trade Payables*

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

(iv) *Interest Bearing Loans and Borrowings*

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) *Equity Instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(e) **Financial Instruments** *cont'd*

(vi) *Derivative Financial Instruments*

Derivative financial instruments are not recognised in the financial statements.

(f) **Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses if any.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit and loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(h) Bonds and Borrowings

Bonds and borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. Subsequently, bonds and borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the bonds and borrowings.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(h) **Bonds and Borrowings** *cont'd*

Interest relating to a financial instrument classified as a liability is reported within finance cost in profit or loss.

Bonds and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) **Income Tax**

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) **Employee Benefits**

(i) **Short Term Benefits**

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



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(j) **Employee Benefits** *cont'd*

(ii) *Defined Contribution Plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) *Termination Benefits*

Termination benefits are payable when employment is terminate before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

(k) **Intangible Assets**

(i) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) *Other Intangible Assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) **Intangible Assets** *cont'd*

(ii) *Other Intangible Assets cont'd*

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Research and Development Costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(l) **Provision**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

(m) **Foreign Currencies**

(i) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(m) Foreign Currencies *cont'd*

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Offshore Entities

The results and financial position of offshore entities operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operation and translated at the exchange rates ruling at the balance sheet date.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(m) *Foreign Currencies cont'd*

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	2009	2008
1 US Dollar	RM3.38	RM3.51
1 Singapore Dollar	RM2.44	RM2.41
1 Great Britain Pound	RM5.55	RM5.01

(n) *Revenue Recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Sale of Goods*

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) *Revenue from Services*

Revenue from the diving services for marine industry are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iii) *Interest Income*

Interest income is recognised on an accrual basis using the effective interest method.

(iv) *Dividend Income*

Dividend income is recognised when the Group's right to receive payment is established.

(v) *Management Fees*

Management fees are recognised when services are rendered.

(vi) *Hiring of Vessel Income*

Hiring of vessel income is recognised on an accrual basis in accordance with the substance of the hiring agreement.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(o) **Repair and Maintenance**

Repair and maintenance costs are recognised in income statement in the period in which they are incurred. Drydocking expenditure is capitalised and amortised over a period of 36 to 60 months or the period until the next drydocking date, whichever is shorter.

(p) **Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

(q) **Contingent Liabilities and Contingent Assets**

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.



Notes to the Financial Statements

31 December 2009

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards, Amendments to FRS and Interpretations issued but not yet Effective

At the date of authorisation of these financial statements, the following new FRS, amendments to FRS and interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based payments: Vesting Conditions and Cancellations	1 January 2010 and 1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8	Operating Segments	1 January 2010
Amendments to FRS 107	Statement of Cash Flows	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events after the Reporting Period	1 January 2010
Amendments to FRS 116	Property, Plant and Equipment	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010
Amendments to FRS 120	Accounting of Government Grants and Disclosure of Government Assistance	1 January 2010



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2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards, Amendments to FRS and Interpretations issued but not yet Effective *cont'd*

FRS, Amendments to FRS and Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 128	Investments in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interest in Joint Venture	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 140	Investment Property	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010



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2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards, Amendments to FRS and Interpretations issued but not yet Effective *cont'd*

The new FRS, Amendments to FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2.4 Significant Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group and the Company was RM22,601,564 (2008: RM23,944,885) and RM3,977,256 (2008: RM3,824,285) respectively.

3. REVENUE

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Rendering of services	101,180,299	72,756,817	-	-
Management fees from subsidiaries	-	-	5,082,297	2,440,005
	101,180,299	72,756,817	5,082,297	2,440,005

4. COST OF SALES

	Group	
	2009	2008
	RM	RM
Cost of services rendered	(39,103,467)	(38,338,318)



Notes to the Financial Statements

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5. OTHER INCOME

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest income	14,260	1,445	1,993,860	1,599,750
Gain on disposal of property, plant and equipment	65,734	4,446	-	-
Net gain on foreign exchange				
realised	-	196,472	8,225	-
unrealised	328,321	-	-	-
Forfeited deposit	-	3,736,878	-	3,736,878
Others	1,652,335	-	267,384	-
	<u>2,060,650</u>	<u>3,939,241</u>	<u>2,269,469</u>	<u>5,336,628</u>

6. FINANCE COSTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest expense on:				
Bank overdraft	427,592	19,493	411,511	-
Term loans	9,505,422	4,069,875	1,668,786	1,846,122
Hire purchase and finance lease liabilities	6,150	13,584	-	-
Amortisation of RCB discount	612,324	-	612,324	-
Banker's guarantee	-	180,203	-	77,170
Others	292,536	1,872,059	179,888	1,869,499
	<u>10,844,024</u>	<u>6,155,214</u>	<u>2,872,509</u>	<u>3,792,791</u>



Notes to the Financial Statements

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7. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included at arriving at profit/(loss) before tax:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Employee benefits expenses (Note 8)	1,652,594	10,825,235	1,352,731	1,349,339
Non-executive directors' remuneration and emoluments (Note 9)	141,000	75,250	141,000	75,250
Auditors' remuneration:				
- statutory	109,948	94,980	35,000	35,000
- Overprovision in prior years	(18,000)	(877)	(10,000)	-
Depreciation of property, plant and equipment (Note 13)				
- included in cost of sales	21,141,820	2,733,721	-	-
- included in administrative expenses	252,277	4,281,656	48,216	35,524
Property, plant and equipment written off (Note 13)	328,084	3,478	20,357	-
Impairment of property, plant and equipment (Note 13)	4,429,224	-	-	-
Loss on disposal of subsidiary (Note 11(f))	1,175,748	1,914,237	441,172	41,563
RCB issuing cost	786,550	-	786,550	-
Cancellation charges	-	5,770,296	-	5,770,296
Amortisation of drydocking expenditure	1,114,468	662,900	-	-
Operating leases:				
- minimum lease payments for land and buildings	803,860	368,400	773,760	368,400
- minimum lease payments for plant and machineries	4,740	27,994	4,740	-
Net foreign exchange losses				
- realised	83,565	-	-	373,553
- unrealised	-	-	364,593	-



Notes to the Financial Statements

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8. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Wages and salaries				
- included in cost of sales	61,062	8,393,871	-	-
- included in administrative expenses	809,279	1,152,193	707,245	668,074
Directors' remuneration and emoluments (Note 9)	654,625	1,119,717	538,375	582,996
Contributions to defined contribution plan and social security contribution	111,128	139,554	90,611	82,769
Other benefits	16,500	19,900	16,500	15,500
	1,652,594	10,825,235	1,352,731	1,349,339

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration and emoluments amounting to RM654,625 (2008 : RM1,119,717) and RM538,375 (2008 : RM582,996) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Executive directors' remuneration (Note 8):				
Fees and emoluments	554,625	1,119,717	438,375	582,996
Other emoluments	100,000	-	100,000	-
	654,625	1,119,717	538,375	582,996
Non-executive directors' remuneration (Note 7):				
Fees	138,000	90,000	138,000	90,000
Overprovision in prior year	-	(17,500)	-	(17,500)
Other emoluments	3,000	2,750	3,000	2,750
	141,000	75,250	141,000	75,250
Total directors' remuneration and emoluments	795,625	1,194,967	679,375	658,246



Notes to the Financial Statements

31 December 2009

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9. DIRECTORS' REMUNERATION *cont'd*

The number of directors of the Company and Subsidiary Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors Company		Number of Directors Subsidiaries	
	2009	2008	2009	2008
Executive directors:				
RM Nil*	1	1	-	-
RM1 - RM100,000	1	-	-	1
RM100,001 - RM250,000	-	1	1	2
RM250,001 - RM350,000	-	1	-	-
RM350,001 - RM550,000	1	-	-	-
Non-Executive directors:				
RM1 - RM100,000	3	3	-	-

