



SEALINK INTERNATIONAL BERHAD
(800981-X)

www.asiasealink.com



SEALINK INTERNATIONAL BERHAD
(800981-X)

Head Office

Lot 1035 Blk 4 MCLD, Piasau Industrial Area, Jalan Cattleya 5, CDT 139, 98000 Miri, Sarawak, Malaysia.
Tel : (+60) 85 651778 Fax: (+60) 85 652480



Realizing potential

Annual Report **2009**





Contents

2	Vision, Mission and Philosophy
4	Corporate Information
5	Details of the Group – Places of Operations/Offices
6	Group Structure
7	Group Financial Highlights
8	Notice of Annual General Meeting
9	Statement Accompanying Notice of Annual General Meeting
10	Profiles of Directors
12	Chairman's Statement
15	Audit Committee Report
19	Statement on Internal Control
20	Statement on Corporate Governance
27	Financial Statements
75	Landed Properties
78	Analysis of Shareholders
	Form of Proxy

Vision, Mission and Philosophy



The Sealink Group

We are a Malaysia-based Integrated Service Provider, having provided products and services to over 20 countries around the world.

Sealink Group is an Integrated Service Provider which builds, owns and operates a diverse fleet of offshore marine support vessels, serving mainly the global offshore oil and gas exploration and production industry.

The majority of our products and services are derived overseas.

We are listed on the Main Market of Bursa Malaysia.

Our Vision

A Leader in the Integrated Service Provider for the oil and gas offshore marine support vessels

Our Mission

Construct High Performance Global Class Vessels

Establishing, Maintaining and Serving a Network of Global Customers

Continuous Performance in Achieving International Accreditation in Maritime Safety Standards

Continuous Improvement of Management and Operational Efficiency and Optimisation of Systems

Our Goal

- Satisfied Customers
- Growth in Market Share
- Creating an Intelligent and Vibrant Workforce
- Profitability

Our Value

- Quality Excellence without Compromising Integrity
- Customers and Employees are Company's Assets
- Competitiveness
- Environmental Friendliness
- Social Consciousness

Corporate Information

Board of Directors

Ybhg Datuk Michael Hardin	<i>Non- Independent Non-Executive Director Chairman</i>
Yong Foh Choi	<i>Non- Independent Executive Director Managing Director</i>
Yong Kiam Sam	<i>Non- Independent Executive Director Chief Executive Officer cum Deputy Managing Director</i>
Eric Khoo Chuan Syn @ Khoo Chuan Syn	<i>Non- Independent Non- Executive Director</i>
Toh Kian Sing	<i>Independent Non Executive Director</i>
Wong Chie Bin	<i>Independent Non Executive Director</i>

Audit Committee

Wong Chie Bin	<i>Chairman</i>
Toh Kian Sing	<i>Member</i>
Eric Khoo Chuan Syn @ Khoo Chuan Syn	<i>Member</i>

Nomination Committee

Eric Khoo Chuan Syn @ Khoo Chuan Syn	<i>Chairman</i>
Wong Chie Bin	<i>Member</i>
Yong Kiam Sam	<i>Member</i>

Remuneration Committee

Eric Khoo Chuan Syn @ Khoo Chuan Syn	<i>Chairman</i>
Wong Chie Bin	<i>Member</i>
Yong Kiam Sam	<i>Member</i>

Company Secretary

Yeo Puay Huang (LS000577)

Registered Office and Corporate Office

Lot 1035, Block 4, MCLD, Piasau Industrial Area
98000 Miri, Sarawak
Tel : 085 651778
Fax : 085 652480
Email : sealink@asiasealink.com
Website : www.asiasealink.com

Registrar

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur
Tel : 03-20849000
Fax : 03-20949940

Auditors

Ernst & Young (AF: 0039)
4th Floor, Unit 4.1, Lot 698
Wisma Yong Lung
Pelita Commercial Centre,
98000 Miri, Sarawak
Tel : 085-423881
Fax : 085-413921

Principal Bankers

Malayan Banking Berhad (3813-K)
Miri Business Centre,
1st Floor, Lot 939 & 940, Jalan Asmara
MCLD, 98000 Miri, Sarawak
Tel : 085-428766
Fax : 085- 415766

Maybank Islamic Berhad (787435-M)
Miri Business Centre,
1st Floor, Lot 939 & 940, Jalan Asmara
MCLD, 98000 Miri, Sarawak
Tel : 085-428766
Fax : 085- 415766

AmBank (M) Berhad (8515-D)
Regional Business Centre-Sarawak
No.164, 166 & 168, 1st Floor
Jalan Abell, 93100 Kuching Sarawak
Tel : 082-244791
Fax : 082-259771

RHB Bank Berhad (6171-M)
Regional Corporate Banking- Sarawak
2nd Floor, Lot 363, Jalan Kulas,
93400 Kuching, Sarawak
Tel : 082-274800
Fax : 082-274846

Stock Exchange Listings

Listed on Main Market of Bursa Malaysia Securities Berhad
on 29th July 2008
Stock Code : 5145
Stock Name : SEALINK

Details of the Group

- Places of Operations/Offices

Sealink International Berhad

Lot 1035, Block 4, MCLD,
Piasau Industrial Area,
98000 Miri, Sarawak
Telephone No : 085-651778
Facsimile No : 085-652480

Sealink Engineering and Slipway Sdn Bhd

Lot 816, Block 1,
Kuala Baram Land District,
98100 Kuala Baram Miri, Sarawak
Telephone No : 085- 605767
Facsimile No : 085- 605428

Sealink Shipyard Sdn Bhd

Lot 1339, Jalan Cattleya 1,
MCLD, Krokop,
98000 Miri, Sarawak
Telephone No : 085- 660077
Facsimile No : 085- 652520

Seagood Pte Ltd

545 Orchard Road #09-07,
Far East Shopping Centre,
238882 Singapore
Telephone No : 0267377911
Facsimile No : 02 67374889



Group Structure

PLACE AND DATE OF INCORPORATION: Sealink International Berhad was incorporated in Malaysia on 28th December, 2007