* Remuneration paid by subsidiary

10. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Continuing operations				
Current income tax:				
Malaysian income tax	303,394	72,195	245,259	-
Under provision in prior years:				
Malaysian income tax	128,784	929,219	128,784	90,144
	432,178	1,001,414	374,043	90,144
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	571,523	(3,832,007)	-	(126,143)
Total income tax expense from continuing operations	1,003,701	(2,830,593)	374,043	(35,999)



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10. INCOME TAX EXPENSE *cont'd*

Discontinued operations

Current income tax:

Malaysian income tax	22,870	127,982	-	-
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Deferred tax (Note 26):

Relating to origination and reversal of temporary differences	(265)	271,091	-	-
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Total income tax expense from discontinued operations

22,605	399,073	-	-
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Total income tax expense

1,026,306	(2,431,520)	374,043	(35,999)
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A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(loss) before tax from:				
Continuing operations	36,006,415	12,338,066	(880,363)	(6,201,572)
Discontinued operations	(5,371,580)	988,276	-	-
	30,634,835	13,326,342	(880,363)	(6,201,572)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	7,658,709	3,464,849	(220,091)	(1,612,409)
Expenses not deductible for tax purpose	2,973,435	3,365,513	782,217	2,529,661
Income not subject to tax purpose	(260,857)	(1,224,994)	(316,867)	(997,081)
Effect of changes in tax rates	462,082	(53,005)	-	(46,314)
Different tax rates in offshore companies	(16,487,510)	(8,997,665)	-	-
Under provision of deferred tax	6,551,663	84,563	-	-
Under provision of income tax in prior years	128,784	929,219	128,784	90,144
Income tax expense for the year	1,026,306	(2,431,520)	374,043	(35,999)



Notes to the Financial Statements

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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

- (a) On 12 August 2009 the Company had entered into a Share Sale Agreement ("SSA") with Innovative Upstream Technologies Sdn. Bhd. ("Purchaser") for the disposal of 180,000 ordinary shares of RM1.00 each in Corro-Shield (M) Sdn. Bhd. ("Corro-Shield") ("Sale Shares"), representing 30% of the issued and paid-up share capital of Corro-Shield for a total cash consideration of RM2,722,393 ("Deemed Disposal Consideration").

Consequently, Corro-Shield became as an associate of the Company and the disposal was completed on 12 August 2009.

The salient terms of the SSA include, amongst others, the following:

(i) Mode of Settlement

The Deemed Disposal Consideration of RM2,722,393 shall be satisfied in the following manner:

Mode of settlement	Timing	Consideration RM
Cash	Upon execution of the SSA	324,000
Cash	Within 24 months of signing of the SSA	2,398,393
	Total	<u>2,722,393</u>

(ii) Option

The Purchaser has an option to purchase a further 30% of Corro-Shield Shares which is 180,000 ordinary shares of RM1.00 each for a consideration of RM3,240,000 together with 100% of Orinippon Trading Sdn. Bhd. shares ("OTSB Sale Shares") subsidiary company of the Company for a consideration of RM720,000 ("Option") provided that the Purchaser shall only be entitled to exercise this option upon payment of the RM2,722,393 and no later than 36 months from 12 August 2009. The Purchaser shall complete the purchase of the further 30% of Corro-Shield Shares together with the OTSB Sale Shares for a total price of RM3,960,000 within three months from the exercise of the option.

- (b) On 17 July 2009 the Company had, entered into a Share Sale Agreement ("SSA") with Shanmugaraj a/l Rajadurai ("Purchaser") for the disposal of 51,000 ordinary shares of RM1.00 each in Bio-X Technologies Sdn. Bhd. ("Bio-X") ("Share Sale"), representing 51% of the issued and paid-up share capital of Bio-X, for a total cash consideration of RM632,400 ("Disposal Consideration").

As at 31 December 2009, the results from this subsidiary is presented separately on the consolidated income statement as discontinued operation.

The disposal was completed on 29 July 2009.



Notes to the Financial Statements

31 December 2009

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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *cont'd*

- (c) An analysis of the results of discontinued operations and the result recognised on the remeasurement of assets of disposal group is as follows:

	Group	
	2009 RM	2008 RM
Revenue	4,006,170	13,264,340
Cost of sales	(6,995,356)	(8,454,119)
Gross (loss)/profit	(2,989,186)	4,810,221
Other income	103,926	217,108
Administrative expenses	(2,437,845)	(3,939,539)
Operating (loss)/profit	(5,323,105)	1,087,790
Finance costs	(48,475)	(99,514)
Profit (loss)/before tax (Note 10)	(5,371,580)	988,276
Income tax expense (Note 10)	(22,605)	(399,073)
Net (loss)/profit for the year from discontinued operations	(5,394,185)	589,203

- (d) The following amounts have been included in arriving at profit before tax of discontinued operations:

	Group	
	2009 RM	2008 RM
Employee benefits expenses		
Wages and salaries		
- included in cost of sales	670,244	1,626,671
- included in administrative expenses	475,933	919,193
Contributions to defined contribution plan and social security contribution	74,028	142,899
Directors' remuneration and emoluments	49,000	240,000
Auditors' remuneration	10,530	46,100
Depreciation of property, plant and equipment		
- included in cost of sales	150,022	298,913
- included in administrative expenses	127,071	226,685
Amortisation of prepaid land lease payments	2,798	4,545
Property, plant and equipment written off	634,095	5,825
Loss on disposal of property, plant and equipment	-	2,459
Loss on foreign exchange	-	6,863
Interest expense on:		
Bank overdraft	46,279	99,098
Hire purchase and finance lease liabilities	2,196	416



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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *cont'd*

(d) The following amounts have been included in arriving at profit before tax of discontinued operations: *cont'd*

	Group	
	2009	2008
	RM	RM
Management fee	45,000	960,000
Operating leases:		
- minimum lease payments for land and buildings	231,283	73,234
- minimum lease payments for plant and machineries		
- included in cost of sales	323,400	2,317,036
- included in administrative expenses	27,448	307,427
Dividend income	-	(136,737)
Realised gain on foreign exchange	(1,106)	-
Rental income	(98,000)	-
Interest income	(4,125)	(49,798)

The cash flows attributable to the discontinued operations are as follows:

Operating cash flows	(17,275)	(1,235,496)
Investing cash flows	(625)	(91,331)
Financing cash flows	6,500	(86,070)
Total cash flows	(11,400)	(1,412,897)



Notes to the Financial Statements

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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *cont'd*

- (e) The major classes of assets and liabilities of the disposable group classified as held for sale on the consolidated balance sheet at the end of the year are as follows:

	Carrying amounts at at 31.12.2009 RM	Carrying amounts at at 31.12.2008 RM
Assets		
Property, plant and equipment	42,338,860	2,685,633
Prepaid land lease payment	-	422,729
Intangible assets	-	203,488
Development expenditure	101,004	101,004
Deferred tax assets	1,292	1,027
Investment	-	3,000,000
Inventories	-	1,996,376
Trade and other receivables	1,055,835	10,888,075
Fixed deposits	-	1,356,836
Cash and bank balances	1,065	35,906
Assets of disposal group classified as held for sale	<u>43,498,056</u>	<u>20,691,074</u>
Liabilities		
Trade and other payables	80,351	1,831,012
Hire purchase payables	-	28,688
Borrowings	-	1,549,849
Deferred tax	-	161,144
Liabilities directly associated with assets classified as held for sale	<u>80,351</u>	<u>3,570,693</u>

The property, plant and equipment of the Group with carrying value of RM42,337,500 (2008 : RM Nil) are pledged as securities for borrowings as disclosed in Note 22.

The non-current assets classified as held for sale on the Company's balance sheet at the end of the year is as follows:

	Carrying amounts at at 31.12.2009 RM	Carrying amounts at at 31.12.2008 RM
Assets		
Investment in subsidiary	1,030,000	8,396,801



Notes to the Financial Statements

31 December 2009

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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *cont'd*

(f) Disposal of Subsidiary Company

The disposal of the subsidiary companies had the following effect on the financial position of the Group as at the end of the year:

	Group	
	2009	2008
	RM	RM
Property, plant and equipment (Note 13 and Note 11(e))	1,989,361	79,347
Prepaid land lease payment (Note 11(e))	419,931	-
Investment (Note 11(e))	3,000,000	-
Deferred tax assets (Note 26 and Note 11(e))	3,756	62,000
Inventories	1,674,114	146,662
Trade and other receivables	19,596,012	4,217,895
Intangible assets (Note 11(e))	203,488	-
Cash and bank balances	2,383,975	66,814
Hire purchase creditors	(81,110)	-
Deferred tax liabilities (Note 25 and Note 11(e))	(161,144)	-
Trade and other payables	(16,601,517)	(1,544,303)
Minority interest	(5,152,711)	-
Net assets disposed	7,274,155	3,028,415
Transfer to investment in an associate company	(3,683,401)	-
Attributable goodwill (Note 15)	939,787	1,385,822
	4,530,541	4,414,237
Total net disposal proceeds	(3,354,793)	(2,500,000)
Loss on disposal to the Group	1,175,748	1,914,237
Net disposal proceeds settled by:		
Cash upon execution of SSA	956,400	2,500,000
Within 24 months of signing of SSA	2,398,393	-
	3,354,793	2,500,000
Cash inflow arising on disposal:		
Cash consideration received representing cash inflow of the Company	956,400	2,500,000
Cash and cash equivalents of subsidiary disposed	(2,383,975)	(66,814)
Net cash (outflow)/inflow of the Group	(1,427,575)	2,433,186



Notes to the Financial Statements

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11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *cont'd*

(f) Disposal of Subsidiary Company *cont'd*

The disposal of subsidiary had the following effects on the financial results of the Company:

	Company	
	2009	2008
	RM	RM
Total net disposal proceeds	3,354,793	2,500,000
Less : Net cost of investment in subsidiary	(3,795,965)	(2,541,563)
Loss on disposal of subsidiary	(441,172)	(41,563)

12. EARNINGS PER SHARE

Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2009	2008
	RM	RM
Profit from continuing operations attributable to ordinary equity holders of the Company	38,432,595	14,672,606
(Loss)/Profit from discontinued operations attributable to ordinary equity holders of the Company	(5,394,185)	589,203
Profit attributable to ordinary equity holders of the Company	33,038,410	15,261,809
	2009	2008
	000	000
Weighted average number of ordinary shares in issue	516,165	232,855
	Group	
	2009	2008
	sen	sen
Basic earning per share for:		
Profit from continuing operations	7.45	6.30
(Loss)/Profit from discontinued operations	(1.05)	0.25
Profit for the year	6.40	6.55



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13. PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles	Office equipment, furniture and fittings	Renovation, air conditioners and site equipments	Plant and machineries and diving equipments	Tools and equipment and moulds	Computers	Marine vessels and equipment	Saturation diving system	Total
At 31 December 2009	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At beginning of year	399,440	321,483	462,865	573,464	3,300,455	469,688	360,347,044	14,909,000	380,783,439
Disposals	(310,178)	(46,810)	(30,001)	-	(221,107)	(55,568)	-	-	(663,664)
Additions	-	21,740	37,024	-	33,004	20,359	24,223,025	-	24,335,152
Exchange differences	-	-	-	-	(30,678)	(1,615)	(12,428,919)	(514,250)	(12,975,462)
Written off	-	(73,710)	(149,693)	-	(1,887,752)	(91,569)	-	-	(2,202,724)
Reclassification	-	-	-	(573,464)	584,565	-	(11,101)	-	-
Disposal of subsidiary Note 11(f)	(89,262)	(10,390)	(196,247)	-	(80,424)	(13,115)	-	-	(389,438)
Reclassified as held for sale Note 11(e)	-	-	-	-	-	-	(41,262,439)	(14,394,750)	(55,657,189)
At end of year	-	212,313	123,948	-	1,698,063	328,180	330,867,610	-	333,230,114
Accumulated Depreciation									
At beginning of year	272,075	114,775	196,315	-	2,002,768	321,607	7,624,169	869,693	11,401,402
Depreciation charge for the year	13,227	18,823	57,702	-	456,321	135,190	19,273,527	1,485,375	21,440,165
Disposals	(262,987)	(19,874)	(16,300)	-	(119,083)	(48,753)	-	-	(466,997)
Exchange differences	-	-	-	-	(28,830)	(1,690)	(943,274)	(105,823)	(1,079,617)
Written off	-	(37,694)	(50,859)	-	(1,697,218)	(88,869)	-	-	(1,874,640)
Reclassification	-	-	-	-	(8,945)	-	8,945	-	-
Disposal of subsidiary Note 11(f)	(22,315)	(4,426)	(170,302)	-	(22,488)	(4,187)	-	-	(223,718)
Impairment losses	-	-	-	-	714,644	14,549	2,731,626	968,405	4,429,224
Reclassified as held for sale Note 11(e)	-	-	-	-	-	-	(10,102,039)	(3,217,650)	(13,319,689)
At end of year	-	71,604	16,556	-	1,297,169	327,847	18,592,954	-	20,306,130
Net Carrying Amount									
At 31 December 2009	-	140,709	107,392	-	400,894	333	312,274,656	-	312,923,984



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13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Motor vehicles	Office equipment, furniture and fittings	Renovation, air conditioners and site equipments	Plant and machineries and diving equipments	Tools and equipment and moulds	Computers	Marine vessels and equipment	Saturation diving system	Lease hold building	Total
At 31 December 2008	RM	RM	RM	RM	RM	RM	RM	RM		RM
Cost										
At beginning of year	554,545	840,628	1,429,808	825,944	5,513,531	825,652	38,765,161	-	1,090,000	49,845,269
Disposals	(84,669)	-	-	-	-	(24,522)	-	-	-	(109,191)
Additions	89,263	105,632	174,815	-	542,959	92,580	27,756,641	14,909,000	-	43,670,890
Exchange differences	-	-	-	-	26,405	1,375	1,700,163	-	-	1,727,943
Written off	-	(6,356)	-	-	-	(11,684)	-	-	-	(18,040)
Reclassification	-	-	-	-	(86,000)	-	-	-	-	(86,000)
Disposal of subsidiary Note 11(f)	-	(83,807)	(575,842)	-	-	-	-	-	-	(659,649)
Acquisition of subsidiary	-	-	-	-	-	-	292,125,079	-	-	292,125,079
Reclassified as held for sale Note 11(e)	(159,699)	(534,614)	(565,916)	(252,480)	(2,696,440)	(413,713)	-	-	(1,090,000)	(5,712,862)
At end of year	399,440	321,483	462,865	573,464	3,300,455	469,688	360,347,044	14,909,000	-	380,783,439
Accumulated Depreciation										
At beginning of year	351,238	419,223	742,869	176,736	2,935,067	535,304	2,141,880	-	109,000	7,411,317
Depreciation charge for the year	61,415	78,131	225,200	25,248	682,017	188,747	5,388,724	869,693	21,800	7,540,975
Disposals	(14,115)	-	-	-	-	(16,008)	-	-	-	(30,123)
Exchange differences	-	-	-	-	1,557	379	93,565	-	-	95,501
Written off	-	(1,851)	-	-	-	(6,886)	-	-	-	(8,737)
Disposal of subsidiary Note 11(f)	-	(65,807)	(514,495)	-	-	-	-	-	-	(580,302)
Reclassified as held for sale Note 11(e)	(126,463)	(314,921)	(257,259)	(201,984)	(1,615,873)	(379,929)	-	-	(130,800)	(3,027,229)
At end of year	272,075	114,775	196,315	-	2,002,768	321,607	7,624,169	869,693	-	11,401,402
Net Carrying Amount										
At 31 December 2008	127,365	206,708	266,550	573,464	1,297,687	148,081	352,722,875	14,039,307	-	369,382,037