Principal Activities: Investment Holding Company

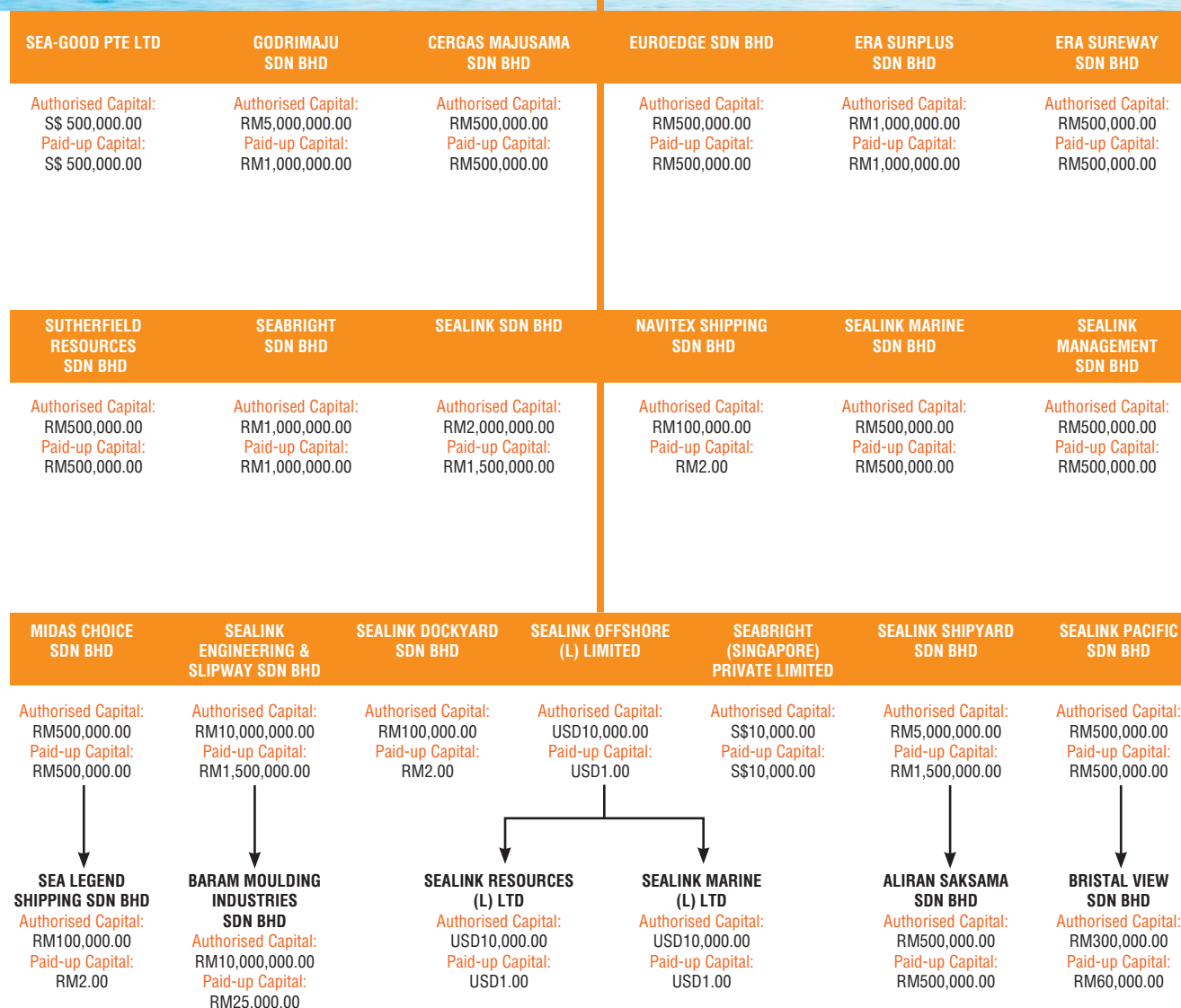
Effective Equity Interest 100%



SEALINK INTERNATIONAL BERHAD

Authorised Capital: RM500,000,000.00

Paid-up Capital: RM 250,000,000.00



Group Financial Highlights



(A) Quarterly results

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year Ended 31 December 2009 RM'000	Period Ended 31 December 2008 RM'000	Year Ended 31 December 2007 RM'000
	RM'000	RM'000	RM'000	RM'000			
Revenue	51,300	53,747	61,643	26,536	193,226	236,262	162,670
PBT	26,435	12,391	11,415	7,993	58,234	73,832	45,866
PAT	21,225	10,193	10,428	10,382	52,228	64,316	41,200
Attributable to ordinary equity holders of the Company	21,225	10,193	10,428	10,382	52,228	57,915	41,200

(B) Segmental performance - Revenue

Revenue	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Chartering	37,019	39,124	44,539	72,406	62,121
Shipbuilding	14,180	57,432	118,011	163,816	131,105
Rental income	180	135	120	40	-
Total	51,379	96,691	162,670	236,262	193,226

(C) Segmental performance – NPBT

Net profit before tax (NPBT)	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Chartering	25,587	31,468	25,413	26,340	40,146
Shipbuilding	1,770	11,623	20,421	38,244	20,433
Others	159	61	32	(76)	(2,345)
Total	27,516	43,152	45,866	64,508	58,234

(D) Financial Statistics

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Basic earnings per share (Sen)	-	-	-	20.79	10.45
Net dividend per share (Sen)	-	-	-	4.00	4.00
Operating profit margin (%)	-	-	-	33.02	25.41
Net assets per share attributable to ordinary equity holders of the Company (RM)	-	-	-	0.79	0.85
Return on average shareholders' equity (%)	-	-	-	15.84	12.70

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Sealink International Berhad will be held at the Meeting Room, 1st Floor, Admin Block, Sealink Engineering & Slipway Sdn. Bhd., Lot 816, Block 1, Kuala Baram Land District, 98100 Kuala Baram Miri, Sarawak on Tuesday, 29th June 2010 at 11:00 a.m. to transact the following businesses :-

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. | (Resolution No. 1) |
| 2. To declare a Final Single Tier Dividend of 4 sen per share for the financial year ended 31st December 2009 | (Resolution No. 2) |
| 3. To approve Directors' Fees for the financial year ending 31 December 2010. | (Resolution No. 3) |
| 4. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the companies Act, 1965: | |
| (i) "That pursuant to Section 129(6) of the Companies Act, 1965, Datuk Michael Hardin, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." | (Resolution No. 4) |
| (ii) "That pursuant to Section 129(6) of the Companies Act, 1965, Yong Foh Choi, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." | (Resolution No. 5) |
| 5. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Articles of Association, as Directors of the Company:- | |
| i. Eric Khoo Chuan Syn @ Khoo Chuan Syn | (Resolution No. 6) |
| ii. Wong Chie Bin | (Resolution No. 7) |
| 6. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. | (Resolution No. 8) |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:-

- | | |
|--|---------------------|
| 7. Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965. | (Resolution No. 9) |
| <p>"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons 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 to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act, 1965, the Articles of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue."</p> | |
| 8. Proposed Shareholders' Mandate On Recurrent Related Party Transactions of A Revenue Or Trading Nature. | (Resolution No. 10) |
| 9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965. | |

Notice of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a Final Single Tier Dividend of 4 sen per share for the financial year ended 31st December 2009, will be paid on 30th July 2010 to depositors who are registered in the Record of Depositors at the close of business on 15th July 2010 if approved by members at the Annual General Meeting on 29th June 2010.

A depositor shall qualify for entitlement only in respect of :-

- (a) Shares transferred into the depositor's securities account before 4:15 p.m. on 15th July 2010 in respect of ordinary shares; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By order of the Board,

Yeo Puay Huang
Company Secretary
(LS 000577)

Dated : 7th June 2010

Explanatory Notes to Special Business

1. Ordinary Resolution No. 9

Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965.

The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.

The Proposed Ordinary Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of share issued does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the First Annual General Meeting held on 25th June 2009 and which will lapse at the conclusion of the Second Annual General Meeting to be held on 29th June 2010.

The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

2. Ordinary Resolution No. 10

Proposed Shareholders' Mandate On Recurrent Related Party Transactions of A Revenue Or Trading Nature

The proposed ordinary resolution, if passed, will enable the Company and its subsidiaries ("SIB's Group") to enter into the recurrent related party transactions, which are necessary for SIB's Group day to day operations subject to the transaction being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

For further information of Ordinary Resolution No. 10, please refer to the Circular to Shareholders dated 7th June 2010.

NOTES:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

To be valid, this form, duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.

A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If the appointor is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

STATEMENT ACCOMPANYING NOTICE OF SECOND ANNUAL GENERAL MEETING

The information on Board Meetings and attendance of the Directors can be found on page 21 of the Annual Report.

Directors who are standing for re-election at the Second Annual General Meeting of the Company are as follows :-

Section 129(6) of the companies Act, 1965

- (i) Datuk Michael Hardin
- (ii) Yong Foh Choi

Article 89 of the Articles of Association

- (i) Eric Khoo Chuan Syn @ Khoo Chuan Syn
- (ii) Wong Chie Bin

Their particulars can be found on page 10-11 of the Annual Report. Their shareholdings in the Company are stated on page 78 of the Annual Report.

Profiles of Directors

Datuk Michael Hardin

*Chairman
Non-Independent Non-Executive Director
Malaysian*

YBhg Datuk Michael Hardin, aged 76, was appointed to the Board of Sealink International Berhad on 28 December 2007.

He obtained a Diploma in Public Administration from the Civil Service Training Centre in Canberra Australia in 1958 and later a certificate from Oxford University, United Kingdom in 1968.

He began his career in the early 1950s as Sarawak Administrative Officer in the Sarawak Civil Service. In the early 1960s, he served as an assistant private secretary to the Governor of Sarawak and one year later as a Private Secretary to the Chief Minister of Sarawak. In the 1970s, he served as permanent Secretary in the Ministry of Forestry and Land in Kuching, Sarawak. In 1980s, he served as a Resident of the Fourth Division in Miri till his retirement from the civil services in 1984. Upon retiring from civil service, Datuk Michael Hardin ventured into private business and was involved in businesses including timber operations, general trading and shipping.