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13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Renovation RM	Office equipment & Furniture and fittings RM	Computer hardware RM	Total RM
Company				
Cost				
At 1 January 2009	119,328	81,337	86,465	287,130
Additions	27,270	14,990	12,655	54,915
Disposal	-	-	(1,748)	(1,748)
Written off	(24,998)	-	-	(24,998)
At 31 December 2009	121,600	96,327	97,372	315,299
Accumulated Depreciation				
At 1 January 2009	7,738	6,689	37,231	51,658
Depreciation charge for the year	11,403	8,803	28,010	48,216
Disposal	-	-	(1,360)	(1,360)
Written off	(4,641)	-	-	(4,641)
At 31 December 2009	14,500	15,492	63,881	93,873
Net Carrying Amount				
At 31 December 2009	107,100	80,835	33,491	221,426
Company				
Cost				
At 1 January 2008	24,998	25,727	44,463	95,188
Additions	94,330	55,610	42,002	191,942
At 31 December 2008	119,328	81,337	86,465	287,130
Accumulated Depreciation				
At 1 January 2008	1,308	2,170	12,656	16,134
Depreciation charge for the year	6,430	4,519	24,575	35,524
At 31 December 2008	7,738	6,689	37,231	51,658
Net Carrying Amount				
At 31 December 2008	111,590	74,648	49,234	235,472



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13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

- (a) Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2009	2008
	RM	RM
Motor vehicles	-	165,140

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings as disclosed in Note 22 are as follows:

	Group	
	2009	2008
	RM	RM
Saturation diving system	-	14,039,307
Marine Vessels	312,274,656	352,722,875
	312,274,656	366,762,182

14. DRYDOCKING EXPENDITURE

	Group	
	2009	2008
	RM	RM
At 1 January	1,434,425	2,097,325
Addition	4,785,990	-
Exchange differences	(15,039)	-
Charged to income statement	(1,114,468)	(662,900)
At 31 December	5,090,908	1,434,425



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15. INTANGIBLE ASSETS

	Goodwill RM	Development costs RM	Patent rights RM	Total RM
Group				
Cost				
At 1 January 2008	5,030,678	8,980,941	586,823	14,598,442
Additions	-	3,986,260	-	3,986,260
Acquisition of subsidiary	74,385,839	-	-	74,385,839
Acquisition of minority interest	115,675	-	-	115,675
Disposal of subsidiary (Note 11(f))	(1,385,822)	-	-	(1,385,822)
Restatement of goodwill	(1,080,002)	-	-	(1,080,002)
Reclassified as held for sale (Note 11(e))	-	(101,004)	(203,488)	(304,492)
At 31 December 2008 and 1 January 2009	77,066,368	12,866,197	383,335	90,315,900
Additions	-	-	-	-
Disposal	-	(4,426,632)	-	(4,426,632)
Disposal of subsidiary (Note 11(f))	(939,787)	-	-	(939,787)
At 31 December 2009	76,126,581	8,439,565	383,335	84,949,481
At 31 December 2008	77,066,368	12,866,197	383,335	90,315,900
At 31 December 2009	76,126,581	8,439,565	383,335	84,949,481

The recoverable amount of CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering 5 years period and assume no growth rate.

The key assumptions used for value in use calculations are as follow:

Period of projected cash flows	5 years based on the estimated remaining useful life of assets and operation of subsidiaries acquired.
Discount rate	9%

Management determined budgeted gross margin and results based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

With regard to the assessment of value in use, the management believes that no possible change in any of the above key assumptions would cause the carrying values of CGU to be materially different from their recoverable amount.



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16. INVESTMENT IN SUBSIDIARIES

	Company	
	2009	2008
	RM	RM
Unquoted shares, at cost	144,276,787	144,389,346

(a) Subsidiaries

Details of subsidiaries are as follows:

Name of companies	Country of Incorporation	Equity Interest		Principal Activities
		2009 %	2008 %	
(i) Subsidiaries of Perisai Petroleum Teknologi Bhd.				
Corro-Shield (M) Sdn. Bhd. # *	Malaysia	30	60	Manufacturing, supplying, commissioning and installation of corrosion control products and related services, primarily for the oil and gas industry.
Romilly (M) Sdn. Bhd. *	Malaysia	100	100	Inspection and maintenance of plant and machinery used for the oil and gas industry.
Corro-Shield (SEA) Sdn. Bhd. *	Malaysia	100	100	Trading and application of specialist composites materials for oil and gas industry and hiring and chartering of vessels.
Perisai (L) Inc. **	Malaysia	100	100	Leasing of a portable saturation diving system.
Bio-X Technologies Sdn. Bhd. *	Malaysia	Nil	51	Supply and provision of bio-remediation products, equipment and services primarily for the oil and gas industry.
Alpha Perisai Sdn. Bhd. *	Malaysia	100	100	Design, fabrication and installation of relocatable incremental modular field development structure for topside and subsea application.
Perisai Research Sdn. Bhd. *	Malaysia	100	100	To carry out research and development activities.
Corro-Pro (L) Inc. **	Malaysia	100	100	Bareboat charter of vessels.
Kingsburg International Trading Limited **	Hong Kong	100	100	Dormant.



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16. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) Subsidiaries *cont'd*

Details of subsidiaries are as follows:

Name of companies	Country of Incorporation	Equity Interest		Principal Activities
		2009 %	2008 %	
(i) Subsidiaries of Perisai Petroleum Teknologi Bhd. <i>cont'd</i>				
Orinippon Trading Sdn. Bhd. *	Malaysia	100	100	Design and engineering and patent holder.
SJR Marine (L) Ltd **	Malaysia	100	100	Provision of vessels, barges and equipment on bareboat charter services.
Garuda Energy (L) Inc **	Malaysia	100	Nil	Dormant.
HummingBird Energy (L) Inc **	Malaysia	100	Nil	Dormant.
(ii) Subsidiary of Orinippon Trading Sdn. Bhd.				
Impact Surge Sdn. Bhd. *	Malaysia	100	100	Dormant.

* Audited by Kumpulan Naga

** Audited by firms other than Kumpulan Naga

During the financial year, Corro-Shield (M) Sdn. Bhd. became as an associate of the Company.

(b) Incorporation of New Subsidiaries

On 3 December 2009, the Company had incorporated two wholly owned subsidiaries, namely Garuda Energy (L) Inc and HummingBird Energy (L) Inc Labuan, Malaysia.

The authorised share capital of Garuda Energy (L) Inc is USD14,000 equivalent to RM48,300 comprising 14,000 ordinary shares of USD1.00 equivalent to RM3.45 and the issued and paid-up share capital of USD1.00 equivalent to RM3.45 comprising 1 ordinary shares of USD1.00 equivalent to RM3.45 each.

The authorised share capital of HummingBird Energy (L) Inc is USD14,000 equivalent to RM48,300 comprising 14,000 ordinary shares of USD1.00 equivalent to RM3.45 and the issued and paid-up share capital of USD1.00 equivalent to RM3.45 comprising 1 ordinary shares of USD1.00 equivalent to RM3.45 each.



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17. ASSOCIATED COMPANIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted shares:-				
Group's share of net assets upon acquisition/ incorporation	3,126,412	-		
Goodwill on acquisition	561,889	-		
Ordinary shares, at cost	3,688,301	-	3,688,301	-
Share of post acquisition profits	1,316,336	-	-	-
	5,004,637	-	3,688,301	-

The details of the associate companies of the Group are as follows:

Name of companies	Country of Incorporation	Equity Interest		Principal Activities
		2009 %	2008 %	
Corro-Shield (M) Sdn. Bhd. **	Malaysia	30	60	Manufacturing, supplying, commissioning and installation of corrosion control products and related services, primarily for the oil and gas industry.
Phoenix Energy Sdn. Bhd. *	Malaysia	49	Nil	Project management works, conducting research and development on the Mobile Offshore Production and Storage Unit Technology.

* Audited by Kumpulan Naga

During the financial year, Corro-Shield (M) Sdn. Bhd. became as an associate of the Company and its secured against RCB as disclosed in Note 23.



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17. ASSOCIATED COMPANIES *cont'd*

Summarised financial information in respect of the Group's associates is set out below:

	Group	
	2009	2008
	RM	RM
Total assets	22,946,104	-
Total liabilities	(8,136,941)	-
Net Assets	14,809,163	-
Group's share of associates' net assets	4,442,748	-
Goodwill on acquisition	561,889	-
	5,004,637	-
Revenue for the year	3,490,217	-
Group's share of associates' profit for the year	1,316,336	-

18. INVENTORIES

	Group	
	2009	2008
	RM	RM
Raw materials	-	203,881
Work-in-progress	99,055	121,757
	99,055	325,638



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19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	27,981,074	37,781,982	-	-
Other receivables				
Deposits	5,401,706	712,513	74,030	75,380
Prepayments	79,916	427,797	20,836	356,463
Other receivables	18,955,463	7,952,229	18,204,552	457,712
	24,437,085	9,092,539	18,299,418	889,555
Total	52,418,159	46,874,521	18,299,418	889,555

Other Receivables

Included in the other receivables of the Group and of the Company is an amount of RM14,573,162 and RM14,379,386 respectively due from an associate company which is interest free, unsecured and has no fixed term of repayment.

Credit Risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers.

20. AMOUNT DUE FROM SUBSIDIARIES

	Group	
	2009	2008
	RM	RM
Due from subsidiaries	50,127,529	43,020,477

Amount due from certain subsidiaries bear interest ranging from 7.75% to 8.50% (2008 : 7.75% to 8.50%) per annum, unsecured and have no fixed terms of repayments.



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21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks	7,620,935	3,669,198	1,217,378	1,513,384
Deposits with licensed banks	10,161,000	-	10,161,000	-
Cash and bank balances	17,781,935	3,669,198	11,378,378	1,513,384

Deposits with licensed financial institution of the Group and of the Company amounting to RM10,161,000 (2008 : Nil) was deposited as a short term deposit from Disbursement Account which is secured against RCB issuance as disclosed in Note 23.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash and bank balances	7,620,935	3,669,198	1,217,378	1,513,384
Cash and bank balances classified as held for sale Note 11 (e)	1,065	35,906	-	-
Deposits with licensed banks	10,161,000	-	10,161,000	-
Bank borrowing classified as held for sale Note 11 (e)	-	(1,549,849)	-	-
Bank overdrafts	(10,431,884)	(245,985)	(9,939,563)	-
Total cash and cash equivalents	7,351,116	1,909,270	1,438,815	1,513,384



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22. BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Bank overdrafts	10,431,884	245,985	9,939,563	-
Term loans	47,145,171	77,549,128	11,735,000	13,920,000
	<u>57,577,055</u>	<u>77,795,113</u>	<u>21,674,563</u>	<u>13,920,000</u>
Long term borrowing				
Secured:				
Redeemable Convertible Bond (Note 23)	31,030,375	-	31,030,375	-
Term loans	162,672,734	211,011,229	5,335,000	17,070,000
	<u>193,703,109</u>	<u>211,011,229</u>	<u>36,365,375</u>	<u>17,070,000</u>
Total borrowings				
Bank overdrafts	10,431,884	245,985	9,939,563	-
Term loans	209,817,905	288,560,357	17,070,000	30,990,000
Redeemable Convertible Bond (Note 23)	31,030,375	-	31,030,375	-
	<u>251,280,164</u>	<u>288,806,342</u>	<u>58,039,938</u>	<u>30,990,000</u>

(a) Bank Overdrafts

The bank overdrafts of the Group and of the Company are subject to interest at rates ranging from 1.25% to 1.50% (2008: 1.25% to 1.50%) and 1.5% (2008: Nil) respectively per annum above the bank based lending rates and are secured against property, plant and equipment as disclosed in Note 13 and Note 11 (e).

(b) Term Loans

The term loan of the Group and of the Company are subject to interest at rates ranging from 0.75% to 4.75% (2008: 0.75% to 1.50%) per annum above the bank based lending rates and USD LIBOR and 1.25% (2008: 1.25%) per annum above the bank's cost of funds respectively.

The above banking facilities are secured by the following:

- (i) A legal charge over marine vessels belonging to the subsidiary companies as disclosed in Note 13 and Note 11 (e) ;
- (ii) Specific and limited debenture over the vessels of the subsidiary companies;
- (iii) Corporate guarantee by the Company; and



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23. REDEEMABLE CONVERTIBLE SECURED BONDS ("RCB")

During the financial year, the Company issued USD10,000,000 equivalent to RM33,680,000 nominal value of zero coupon two (2)-year Redeemable Convertible Secured Bonds ("RCB") at a discount rate of 12% (net 88%) of the nominal value of the RCB for additional working capital purposes.

The terms of the RCB are as follows:

(a) Conversion Rights

The registered holders of the RCB will have the right to convert the RCB during the conversion period into new ordinary shares with a par value of RM0.10 each in the Company.

(b) Conversion Period

The conversion right may be exercised, at the option of the RCB holder, at any time (including part-conversion) after the date of issuance of the RCB until the 2nd anniversary of the date of issue of the RCB.

(c) Conversion Rate

The conversion price will be set up to 5% premium from the five (5)-day Weighted Average Market Price ("WAMP") prior to the price fixing date.

(d) Redemption and/or Cancellation

The RCB shall be redeemed as follows:

Redemption Date	Redemption Amount
(i) At anytime after the issuance of the RCB up to March 2010 (inclusive)	: The Company shall be granted the option to redeem up to USD5,000,000 equivalent to RM16,935,000 at 100% of the nominal value of the RCB. The Company shall give no less than 14 business days notice to the RCB holder.
(ii) At the 2 nd anniversary of the date of issue of the RCB	: The Company is required to mandatorily redeem all such RCB not previously redeemed and cancelled by the Company or converted by the RCB holder at 111.10% of the nominal value of the RCB.

(e) Coupon Rate

The RCB were issued at zero coupon rate.

The new ordinary shares to be allotted and issued upon conversion of the RCB shall rank pari passu in all respects with the existing ordinary shares of the Company.

The RCB are secured as follows:

- (i) Debenture incorporating a fixed and floating charge over the assets of the Company both present and future;
- (ii) Charge over the assets to be acquired/investments to be made from the proceeds of the RCB;
- (iii) First party charge over 180,000 ordinary shares of RM1.00 of an associate company ("Corro-Shield (M) Sdn. Bhd.") ("CSSB") as disclosed in Note 17*



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23. REDEEMABLE CONVERTIBLE SECURED BONDS ("RCB") *cont'd*

(e) Coupon Rate *cont'd*

The RCB are secured as follows: *cont'd*

- (iv) Third party charge over 180,000 ordinary shares of Corro-Shield (M) Sdn. Bhd. provided by Innovative Upstream Technologies Sdn. Bhd. ("IUTSB") to secure against the balance of purchase consideration as disclosed in Note 11(a)**; and
- (v) Charge over the account with financial institution in which the proceeds from the issuance of the RCB was deposited into the disbursement account as disclosed in Note 21.