He has now been involved with our Group for the past 22 years, since 1988. Along with his extensive experience and involvement in the shipping industry, he has built a wide network of local and foreign business contacts over the years. Datuk has played a significant role in transforming our Group from a previously small shipowner into a respected shipbuilder and shipowner in Malaysia today.

He does not have any family relationship with any other director and / or major shareholder of the Company and has no conviction for any offences within the past ten (10) years other than traffic offences.

Yong Foh Choi

*Managing Director
Non-Independent Executive Director
Malaysian*

Yong Foh Choi, aged 71, was appointed to the Board of Sealink International Berhad on 28 December 2007.

A self-made businessman, he first gained working experience working in several companies from the logging and timber industries. Later, he incorporated Yong Foh Choi & Sons Enterprise Sdn Bhd ("YFC & Sons") to spearhead his own business interests in timber extraction, imports and exports in the early 1960s. By the mid 1970s, the company diversified and branched out into property development, shipping and offshore logistics support services.

He was a shareholder and founding member of Bumi Armada Navigation [BANSB] (a major offshore oil and gas service provider), where he held the position of Managing Director from 1974 till 1993. In 1993, he sold his shares in BANSB, and began developing SSB. Initially, SSB provided chartering services of marine vessels to non-oil and gas industries. However, in 1997, YFC changed SSB's business direction by venturing back into chartering OSVs to the offshore oil and gas industry.

As the founder of our Group, he brings with him over 34 years of hands-on operational experience, especially in maritime regulations, procedures and requirements. His technical and management experience has been instrumental in developing and expanding our Group to our current position today, as a leading shipbuilder and shipowner in the country.

He is the father of Yong Kiam Sam, who is a Director and also the CEO of Sealink International Berhad. He has not been convicted for any offences within the past ten (10) years other than traffic offences.

Yong Kiam Sam

*Chief Executive Officer cum Deputy
Managing Director
Non-Independent Executive Director
Malaysian*

Yong Kiam Sam aged 39, was appointed to the Board of Sealink International Berhad on 28 December 2007.

He graduated from the University of Melbourne, Australia with a Bachelor of Commerce in 1992. Later, he obtained a Master in Business Administration from the London Business School, United Kingdom.

He began his career as an accounts executive in Lambir Myanmar Investments Ltd, Myanmar, and later worked as a senior consultant with Ernst & Young Consultants, Singapore.

He has been our Group since 1996 and sits on the boards of all our subsidiary companies. He has played a crucial role in changing the mind-set of our Group to become more customer-focused, while remaining business-centric. He has also played an important role in expanding our Group's overseas activities.

He is also a member of the Remuneration and Nomination Committee.

He is the son of Yong Foh Choi, who is a Director of Sealink International Berhad. He has not been convicted for any offences within the past ten (10) years other than traffic offences.

Profiles of Directors

Eric Khoo Chuan Syn @ Khoo Chuan Syn

*Non-Independent Non-Executive Director
Malaysian*

Eric Khoo Chuan Syn @ Khoo Chuan Syn, aged 54, was appointed to the Board of Sealink International Berhad on 20 May 2008.

He is a practicing Advocate and Solicitor, having graduated with a Bachelor of Laws (LLB) Hons, from the University of Wolverhampton, England, United Kingdom in 1978 and as a Barrister-at-Law from Gray's Inn, London, England, UK in 1979. He worked as a Magistrate with the Judicial Department, from 1979 till 1982, after which he joined the private sector.

With over 28 years of experience as an advocate and solicitor, Mr Khoo has been our Group's main solicitor and legal advisor. As such, we believe that he will be a valuable asset to our Group.

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

He has no family relationship with any other Director and/ or major shareholder and not been convicted for any offences within the past ten (10) years other than traffic offences.

Toh Kian Sing

*Independent Non-Executive Director
Singaporean*

Toh Kian Sing, aged 45, was appointed to the Board of Sealink International Berhad on 23 May 2008. He is currently a partner of Rajah & Tann LLP, one of the largest law firms in Singapore, where he is the Head of the Admiralty and Shipping Practice Group.

He graduated at the top of his class in the Faculty of Law of the National University of Singapore, and holds a first class honors degree in civil law from the University of Oxford.

He has vast experience as a shipping litigation and arbitration lawyer, specialising in charterparty, bills of lading, ship sale and purchase, ship building and marine insurance disputes. He also handles commodity trading (particularly oil and minerals) and letters of credit disputes.

He is a practicing advocate and solicitor of the Supreme Court of Singapore, an arbitrator listed in the panel of arbitrators of the Singapore International Arbitration Centre as well as the China Maritime Arbitration Commission and was appointed a Senior Counsel of the Supreme Court of Singapore in January 2007. With his strong credentials, we are confident that he will play a significant role in the continued growth and development of our group.

He is a member of Audit Committee.

He has no family relationship with any other Director and/ or major shareholder and not been convicted for any offences within the past ten (10) years.

Wong Chie Bin

*Independent Non-Executive Director
Malaysian*

Wong Chie Bin, aged 54, was appointed to the Board of Sealink International Berhad on 20 May 2008. He is currently partner of one of the largest audit firm in Sarawak.

He graduated from the University of Otago, New Zealand with a Bachelor Degree in Commerce. He is member of the Malaysian Institute of Accountants, a Fellow member of the Chartered Tax Institute of Malaysia and a Member of New Zealand Institute of Chartered Accountants.

He is currently a committee member of the Malaysian Institute of Taxation, Sarawak Branch and Chairman of Malaysian Institute of Accountants for Miri Chapter. He has over thirty years of working experience in accounting, auditing, taxation and management consultancy services.

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

He has no family relationship with any other Director and/ or major shareholder and not been convicted for any offences within the past ten (10) years other than traffic offences.

None of the Directors have any:

1. Conflict of interest with the Company; and
2. Directorships in other public companies.

The details of attendance of each Director at Board Meetings are set out on page 15 of the Annual Report.

Chairman's Statement

Dear Valued Shareholders,



On behalf of the Board of Directors of Sealink International Berhad and its subsidiaries ("SIB Group"), I have great pleasure to present the Second Annual Report and Audited Financial Statements for the financial year ended 31 December 2009 ("FYE2009").

Performance and Review

The SIB Group reported a revenue of RM193 million for FYE2009, a decrease of 18 percent or RM43 million compared to the financial period ended 31 December 2008 ("FYE2008"). During the same period, the profit after taxation (excluding exceptional items) for FYE2009 decreased to RM52 million from RM55 million for FYE 2008, a decrease of 5 percent. For the FYE2009, The SIB Group registered a profit before taxation ("PBT") of RM58 million, a decrease of 11 percent from FYE 2008.

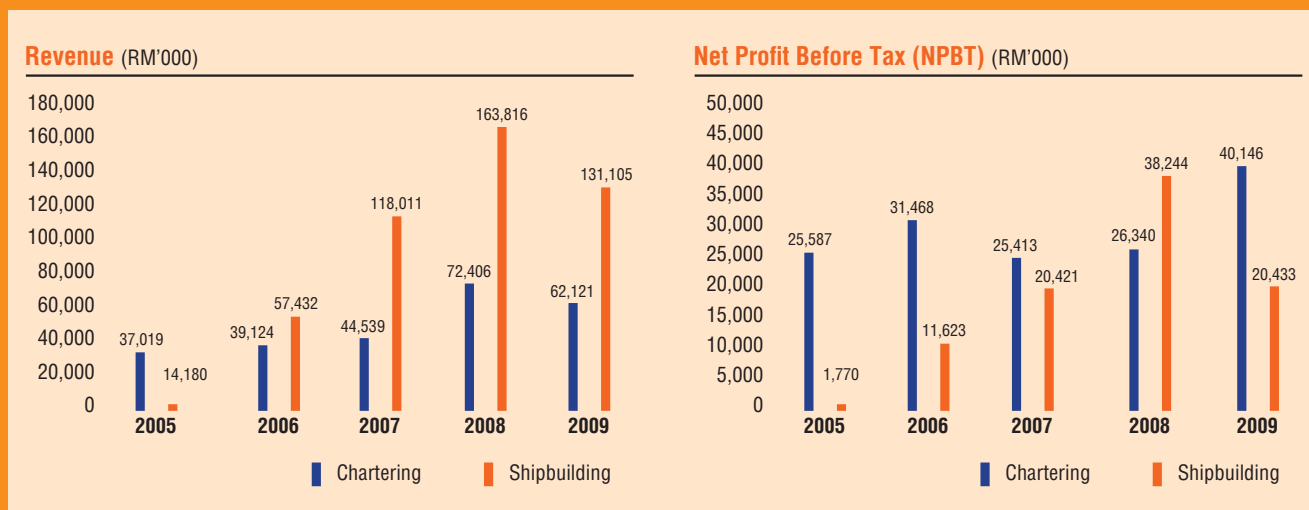
The drop in the results of SIB Group was due to the adverse world economic conditions which started in the end of 2008. Despite the economic uncertainty, SIB Group which operates as a major offshore support vessel in Malaysia still managed to register an earnings per share of 10.45 sen a share and a net assets per share of 85 sen.

Dividend

Despite the lower results for the financial year, the Board is pleased to recommend a final single tier dividend of 4 sen per ordinary share of RM0.50 each for the FYE2009 as a reward to its shareholders. The said proposed final dividend will be subject to the shareholders' approval in the forthcoming Annual General Meeting.



Chairman's Statement



The Oil and Gas Industry

The economic turmoil in the world economy in 2008 / 2009 is unprecedented and this has led to many challenges as seen in the near collapse of several large corporations and even countries. Despite the volatile crude oil price, the oil and gas sector is still a growing sector due to the growing demand driven by increasing population and improving living standards.

We do see a growing need and trend among the oil majors to venture beyond the shallow waters to build up their oil reserves to maintain their reserve replacement ratios.

Although some oil majors have been cutting back on their recent expenditures, the oil and gas exploration and production activities still need to continue. In Malaysia, the national oil company, PETRONAS has started to award successful tenderers for transportation, installation and offshore support vessels in Malaysia, especially in the last quarter of 2009.

Outlook for 2010

The steady crude oil price of around US\$80 barrel in 2009 is expected to be favourable for the sector and PETRONAS and several other oil majors have started re-sanctioning their offshore deep water exploration and production activities. PETRONAS had awarded approximately RM5 billion worth of transportation, installation and offshore support vessels contracts during the last quarter of 2009 and we expect more awards by PETRONAS in the near future.

The move by the oil majors globally into deepwater fields created a huge need for younger, larger, more sophisticated and environmentally-friendly green vessels for the future. This bodes well for SIB Group as our chartering division has a diverse fleet of vessels and most of our vessels are below 5 years of age.

For our shipbuilding division, we are expecting the demand and price for our new vessels to increase from those levels experienced in 2009 due to the resurgence of offshore activities globally. This would be timely for the SIB Group as we would be embarking on and completing several larger and more sophisticated vessels this year.

Chairman's Statement



Corporate Development

Other than the incorporation of three new subsidiaries during January 2009, there was no other corporate development during the year.

Corporate Social Responsibility

We are continuously committed to fulfil our part in achieving good corporate social responsibility. Our main focuses are revolving around Employee and the Environment. This initiative is undertaken to generate a sustainable value for SIB Group and its shareholders.

Corporate Governance

The Board believes in the maintenance of the highest standards of corporate governance practices within the Group as a fundamental part of discharging our responsibilities to protect and maximize shareholders' value and in enhancing the continued business prosperity of the Group. The measures implemented have been highlighted in the Corporate Governance Report in this Annual Report.

Investor Relations

During the year, we participated in various events to establish proactive and timely communication linkages with the investment community such as institutional investors, fund managers, analysts and media on our Company's financial performance and business operations. Our Company's website is also updated on a regular basis to reflect the latest developments and improve public awareness at the same time.

Appreciation

On behalf of the Board, we wish to express our sincere appreciation to our committed management and staff for their wholehearted dedication and perseverance in reinforcing our position as one of the leading oil and gas offshore support vessel providers in Malaysia. Their efforts coupled with their high level of competency have indeed resulted in the Group's performance for FYE2009.

We would also like to take this opportunity to thank our valued institutional and individual shareholders for your confidence and belief in the prospects of the SIB Group, the oil majors who have been supporting us in their upstream and downstream operations over the years, our business associates and principals for their successful collaboration with us in various business operations, our bankers and Governmental Authorities for their vital role in our strategic planning and execution.

Lastly, my special thanks also to my colleagues on the Board of SIB Group for their invaluable support and guidance throughout the year.

DATUK MICHAEL HARDIN

Non-Independent Non-Executive Chairman

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee members and details of attendance of each member at the Audit Committee meetings during 2009 are as follows:

Committee Members Meeting Attendance

Name of Audit Committee Members	Attendance at meeting	Percentage of Attendance (%)
Non Executive Directors		
Wong Chie Bin - Chairman (Independent Non Executive Director)	5/5	100%
Toh Kian Sing - Member (Independent Non Executive Director)	5/5	100%
Eric Khoo Chuan Syn @ Khoo Chuan Syn - Member (Non Independent Non Executive Director)	5/5	100%

The Audit Committee convened 5 meetings during the year, which were attended by all the members. Upon invitation by the Audit Committee, the CEO and certain senior managers of the group, a representative of the External Auditors and Internal Audit attended all the meetings. The meetings were held on 23rd February, 2009, 27th April, 2009, 21st May, 2009, 24th August, 2009 and 23rd November, 2009.

COMPOSITION AND TERMS OF REFERENCE

1 OBJECTIVE

The Audit Committee has been appointed with a view to establishing formal and transparent arrangements for considering how the Board will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

(a) Composition

The members of SEALINK INTERNATIONAL BERHAD Audit Committee shall be appointed by the Board from amongst its directors. The Audit Committee must be composed of no fewer than three members of whom all shall be non-executive directors with a majority of them being independent directors. At least one member of the committee must be a member of the Malaysian Institute of Accountants or if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or 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 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy resulting in the non-compliance of above, the Board shall within three months of that event, appoint such number of new members required to fulfil the minimum requirement.

(b) Chairman

The members of SEALINK INTERNATIONAL BERHAD Audit Committee shall elect a Chairman from among their number who shall be an independent non-executive director.

(c) Review

The Board of Directors of SEALINK INTERNATIONAL BERHAD must review the term of office and performance of an audit committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Audit Committee Report

(d) Quorum

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent directors.

(e) Authority

SEALINK INTERNATIONAL BERHAD must ensure that wherever necessary and reasonable for the performance of its duties, an audit committee shall, in accordance with a procedure to be determined by the board of directors and at the cost of the Company:

- (i) have authority to investigate any matter within its terms of reference;
- (ii) have full and unrestricted access to any information pertaining to the company and its subsidiaries;
- (iii) have the resources which are required to perform its duties;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (v) be able to obtain independent professional or other advice;
- (vi) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

(f) Proceedings

- The Secretary of SEALINK INTERNATIONAL BERHAD shall be the Secretary of the Audit Committee.
- SEALINK INTERNATIONAL BERHAD Audit Committee shall meet not less than four times a year. Prior to the meeting, the Secretary shall send notice to all Committee members at least seven days prior to the meeting.
- Minutes of each meeting shall be kept at the registered office of the Company and circulated to all members within 14 days after each meeting.
- Minutes shall be confirmed at the following meeting of the Committee.
- No Director or employee shall attend any meeting of the Committee except at the Audit Committee's invitation, specific to the relevant meeting.
- Decisions of the Committee shall as far as possible be by consensus, failing which the decision will be by a simple majority.

RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

(a) Financial Reporting

To review the quarterly and annual financial statements of the Company, focusing particularly on:

- any significant changes to accounting policies and practices;
- significant adjustments arising from the audits;
- compliance with accounting standards and other legal requirements; and
- going concern assumption.

(b) Related Party Transactions

To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Audit Committee Report

(c) Audit Reports

To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an Internal Audit unit and summary of the activities of that unit for inclusion in the Annual Report; and

To review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.