* In the event IUTSB exercises its option to acquire the remaining 180,000 CSSB Shares held by the Company and the purchase consideration amounting to RM3,240,000 is paid in full, the First Party Charge shall be discharged and released as security. The purchase consideration received shall be deposited into a cash collateral account to be maintained by the appointed Security Agent. Any release of cash from the cash collateral account shall require the approval of the RCB holders.

** In the event the balance of purchase consideration is paid in full by IUTSB for the disposal of 180,000 ordinary shares of RM1.00 each in CSSB by the Company, the third party charge shall be discharged and released as security. The balance of purchase consideration received shall be deposited into a cash collateral account to be maintained by the appointed Security Agent. Any release of cash from the cash collateral account shall require the approval of the RCB holder.

The amount recognised in the balance sheets of the Group and of the Company may be analysed as follows:

	Group/Company	
	2009	2008
	RM	RM
Liability component at date of issue	29,638,400	-
Discount amortised in income statement	612,324	-
Unrealised loss on foreign exchange	779,651	-
	31,030,375	-

The discount amortised for the financial year is calculated by applying an effective interest rate of 12.36% to the liability component for the two month period since the bonds were issued.

The directors estimate the fair value of the liability component of the convertible bonds as at 31 December 2009, to be approximately RM31 million. This fair value has been measured at amortised cost using effective interest rate of 12.36% over the bond maturity period.



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24. HIRE PURCHASE PAYABLES

	Group	
	2009 RM	2008 RM
Payable not later than one year	-	44,002
Payable later than one year but not later than five years	-	90,993

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
Trade payables				
Third parties	12,926,853	5,776,034	-	-
Other payables				
Accruals	718,199	462,528	551,391	322,286
Other payables	21,372,519	20,828,639	12,016,456	7,164,016
	22,090,718	21,291,167	12,567,847	7,486,302
	35,017,571	27,067,201	12,567,847	7,486,302

Trade Payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

Other Payables

Included in other payables is an amount of RM Nil (2008 : RM5,835,933) due to Nagendran A/L C. Nadarajah, the director of the Company which is unsecured, no fixed term of repayment and subject to a back to back interest incurred by him at the rate of 12% (2008: 12%) and an upfront fee of Nil% (2008: 2%) per annum.



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26. DEFERRED TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	(6,225,670)	(2,566,637)	(994,314)	(868,171)
Recognised in income statement (Note 10)	571,523	(3,560,916)	-	(126,143)
Disposal of subsidiary (Note 11(f))	3,756	62,000	-	-
Reclassified as held for sale (Note 11(e))	-	(160,117)	-	-
At 31 December	(5,650,391)	(6,225,670)	(994,314)	(994,314)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,650,391)	(6,225,670)	(994,314)	(994,314)
Deferred tax liabilities	-	-	-	-
	(5,650,391)	(6,225,670)	(994,314)	(994,314)

Deferred Tax Assets of the Group:

	Unused Tax Losses RM	Total RM
At 1 January 2009	(6,225,670)	(6,225,670)
Recognised in the income statement	571,523	571,523
Disposal of subsidiary (Note 11(f))	3,756	3,756
At 31 December 2009	(5,650,391)	(5,650,391)
At 1 January 2008	(2,747,223)	(2,747,223)
Recognised in the income statement	(3,541,474)	(3,541,474)
Disposal of subsidiary (Note 11(f))	62,000	62,000
Reclassified as held for sale (Note 11(e))	1,027	1,027
At 31 December 2008	(6,225,670)	(6,225,670)



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26. DEFERRED TAXATION *cont'd*

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM	Total RM
At 1 January 2008	180,586	180,586
Recognised in the income statement	(19,442)	(19,442)
Reclassified as held for sale (Note 11(e))	(161,144)	(161,144)
At 31 December 2008	-	-

The availability of the unused tax losses for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967.

Deferred Tax Assets of the Company:

	Unused Tax Losses RM	Total RM
At 1 January 2009	(994,314)	(994,314)
Recognised in the income statement	-	-
At 31 December 2009	(994,314)	(994,314)
At 1 January 2008	(869,367)	(869,367)
Recognised in the income statement	(124,947)	(124,947)
At 31 December 2008	(994,314)	(994,314)

Deferred Tax Liabilities of the Company:

	Property, plant and equipment RM	Total RM
At 1 January 2008	1,196	1,196
Recognised in the income statement	(1,196)	(1,196)
At 31 December 2008	-	-



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27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary shares of RM0.10 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised share capital				
At 1 January	500,000	500,000	50,000	50,000
Created during the year	500,000	-	50,000	-
At 31 December	1,000,000	500,000	100,000	50,000
Issued and paid-up share capital				
At 1 January	294,400	208,000	29,440	20,800
Issued during the year:	-	-	-	-
Acquisition of subsidiary	-	86,400	-	8,640
Issue of bonus shares	368,000	-	36,800	-
At 31 December	662,400	294,400	66,240	29,440

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) Bonus Shares Issued

During the financial year, the Company issued bonus shares of 368,000,000 ordinary shares of RM0.10 each through capitalisation of RM36,800,000 from share premium on the basis of five (5) new ordinary shares for every (4) existing shares held by the shareholders on 19 May 2009.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Treasury Shares

This amount relates to the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by special resolution passed in a Extraordinary General Meeting held on 29 June 2009, approved the Company's plan to purchase its own ordinary shares not exceeding 10% of the total issued and paid-up share capital of the Company and the maximum funds to be allocated for the purchase shall not exceed the aggregate of the retained profits and / or share premium of the Company.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.



Notes to the Financial Statements

31 December 2009

cont'd

27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES *cont'd*

(b) Treasury Shares *cont'd*

During the financial year, the Company repurchased 400,000 units of its issued ordinary shares from the open market at an average price of RM0.576 per share. The total consideration paid for the repurchase including transaction costs was RM230,795. The repurchase transaction were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 662,400,000 (2008: 294,400,000) issued and fully paid ordinary shares as at 31 December 2009, 400,000 (2008: Nil) are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding shares in issue after set-off is therefore 662,000,000 (2008: 294,400,000) ordinary shares of RM0.10 each.

28. OTHER RESERVE

	Foreign currency translation reserve	Total
	RM	RM
At 1 January 2009	869,004	869,004
Addition	(3,765,956)	(3,765,956)
At 31 December 2009	(2,896,952)	(2,896,952)
At 1 January 2008	48,736	48,736
Addition	820,268	820,268
At 31 December 2008	869,004	869,004

The nature and purpose of the reserve is as follows:

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

29. RETAINED EARNINGS

The Company has an option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. The Company has opted to move a single tier system and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained profits as at the balance sheet date.



Notes to the Financial Statements

31 December 2009

cont'd

30. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2009	2008
	RM	RM
Company		
Subsidiary companies		
Management fee	5,082,297	2,440,005

The directors are of the opinion that all the transactions above were entered into in the normal course of business and were established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

(c) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.



Notes to the Financial Statements

31 December 2009

cont'd

31. FINANCIAL INSTRUMENTS *cont'd*

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(e) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(f) Fair Values

The fair values of financial assets and liabilities are approximate to the amounts recorded in the balance sheet due to relatively short term maturity of these financial instruments.

32. CONTINGENT LIABILITIES

	Group	
	2009	2008
	RM	RM
(i) Banking facilities of the subsidiaries		
Unsecured:		
Corporate guarantee given to banks for credit facilities granted to Subsidiaries	270,960,000	292,764,000



Notes to the Financial Statements

31 December 2009

cont'd

32. CONTINGENT LIABILITIES *cont'd*

(ii) Acquisition of subsidiary

Pursuant to the acquisition of SJR Marine (L) Ltd. ("SJR") from Mercury Pacific Marine Pte. Ltd. ("Vendor"), the Company shall pay the vendor on or before 1 October 2012 subject to the following:-

(a) Upon the acceptance by Company's shareholders of the Company's audited financial statements for the Financial Year Ending 31 December 2011;

And

(b) USD10,000,000 (equivalent to RM33,870,000) shall be paid by Company to the Vendor in cash if:-

- (i) SJR achieves an average Profit After Tax USD11,000,000 (equivalent to RM37,257,000) per annum for three respective financial year ending 31 December 2009, 2010, and 2011, and
- (ii) The Company does not achieve an average group consolidated profit after tax of at least RM40,000,000 per annum for three respective financial year ending 31 December 2009, 2010, and 2011.

Or

(c) USD15,000,000 (equivalent to RM50,805,000) shall be paid by the Company to the Vendor in cash if:- *

- (i) SJR achieves an average Profit After Tax of USD11,000,000 (equivalent to RM37,257,000) per annum for the three respective financial year ending 31 December 2009, 2010, and 2011, and
- (ii) The Company does not achieve an average group consolidated profit after tax of at least RM20,000,000 per annum for three respective financial year ending 31 December 2009, 2010, and 2011.

* SJR had achieved an average Profit After Tax of more than USD11,000,000 (equivalent to RM37,257,000) for the financial year ending 31 December 2009 while the Company had achieved consolidated group profit of more than RM20,000,000 but less than RM40,000,000. As such SJR and the Group has met the terms and condition of the profit guarantees as per Note 32(c).

33. OTHER SIGNIFICANT EVENT

- (i) On 10 December 2009, the Company's two wholly owned subsidiaries Garuda Energy (L) Inc., and Hummingbird (L) Inc., had entered into a purchase and sale agreement for the acquisition of two jackup drilling rigs, Hercules 191 and Hercules 255, for a cash consideration of USD10,000,000 (equivalent to RM33,870,000) for fast track development of a Mobile Offshore Production & Storage Unit ("MOPSU") or a Mobile Offshore Production Unit ("MOPU") with the capability to install from the converted units a 12 to 20 slot wellhead platform on site. Non refundable deposits amounting to USD 1,500,000 (equivalent to RM5,080,500) have been paid to secure the two rigs. The balance of the cash consideration will be partly funded from the proceeds of the Redeemable Convertible Secured Bonds, internally generated funds and loans. Barring unforeseen circumstances the acquisition of the rigs, are expected to be completed by 30 March 2010 and 30 June 2010 respectively.
- (ii) On 12 October 2009, the Company had entered into a Joint Venture and Shareholders' Agreement ("JVA") with Gryphon Energy (Asia Pacific) Sdn. Bhd. ("GAP") to incorporate a joint venture company in Malaysia to be named later with a proposed authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each and proposed initial issued and paid-up share capital of RM10,000 comprising 10,000 ordinary shares of RM1.00 each.

The incorporation of joint-venture is still pending for completion.



Notes to the Financial Statements

31 December 2009

cont'd

34. SUBSEQUENT EVENT

- (i) On 1 March 2010, the wholly-owned subsidiary company of the Company had entered into a Memorandum of Agreement ("MOA") with Olap International Limited ("OIL") to dispose off 9 man Portable Saturation Diving System for a total cash consideration of USD3,300,000 (equivalent to approximately RM11,177,100).

The agreement is still pending for completion.

- (ii) Mr. Nagendran C. Nadarajah, the Managing Director/Substantial Shareholder of the Company has entered into a Share Sale Agreement dated 9 April 2010 with HCM Logistics Limited, a wholly-owned subsidiary of Ezra Holdings Limited, Singapore, for the sale of his entire direct and indirect shareholdings in the Company representing approximately 19% of the ordinary share capital of the Company ("the Disposal").

The Disposal is expected to be completed on or before 7 May 2010.

None of the other directors and persons connected to them have any interest in aforesaid disposal.

35. MATERIAL CAPITAL COMMITMENTS

	Group	
	2009	2008
	RM	RM
Capital Expenditure		
Approved and contracted for:		
Property, plant and equipment	28,789,500	-



Notes to the Financial Statements

31 December 2009

cont'd

36. SEGMENTAL INFORMATION

	Revenue RM	Results RM	Total Assets RM	Total Liabilities RM
2009				
Analysis by geographical location				
Continuing operations				
Local	100,675,394	33,761,066	483,918,550	286,662,916
Overseas	504,905	207,304	-	-
	<u>101,180,299</u>	<u>33,968,370</u>	<u>483,918,550</u>	<u>286,662,916</u>
Discontinued operations				
Local	4,006,170	(5,498,111)	43,498,056	80,351
Overseas	-	-	-	-
	<u>4,006,170</u>	<u>(5,498,111)</u>	<u>43,498,056</u>	<u>80,351</u>
Other operating income				
Continuing operations				
Local	-	1,130,833	-	-
Overseas	-	929,817	-	-
	<u>-</u>	<u>2,060,650</u>	<u>-</u>	<u>-</u>
Discontinued operations				
Local	-	103,926	-	-
	<u>-</u>	<u>103,926</u>	<u>-</u>	<u>-</u>
Share of associate profit	-	1,316,336	-	-
Income tax expense	-	(1,026,306)	-	-
	<u>105,186,469</u>	<u>30,924,865</u>	<u>527,416,606</u>	<u>286,743,267</u>



Notes to the Financial Statements

31 December 2009

cont'd

36. SEGMENTAL INFORMATION *cont'd*

	Revenue RM	Results RM	Total Assets RM	Total Liabilities RM
2008				
Analysis by geographical location				
Continuing operations				
Local	44,603,881	715,322	518,227,389	316,071,514
Overseas	28,152,936	7,683,503	-	-
	<u>72,756,817</u>	<u>8,398,825</u>	<u>518,227,389</u>	<u>316,071,514</u>
Discontinued operations				
Local	13,264,340	771,168	17,691,074	3,570,693
Overseas	-	-	3,000,000	-
	<u>13,264,340</u>	<u>771,168</u>	<u>20,691,074</u>	<u>3,570,693</u>
Elimination	(3,439,270)	-	-	-
Other operating income				
Continuing operations				
Local	-	3,939,241	-	-
Overseas	-	-	-	-
	<u>-</u>	<u>3,939,241</u>	<u>-</u>	<u>-</u>
Discontinued operations				
Local	-	80,371	-	-
Overseas	-	136,737	-	-
	<u>-</u>	<u>217,108</u>	<u>-</u>	<u>-</u>
Income tax expense	-	2,431,520	-	-
	<u>82,581,887</u>	<u>15,757,862</u>	<u>538,918,463</u>	<u>319,642,207</u>



Analysis of Shareholdings

as at 23 April 2010

Authorised Share Capital	:	RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up Share Capital	:	RM66,240,000 comprising 662,400,000 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS as at 23 April 2010

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	116	4,993	0.00
100 – 1,000 shares	169	121,236	0.01
1,001 – 10,000 shares	3,665	22,646,031	3.42
10,001 – 100,000 shares	2,502	77,158,382	11.65
100,001 – below 5% of issued shares	377	267,203,108	40.34
5% and above of issued shares	2	295,266,250	44.58
	6,831	662,400,000	100

SUBSTANTIAL SHAREHOLDERS as at 23 April 2010

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	Mercury Pacific Marine Pte. Ltd.	163,266,250	24.66	-	-
2.	HCM Logistics Limited	132,000,000	19.94	-	-

* Excluding a total of 400,000 shares bought back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS as at 23 April 2010

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	Dato' Yogesvaran a/l T. Arianayagam	3,856,207	0.58	-	-

* Excluding a total of 400,000 shares bought back by the Company and retained as treasury shares.