(d) Internal Control

- To consider annually the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximize opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures;
- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.

(e) Internal Audit

To be satisfied that strategies, plans, manning and organisation for internal auditing are communicated down through the Group specifically:

- to review the internal audit plans and to be satisfied as to their consistency, adequacy and coverage,
- to be satisfied that the Internal Audit unit within the Group has the proper resources and understanding to enable them to complete their task as per the audit plans;
- to review status reports from Internal Audit and ensure that appropriate actions have been taken to implement the audit recommendations;
- to recommend any broader reviews deemed necessary as a consequence of the issues concerns identified;
- to ensure Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
- to request and review any special audit which it deems necessary.

(f) External audit

- To review the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors. The Audit Committee will consider a consolidated opinion on the quality of external auditing at one (1) of its meetings;
- To review with the external auditors the Statement on Internal Control of the Group for inclusion in the Annual Report;
- To review any matters arising concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors;
- To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence;
- To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised; and
- To review the external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

(g) Other matters

To act on any other matters as may be directed by the Board.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The Group has appointed a well established external Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan are approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the FYE 31 December 2009 included the following:

- a) Reviewed the quarterly unaudited financial statements and annual audited financial statements of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Groups results to Bursa Malaysia Securities Bhd;
- b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2009;
- c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised and management letter together with management's response;
- d) Reviewed the internal audit plan;
- e) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- f) Reviewed the effectiveness of the Group's system of internal control;
- g) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- h) Reviewed the Company's compliance with the Bursa Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and
- i) Report to the Board on its activities and significant findings and results.

This Audit Committee Report is made in accordance with the Directors' circular resolution dated 28 April 2010.

Statement on Internal Control

INTRODUCTION

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through periodic reviews.

The system of Internal control is designed to manage rather than eliminate the risk failures to achieve business objectives, and as such can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is reviewed by the Board to ensure the adequacy and integrity of the system.

The Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2009.

a. Responsibility Of The Board

The Board has ultimate responsibility for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

b. Control Environment

The Board of Directors and Senior Management consistently endeavor to maintain an adequate system of internal controls designed to manage risks rather than eliminate them. The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

The Board confirms that the system of internal controls, with the key elements highlighted above, was in place during the financial year. This system is subject to regular review by the Board.

c. Internal Audit

The outsourced Internal Auditors had reviewed the Group's system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also test the effectiveness of the internal control on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval.

The internal audit fee incurred for the financial year ended 31 December 2009 was RM48,000.

d. Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Company.

e. Risk Management

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value.

CONCLUSION

On overall, the Board of Directors is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to make sure the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board of Directors and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

Statement on Corporate Governance

The Board of Directors (“the Board”) of SIB believes that good corporate governance is fundamental to the Group’s continued success. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout SIB, as a fundamental part of discharging its responsibilities to protect and enhance the shareholders’ value and financial performance of the organization.

This statement sets out the commitment of the Board of SIB towards the Malaysian Code of Corporate Governance (“Code”) and describes how the Group has applied the principles laid down in the Code. Save where otherwise identified specifically, the Group has complied with the Best Practices of the Code throughout the financial year.

SECTION 1: THE BOARD OF DIRECTORS

THE BOARD SIZE AND BALANCE

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA 1 in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

COMPOSITION

The Board of Directors consists of a two (2) Non-Independent Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The Company complies with the criteria of Bursa Malaysia’s Listing Requirements (“LR”) of having at least one third or two of the board members as Independent Non-Executive Directors. The profiles of each of the Directors are presented on page 10 to 11 of this Annual Report.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control over the affairs of the Company and the Group. This includes responsibility for determining the Company’s and the Group’s development and overall strategies direction which are as follows:

- a. Reviewing and providing guidance on the Company’s and Group’s corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long range business plans, reviewing major capital expenditures, acquisition and disposal.
- b. Monitoring corporate performance and the conduct of the Group’s business and to ensure compliances to best practices and principles of corporate governance.
- c. Identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee.
- d. Ensuring and reviewing the adequacy and soundness of the Group’s financial system, internal control systems and management information system are in compliance with the applicable standards and laws and regulations.
- e. Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Non-Executive Directors bring an independent judgment in the decision making process.

Statement on Corporate Governance

BOARD MEETINGS

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of Attendance (%)
Ybhg Datuk Michael Hardin - Chairman (Non Independent Non Executive Director)	5/5	100%
Yong Foh Choi - Managing Director (Non Independent Executive Director)	5/5	100%
Yong Kiam Sam - CEO (Non Independent Executive Director)	5/5	100%
Wong Chie Bin - Independent Non Executive Director	5/5	100%
Toh Kian Sing - Independent Non Executive Director	5/5	100%
Eric Khoo Chuan Syn @ Khoo Chuan Syn - Non Independent Non Executive Director	5/5	100%

SUPPLY OF INFORMATION

All directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers. Board papers are circulated in sufficient time to enable directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

At least four (5) Board Meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary.

All Directors have access to the advice of the Company Secretary, Independent Professional Advisors and Internal/External Auditors in appropriate circumstances at the Company's expense.

APPOINTMENT OF DIRECTORS

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed director is put forward to the Board for consideration and approval.

RE – ELECTION

In accordance with the Articles of Association and in compliance with Bursa Malaysia Securities Berhad's Listing Requirements, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Articles of Association also requires that at least one third (1/3) of the Board of Directors shall retire at each Annual General meeting and may offer themselves for re-election.

AUDIT COMMITTEE

The Audit Committee was established on 28 May 2008, comprising three (3) Non-Executive Directors: Wong Chie Bin, Toh Kian Sing and Eric Khoo Chuan Syn @ Khoo Chuan Syn. The composition, responsibilities, detailed term of reference and the activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on pages 15 to 18 of this Annual Report.

Statement on Corporate Governance

NOMINATION COMMITTEE

The Nomination Committee was established in 28 May 2008. The Committee shall be responsible of nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The Nomination Committee shall conduct a review of the mix of skills, experience and other core competencies for the Board on an annual basis. The members of the Nomination Committee who served during the financial year are:

- Eric Khoo Chuan Syn @ Khoo Chuan Syn *Chairman, Non-Independent Non-Executive Director*
- Wong Chie Bin *Member, Independent Non-Executive Director*
- Yong Kiam Sam *Member, Non-Independent Executive Director*

REMUNERATION COMMITTEE

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a Remuneration Committee in 28 May 2008 to assist the Board in determining the Director's remuneration. The Committee meets at least once a year. The members of the Remuneration Committee who served during the financial year are:

- Eric Khoo Chuan Syn @ Khoo Chuan Syn *Chairman, Independent Non-Executive Director*
- Wong Chie Bin *Member, Independent Non-Executive Director*
- Yong Kiam Sam *Member, Non-Independent Executive Director*

The respective Committee reports to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

DIRECTORS' REMUNERATION

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary caliber relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board the remuneration package for the Executive Directors. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 31 December 2009 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees (RM)	Salaries and Allowances, inclusive of EPF contributions (RM)	Bonus (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	24,000	819,038	-	16,039	859,077
Non-Executive Directors	228,000	-	-	10,100	238,100
Total	252,000	819,038	-	26,139	1,097,177

Statement on Corporate Governance

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	3	120,000
RM50,001-RM100,000	-	-	0
RM101,000-RM150,000	-	1	118,100
RM150,001-RM200,000	-	-	-
RM200,001-RM250,000	-	-	-
RM250,001-RM300,000	-	-	-
RM300,001-RM350,000	-	-	-
RM350,001-RM400,000	1	-	382,399
RM400,001-RM450,000	-	-	-
RM450,001-RM500,000	1	-	476,678
Total	2	4	1,097,177

DIRECTORS' TRAINING AND EDUCATION

All Directors of the Company had completed the Mandatory Accreditation Programme. SIB Group does not have a formal training programme for new Directors but they receive regular briefings and updates on the Group businesses, operations, risk management, internal controls, finance and changes to relevant legislation, rules and regulations. The Directors are encouraged to attend briefings and seminars to keep abreast with latest developments in the industry and to enhance their skills and knowledge.

During the year, Wong Chie Bin had attended the National Tax Conference 2009 on the 4-5 August 2009.

SECTION 2: COMMITTEES OF THE BOARD

The Board has delegated certain responsibilities to several Committees, which operate within the clearly defined terms of reference. The Chairman of the various committees will report the outcome of the committee meetings to the Board and such reports are incorporated in the minutes of meeting. The various committees are as follows;

Committee	Chairperson
Audit Committee	Wong Chie Bin
Nomination Committee	Eric Khoo Chuan Syn @ Khoo Chuan Syn
Remuneration Committee	Eric Khoo Chuan Syn @ Khoo Chuan Syn

SECTION 3: SHAREHOLDERS

DIALOGUE WITH INVESTORS

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report
- The various disclosures and announcements made to Bursa Malaysia including the Quarterly Reports and
- Annual Financial Statements.
- Shareholders may obtain the Company's latest announcements via the Bursa Malaysia website at www.bursamalaysia.com.

Statement on Corporate Governance

THE ANNUAL GENERAL MEETING ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. There will be commentary by the Chairman at the AGM regarding the Company's performance for each financial year and a brief review on current business conditions. At each AGM, a platform is available to shareholders to participate in the question and answer session. Extraordinary General Meetings ("EGM") are held when required.

SECTION 4: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the Companies Act 1965; and Applicable Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistencies applied and supported by reasonable judgments and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board of Directors before being released to the Bursa Malaysia. By presenting the quarterly results and financial statements, the company is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Company and the Group's financial statements for the financial year ended 31 December 2009 can be found on pages 29 to 75 of the Annual Report.

INTERNAL CONTROL

Information on the Group's internal control is presented in the Statement on Internal Control on page 19.

RELATIONSHIP WITH THE AUDITORS

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors. The Audit committee meets with the external auditors at least once a year to review audit plans and to facilitate exchange of views on issues requiring attention. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 15 to 18 of this Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year then ended.

In preparing the financial statements of the Group and the Company for the year ended 31 December 2009, the Board of Directors has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

Statement on Corporate Governance

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Mindful of the need to be a corporately responsible organization, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. SIB Group recognises that for long term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as donation to the needy and community services. However, the Group endeavors to broaden its scope of CSR initiatives over time and will planned accordingly.

SIB Group has also emphasized CSR within the organization, by focusing on the following:-

- Occupational health and safety at the workplace. Staff are equipped with the necessary equipment and accessories at the various work-sites and factory to promote safety.
- Staff are constantly sent to training / refresher courses to keep our staff abreast with the latest technologies, procedures and standards.
- Looking after the welfare of its employees, example successful insurance and Socso claims for the unfortunate, provision of staff dinner and sports events.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirement of Bursa Securities.

Statement on Corporate Governance

Utilisation of Proceeds

During the financial year, there were no proceeds raised from any corporate proposal.

Share Buybacks

The Company did not carry out any share buy-backs during the financial year.

Options, Warrants or Convertible Securities

There was no exercise of Options or Convertible Securities or conversion of warrants during the financial year.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions/Penalties

There were no material sanction or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2009 amounted to RM41,600.

Variation in Results

There is no material variance between the financial results and the profit forecast or unaudited results previously made for the financial year ended 31 December 2009.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Revaluation of Landed Properties

The Company and its subsidiaries did not adopt any revaluation policy on landed properties during the financial year.

Profit Forecast Variance

There was no profit forecast issued in respect of the financial result ended 31 December 2009.

Recurrent related Party Transactions

The related party transactions are disclosed in pages 70 to 71 of the Annual Report.

Financial Statements

Directors' Report	28
Statement By Directors	31
Statutory Declaration	31
Auditors' Report	32
Income Statements	33
Balance Sheets	34
Consolidated Statement Of Changes In Equity	35
Company Statement Of Changes In Equity	36
Cash Flow Statements	37
Notes To Financial Statements	39

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 Company is principally engaged in investment holding. The principal activities of the subsidiaries are shipping business, shipbuilding and repair of vessels and letting of properties. There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	52,228,207	20,685,850
Profit after tax attributable to:		
Equity holders of the Company	52,228,207	20,685,850
Minority interests	-	-
	52,228,207	20,685,850

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.

DIVIDENDS

The amount of dividend paid by the Company was as follows:

In respect of the financial year ended 31 December 2008:	RM
Final single tier tax exempt dividend of RM0.04 per share, paid on 31 July 2009	20,000,000

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2009, of 8% on 500,000,000 ordinary shares, amounting to a dividend payable of RM20,000,000 (4 sen per ordinary share) shall be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

DIRECTORS

The names of the Directors of the Company in office since the date of incorporation and at the date of this report are:

Datuk Michael Hardin
Yong Foh Choi
Yong Kiam Sam
Wong Chie Bin
Eric Khoo Chuan Syn @ Khoo Chuan Syn
Toh Kian Sing

DIRECTORS' REPORT

DIRECTORS (Continued)

In accordance with the Company's Articles of Association, Wong Chie Bin and Eric Khoo Chuan Syn @ Khoo Chuan Syn retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Datuk Michael Hardin, having attained the age of seventy, retires pursuant to Section 129(2) of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

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 or the fixed salary of a full time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 Each			
	At 1 January 2009	Acquired	Sold	At 31 December 2009
Direct interest				
Datuk Michael Hardin	300,001	-	-	300,001
Yong Foh Choi	45,716,800			45,716,800
Yong Kiam Sam	67,382,399			67,382,399
Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000			30,000
Wong Chie Bin	30,000			30,000
Deemed interest through holding company:				
Datuk Michael Hardin	259,080,800			259,080,800
Yong Foh Choi	259,080,800			259,080,800

Datuk Michael Hardin, Yong Foh Choi and Yong Kiam Sam, by virtue of their interests in shares of the Company, are deemed to have an interest in the shares of all subsidiaries under the Company to the extent that the Company has an interest.

The other Director in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

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 value 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Continued)

- 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 in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - ii) the values attributed to 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 method 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) 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.
- 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 its 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 or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS

Details of the subsequent events are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2010.

YONG FOH CHOI

YONG KIAM SAM

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **YONG FOH CHOI** and **YONG KIAM SAM**, being two of the Directors of **SEALINK INTERNATIONAL BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 33 to 74 are drawn up in accordance with Financial Reporting Standards 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 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 dated 30 April 2010.

YONG FOH CHOI

YONG KIAM SAM

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **LOW WAI HAR**, being the officer primarily responsible for the financial management of **SEALINK INTERNATIONAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 74 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 **LOW WAI HAR** at
Miri in the State of Sarawak on

LOW WAI HAR

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SEALINK INTERNATIONAL BERHAD

We have audited the financial statements of Sealink International Berhad, 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 33 to 74.

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 includes: 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the 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 Standards 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 of the Group and of the Company 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 have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of the subsidiary of which we have not acted as auditors, which is indicated in Note 16 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' reports 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.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Yong Nyet Yun
2708/04/12 (J)
Chartered Accountant

Miri, Malaysia
Date: 30 April 2010

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Revenue	4	193,225,738	236,261,652	24,119,283	22,066,081
Cost of sales	5	(124,939,490)	(140,402,063)	-	-
Gross profit		68,286,248	95,859,589	24,119,283	22,066,081
Other income	6	27,725,001	12,291,474	6,198	381,546
Other operating expenses		(4,224,632)	(1,495,042)	-	-
Administrative expenses		(22,278,306)	(19,324,677)	(2,736,057)	(259,020)
Profit from operations		69,508,311	87,331,344	21,389,424	22,188,607
Finance costs	7	(11,274,705)	(13,499,252)	-	-
Profit before tax	8	58,233,606	73,832,092	21,389,424	22,188,607
Income tax expense	11	(6,005,399)	(9,515,673)	(703,574)	(165,211)
Profit for the year/period		52,228,207	64,316,419	20,685,850	22,023,396
Attributable to:					
Equity holders of the Company		52,228,207	57,915,462	-	-
Minority interest		-	6,400,957	-	-
		52,228,207	64,316,419	20,685,850	22,023,396
Earnings per share attributable to Equity holders of the Company (sen):					
Basic, for profit for the year/period	12	10.45	20.79		