Thirty (30) Largest Shareholders

as at 23 April 2010

No.	Names	No. of Shares Held	%
1	Mercury Pacific Marine Pte. Ltd.	163,266,250	24.66
2	UOBM Nominees (Asing) Sdn. Bhd. <i>HCM Logistics Limited</i>	132,000,000	19.94
3	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An for Citibank NA, Singapore (Julius Baer)</i>	21,700,000	3.28
4	Tinggi Tiasa Sdn. Bhd.	15,165,000	2.29
5	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Devarajah A/L C Navaratnam</i>	9,965,822	1.50
6	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore for Ablelink Investments Ltd.</i>	9,725,000	1.47
7	Lim Chee Meng	8,530,000	1.29
8	Juhari Bin Husin	8,287,425	1.25
9	ECML Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sivananthan A/L K Nataraja</i>	7,963,478	1.20
10	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Hwangdbs Select Opportunity Fund</i>	7,050,000	1.07
11	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Morgan Stanley & Co. International Plc</i>	6,697,900	1.01
12	Amsec Nominees (Tempatan) Sdn. Bhd. <i>AmBank (M) Berhad for Pook Mun Fee (SMART)</i>	5,610,025	0.85
13	Koperasi Permodalan Felda Berhad	5,000,000	0.76
14	Yogesvaran A/L T Arianayagam	3,856,184	0.58
15	ECML Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Ai Ling</i>	3,607,500	0.54
16	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Shobana A/P K Balakrishnan</i>	3,375,000	0.51
17	Lee Choon Hooi	3,008,900	0.45
18	Mayban Nominees (Tempatan) Sdn. Bhd. <i>MayBan Trustees Berhad for MAAKL-HDBS Flexi Fund</i>	2,928,000	0.44
19	SBB Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board</i>	2,899,800	0.44
20	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for The Bank of New York Mellon SA/NV (AMEX-Foreign)</i>	2,875,000	0.43
21	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Amtrustee Berhad for CIMB Islamic Dali Equity Theme Fund</i>	2,429,800	0.37
22	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Siew Cheng (E-IMO)</i>	2,400,000	0.36
23	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Credit Suisse (SG BR-TST-Asing)</i>	2,380,000	0.36
24	Liew Yoon Peck	2,060,000	0.31
25	Gan Seong Liam	2,000,000	0.30



Thirty (30) Largest Shareholders

as at 23 April 2010

cont'd

No.	Names	No. of Shares Held	%
26	Universal Trustee (Malaysia) Berhad <i>TA Islamic Fund</i>	1,957,500	0.30
27	Ooi Keat Seen	1,800,000	0.27
28	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for HwangDBS Asia Quantum Fund</i>	1,800,000	0.27
29	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Siew Boon Yeong</i>	1,755,075	0.27
30	MayBan Nominees (Tempatan) Sdn. Bhd. <i>MayBan Trustees Berhad for CIMB-Principal Emerging Asia Fund</i>	1,720,000	0.26
TOTAL		443,813,659	67.03

* Excluding a total of 400,000 shares bought back by the Company and retained as treasury shares.



Consent to Act as an Auditor

AljeffriDean

Chartered Accountants (M)
Firm No: AF 1366

March 30, 2010

The Board of Directors
PERISAI PETROLEUM TEKNOLOGI BERHAD
Suite 3A-17, Level 17, Block 3A
Plaza Sentral, Jalan Sentral 5
50470 Kuala Lumpur

(Attention: Dato' Dr Mohamed Ariffin Bin Hj. Aton)

Dear Sirs,

APPOINTMENT OF AUDITORS – CONSENT TO ACT

We hereby give our consent in accordance to Section 9 of the Companies Act, 1965 to be proposed as statutory auditors of your group of companies in the forthcoming Annual General Meetings as M/s Kumpulan Naga the retiring auditors is not seeking re-appointment.

Thank you.

Very truly yours,
for AljeffriDean

.....
Nagarajan s/o Thambiah
Partner



Implementation of Electronic Dividend Payment ("eDividend")

Dear Shareholders,

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDIVIDEND") PURSUANT TO THE DIRECTIVE DATED 19 FEBRUARY 2010 (REF. NO.:SR/TAC/RO/LD07/10) FROM BURSA MALAYSIA SECURITIES BERHAD

What is eDividend?

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders' cash dividend entitlements into their respective bank accounts. All listed companies to pay via eDividend for all dividends on the entitlement date on or after 1 September 2010.

eDividend Benefits

- No More Delays From 3-14 days via cheques to 0/1 day via eDividend to receive dividend payment.
- Assurance of Certainty Dividends credited into bank accounts on a timely basis whether Kuala Lumpur or outstation. No more missing cheques/expired cheques. No unclaimed moneys.
- Convenience and Simplicity No more visits to banks to deposit cheques. Can opt one (1) bank account for all CDS accounts. Same bank account applies for future new CDS accounts.
- eNotification upon Payment For shareholders who provide email and mobile details.
- No Cost to Shareholders No bank charges on dividend amount.
No depository administration fee for registration within grace period.

Registration of eDividend

Shareholders are given a one-year grace period from **19 April 2010 until 18 April 2011** to provide their bank account information to Bursa Malaysia Depository Sdn. Bhd.

How do I provide my bank account information for eDividend?

You must complete the relevant prescribed form and submit it together with the required supporting documents to your stock broker's office where your CDS account is maintained.

What supporting documents are required?

- Individual CDS Depositor
 - NRIC or Passport or Authority Card or other acceptable identification documents. Bank
 - Statement or Bank Saving Book or details of your bank account obtained from your bank's website that has been certified by your bank or copy of the letter from your bank confirming your bank account details.
- Corporate CDS Depositor
 - Certified true copy of Certificate of Incorporation/Certificate of Registration. Certified true copy of Bank Statement or Bank Saving Book or details of your bank account obtained from your bank's website that has been certified by your bank or copy of the letter from your bank confirming your bank account details.

You are encouraged to update your bank account information through your stock broker firm soonest. There will be a fee charged after the grace period.

Contact Details

For more information, kindly refer to the eDividend page at www.bursamalaysia.com

For queries, please contact:

Bursa Malaysia Customer Care Centre
Tel : (603) 27320067
Email : edividend@bursamalaysia.com



PERISAI PETROLEUM TEKNOLOGI BHD
632811-X

FORM OF PROXY

(Before completing this form, please refer to the notes below)

Number of Ordinary Shares Held

I/We _____ I.C. No./Co. No./CDS No. _____
(Full name in block letters)

of _____
(Full Address)

being a member/members of **PERISAI PETROLEUM TEKNOLOGI BHD** hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1. _____	_____
2. _____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 25 June 2010 at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO :-	FIRST PROXY		SECOND PROXY	
	For	Against	For	Against
1. Ordinary Resolution 1				
2. Ordinary Resolution 2				
3. Ordinary Resolution 3				
4. Ordinary Resolution 4				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this day of 2010

.....
Signature/Common Seal

Notes on Appointment of Proxy

- A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.
- A Proxy attorney or corporate representative need not be a member of the Company and if not a member he/she need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar.
- A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
- Where a member appoints two or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
- Where a member is an authorized nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a Proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
- The instrument of Proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time of meeting or any adjournment thereof.

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Secretary
PERISAI PETROLEUM TEKNOLOGI BHD (632811 X)
Level 15-2, Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.

1st Fold Here