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

BALANCE SHEETS

AS AT 31 DECEMBER 2009

			Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM	
NON-CURRENT ASSETS						
Property, plant and equipment	14	395,690,536	305,309,013	6,774	-	
Prepaid land lease payments	15	51,028,500	52,275,536	-	-	
Investment in subsidiaries	16	-	-	212,108,002	211,607,999	
Other receivables	20	509,031	740,910	-	-	
		447,228,067	358,325,459	212,114,776	211,607,999	
CURRENT ASSETS						
Inventories	17	290,322,705	276,779,364	-	-	
Trade receivables	18	23,099,736	71,643,252	-	-	
Other receivables	20	36,582,367	99,877,987	146,537,928	139,238,673	
Tax recoverable		1,762,657	302,220	169,164	-	
Cash and bank balances	21	49,636,559	39,790,030	471,292	510,116	
		401,404,024	488,392,853	147,178,384	139,748,789	
CURRENT LIABILITIES						
Short term borrowings	22	210,422,324	207,401,537	-	-	
Trade payables	24	44,613,454	63,763,390	-	-	
Provisions	25	5,710,695	1,900,000	-	-	
Other payables	26	38,433,664	65,708,103	7,497,031	183,459	
Amount due to directors	27	1,674,885	1,656,901	-	-	
Amount due to holding company	28	182,717	110,852	-	-	
Current tax payable		672,452	1,989,557	-	63,050	
		301,710,191	342,530,340	7,497,031	246,509	
NET CURRENT ASSETS		99,693,833	145,862,513	139,681,353	139,502,280	
TOTAL ASSETS LESS CURRENT LIABILITIES		546,921,900	504,187,972	351,796,129	351,110,279	
NON-CURRENT LIABILITIES						
Long term borrowings	22	69,353,999	62,854,823	-	-	
Other payables	26	414,996	829,992	-	-	
Deferred tax liabilities	29	49,716,901	45,415,437	-	-	
		119,485,896	109,100,252	-	-	
		427,436,004	395,087,720	351,796,129	351,110,279	
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:						
Share capital	30	250,000,000	250,000,000	250,000,000	250,000,000	
Share premium	30	79,086,883	79,086,883	79,086,883	79,086,883	
Retained earnings	31	97,197,909	65,376,492	22,709,246	22,023,396	
Other reserves	32	1,151,212	624,345	-	-	
Total equity		427,436,004	395,087,720	351,796,129	351,110,279	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
	Share Capital (Note 30) RM	Share Premium (Note 30) RM	Other Reserves (Note 32) RM	Distributable Retained Earnings RM	Total RM	RM	RM
At date of incorporation	2	-	-	-	2	-	2
Effects arising from merger	139,291,047	-	-	7,461,030	146,752,077	13,283,951	160,036,028
At date of incorporation, as restated	139,291,049	-	-	7,461,030	146,752,079	13,283,951	160,036,030
Foreign currency translation	-	-	624,345	-	624,345	-	624,345
Profit for the period	-	-	-	57,915,462	57,915,462	6,400,957	64,316,419
Ordinary shares issued pursuant to:							
- acquisition of subsidiaries	40,740,000	-	-	-	40,740,000	-	40,740,000
- acquisition of minority interests of subsidiaries	13,283,951	-	-	-	13,283,951	(19,684,908)	(6,400,957)
- listing exercise	56,685,000	85,027,500	-	-	141,712,500	-	141,712,500
Listing expenses set off against share premium	-	(5,940,617)	-	-	(5,940,617)	-	(5,940,617)
At 31 December 2008	250,000,000	79,086,883	624,345	65,376,492	395,087,720	-	395,087,720
Foreign currency translation	-	-	526,867	-	526,867	-	526,867
Profit for the year	-	-	-	52,228,207	52,228,207	-	52,228,207
Write back of impairment loss	-	-	-	(406,790)	(406,790)	-	(406,790)
Dividend paid (Note 13)	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
At 31 December 2009	250,000,000	79,086,883	1,151,212	97,197,909	427,436,004	-	427,436,004

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

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital (Note 30) RM	Share Premium (Note 30) RM	Distributable Retained Earnings RM	Total Equity RM
At date of incorporation	2	-	-	2
Profit for the period	-	-	22,023,396	22,023,396
Ordinary shares issued pursuant to:				
- acquisition of subsidiaries	193,314,998	-	-	193,314,998
- listing exercise	56,685,000	85,027,500	-	141,712,500
Listing expenses set off against share premium	-	(5,940,617)	-	(5,940,617)
At 31 December 2008	250,000,000	79,086,883	22,023,396	351,110,279
Dividend paid (Note 13)	-	-	(20,000,000)	(20,000,000)
Profit for the year	-	-	20,685,850	20,685,850
At 31 December 2009	250,000,000	79,086,883	22,709,246	351,796,129

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	58,233,606	73,832,092	21,389,424	22,188,607
Adjustments for:				
Depreciation of property, plant and equipment	21,762,780	16,290,215	616	-
Amortisation of prepaid land lease payments	1,250,765	851,722	-	-
Property, plant and equipment written off	283,100	-	-	-
Write back of impairment loss	(542,388)	-	-	-
Provision for doubtful debt written back	(285,429)	-	-	-
Bad debt written off	214	-	-	-
Inventories written off	5,682	121,626	-	-
Provision for maintenance warranties	3,810,695	1,900,000	-	-
Provision for doubtful debts	3,402,052	611,819	-	-
Excess of fair value of assets and liabilities over purchase consideration for acquired subsidiaries	-	(9,297,926)	-	-
Unrealised (gain)/loss on foreign exchange	3,150,194	(803,142)	290,911	-
Gain on disposal of property, plant and equipment	(18,249,927)	(21,338)	-	-
Interest expenses	11,635,685	13,549,410	-	-
Interest income	(233,238)	(1,079,085)	(6,198)	(381,093)
Dividend income	-	-	(22,341,078)	(22,066,081)
Operating profit/(loss) before working capital changes	84,223,791	95,955,393	(666,325)	(258,567)
Increase in inventories	(11,455,023)	(86,854,635)	-	-
Decrease/(Increase) in receivables	110,589,669	(94,613,844)	(7,590,166)	(139,238,673)
(Decrease)/Increase in payables	(50,136,130)	51,999,118	7,313,572	183,459
Increase in amount due to holding company	293,456	759,311	-	-
Cash generated from/(absorbed by) operations	133,515,763	(32,754,657)	(942,919)	(139,313,781)
Interest received	-	556,064	-	-
Income tax refunded	9,475	600,023	6,419	-
Income tax paid	(4,355,357)	(2,542,030)	(116,529)	(31,080)
Interest paid	(11,635,685)	(13,549,410)	-	-
Net cash from/(used in) operating activities	117,534,196	(47,690,010)	(1,053,029)	(139,344,861)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	233,238	523,021	6,198	381,093
Dividend received	-	-	21,515,400	21,995,000
Acquisition of subsidiaries	-	(15,606,748)	(500,003)	(18,293,000)
Purchase of property, plant and equipment	(135,127,541)	(70,029,482)	(7,390)	-
Increase in prepaid land lease payments	(3,729)	(20,919,871)	-	-
Proceeds from disposal of property, plant and equipment	41,327,954	301,054	-	-
Net cash from/(used in) investing activities	(93,570,078)	(105,732,026)	21,014,205	4,083,093
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(20,000,000)	-	(20,000,000)	-
Proceeds from issuance of ordinary shares	-	135,771,884	-	135,771,884
Net movements in trade financing	16,732,000	19,406,200	-	-
Proceeds from term loans	33,410,000	42,654,050	-	-
Proceeds from hire purchase	-	76,800	-	-
Repayments of term loans	(23,451,954)	(15,527,733)	-	-
Repayment of hire purchase payables	(9,296,158)	(5,926,014)	-	-
Net movement in fixed deposit pledged	(1,208,801)	(3,030,799)	-	-
Net cash (used in)/from financing activities	(3,814,913)	173,424,388	(20,000,000)	135,771,884
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,149,205	20,002,352	(38,824)	510,116
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,851,101)	171,788	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/DATE OF INCORPORATION*	8,907,754	(11,266,386)	510,116	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR/ PERIOD (NOTE 21)	27,205,858	8,907,754	471,292	510,116

*** Remark:**

Cash and cash equivalents at beginning of financial year 2009 and date of incorporation of the Group were restated from RM13,346,442 to RM8,907,754 and from (RM9,858,497) to (RM11,266,386) respectively due to reclassification to exclude fixed deposits held on lien for bank guarantee and short term facilities.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

1. CORPORATE INFORMATION

The Company is a public listed company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak.

The immediate and ultimate holding company of the Company is Sealink Holdings Sdn. Bhd., which is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 April 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are shipping business, shipbuilding and repair of vessels and letting of properties. There have been no significant changes in the nature of the principal activities during the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements of the Group comply with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for vessels which have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM).

3.2 Standards and Interpretations issued but not yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group, which are:

Effective for financial periods beginning on or after 1 July 2009

- FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Standards and Interpretations Issued but Not Yet Effective (Continued)

Effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

The new FRSs and Interpretations, and amendments to certain Standards and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

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

3.3 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.

(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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Summary of Significant Accounting Policies (Continued)

a) Subsidiaries and Basis of Consolidation (Continued)

(ii) Basis of Consolidation (Continued)

Acquisitions of subsidiaries are accounted for using the purchase method except for subsidiaries arising from common control transfers. 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.

Subsidiaries arising from common control transfers are consolidated using the principles of the merger method of accounting. Common control transfers are acquisitions of entries whereby these entities have common ultimate controlling parties prior to and immediately after such transfers. The difference between the carrying value of the investment and the nominal value of ordinary shares acquired is treated as a merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. The results and financial position of the companies being merged are included as if the merger had been effected throughout the current financial year.

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 year in which they are incurred.

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

Capital work-in-progress is not depreciated as these assets are not available for use. 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 of:

Buildings and wharf	10 - 55 years
Vessels	20 years
Vessel equipment	1.5 - 10 years
Dry docking expenses	2.5 years
Equipment, furniture and fittings	5 - 10 years
Plant and machinery	10 years
Motor vehicles	5 - 6.25 years

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Summary of Significant Accounting Policies (Continued)

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

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) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred which will probably be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

d) Impairment of Non-Financial Assets

The carrying amounts of assets, other than construction contract assets and inventories, 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.

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.

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 to reduce the carrying amount of the 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.

An impairment loss for an asset 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 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Summary of Significant Accounting Policies (Continued)

e) Inventories

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

Cost is determined using the weighted average. 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. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

f) 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 and 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 recognised directly in 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 Statement, cash and cash equivalents include cash on hand and at bank, fixed deposits with licensed banks and 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 debts 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 future for goods and services received.

(iv) Interest-Bearing 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.

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

(v) Equity Instruments

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Summary of Significant Accounting Policies (Continued)

g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident 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

Assets acquired by way of hire purchase 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 or 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 consistent with that for depreciable property, plant and equipment as described in Note 3.3(b).

(iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

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 a prepaid lease payment and are amortised on a straight-line basis over the lease term.

h) 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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Summary of Significant Accounting Policies (Continued)

h) Income Tax (Continued)

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.

i) Provisions

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.

j) Employee Benefits

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.

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 periods. 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"). The Group's foreign subsidiary also makes contributions to its country's statutory post-employment benefit schemes.

k) Foreign Currencies

i) 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 translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translated.

Exchange differences arising on the settlement of monetary items, and on the translation 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. These 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Summary of Significant Accounting Policies (Continued)

k) Foreign Currencies (Continued)

i) Foreign Currency Transactions (Continued)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation 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.

ii) Foreign Operations

The results and financial position of foreign 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 operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

l) 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.

Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

Rental Income

Revenue is recognised as the rental accrued unless collectibility is in doubt.

Construction Revenue

Revenue from construction contracts is accounted for by percentage of completion method as described in Note 3.3(c).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

4. REVENUE

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
Construction revenue	131,104,619	163,815,694	-	-
Charter and hiring charges	62,121,119	72,405,958	-	-
Dividend income	-	-	22,341,078	22,066,081
Management fee	-	-	1,778,205	-
Rental income	-	40,000	-	-
	193,225,738	236,261,652	24,119,283	22,066,081

5. COST OF SALES

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
Construction contract costs	92,517,454	108,018,250	-	-
Cost of services rendered	32,422,036	32,383,813	-	-
	124,939,490	140,402,063	-	-

6. OTHER INCOME

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
Provision for doubtful debt written back	285,429	-	-	-
Excess of fair value of assets and liabilities over purchase consideration for subsidiaries acquired	-	9,297,926	-	-
Gain on disposal of property, plant and equipment	18,249,927	21,338	-	-
Gain on foreign exchange				
- Realised	2,544,790	469,541	-	453
- Unrealised	294,323	-	-	-
Interest income	233,238	1,079,085	6,198	381,093
Sundry income	5,574,906	1,423,584	-	-
Write back of impairment loss	542,388	-	-	-
	27,725,001	12,291,474	6,198	381,546

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

7. FINANCE COSTS

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
Interest expenses on:				
- Bank overdrafts	1,063,887	1,742,909	-	-
- Bankers acceptances	227,070	975,290	-	-
- Hire purchase	471,473	487,718	-	-
- Revolving credits	5,536,811	6,854,983	-	-
- Term loans	4,293,967	3,464,581	-	-
- Other interest	42,449	23,929	-	-
- Credit card	28	-	-	-
	11,635,685	13,549,410	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(38,973)	290,807	-	-
- Unrealised	(322,007)	(340,965)	-	-
	11,274,705	13,499,252	-	-

8. PROFIT BEFORE TAX

	Group		Company	
	1.1.2009	28.12.2007	1.1.2009	28.12.2007
	- 31.12.2009	- 31.12.2008	- 31.12.2009	- 31.12.2008
	RM	RM	RM	RM
This is arrived at after charging/(crediting):				
Employee benefits expense (Note 9)	23,130,366	22,198,097	1,977,608	-
Non-executive directors' remuneration (Note 10)	228,000	151,476	228,000	60,000
Auditors' remuneration				
- Current year/period	198,334	157,300	35,000	35,000
- Underprovision in prior year/period	10,391	37,900	-	-
Amortisation of prepaid land lease payments (Note 15)	1,250,765	851,722	-	-
Bad debt written off	214	-	-	-
Depreciation of property, plant and equipment (Note 14)	21,762,780	16,290,215	616	-
Inventories written off	5,682	121,626	-	-
Loss/(Gain) on foreign exchange:				
- Realised	1,164,349	2,456,187	-	-
- Unrealised	3,766,524	(462,177)	290,911	-
Office rental expenses	-	301,049	-	-
Rental of machinery	63,795	-	-	-
Rental of premises	459,813	262,200	-	-
Property, plant and equipment written off	283,100	-	-	-
Provision for doubtful debts	3,402,052	611,819	-	-
Provision for maintenance warranties	3,810,695	1,900,000	-	-

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Salaries and wages	21,040,524	20,224,403	1,785,945	-
Social security contributions	194,851	190,041	6,827	-
Contributions to defined contribution plan	1,880,274	1,760,804	184,836	-
Other benefits	14,717	22,849	-	-
	23,130,366	22,198,097	1,977,608	-

Included in employee benefits expense of the Group are the Executive Directors' remuneration amounting to RM843,038 (2008: RM658,564) as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Executive Directors' remuneration (Note 9)				
- Fees	24,000	330,000	24,000	-
- Other emoluments	819,038	328,564	184,872	-
	843,038	658,564	208,872	-
Non-executive directors' fees (Note 8)	228,000	151,476	228,000	60,000
Total directors' remuneration	1,071,038	810,040	228,000	60,000
Estimated money value of benefits-in-kind	26,139	25,625	-	-
Total directors' remuneration including benefits-in-kind	1,097,177	835,665	436,872	60,000

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Executive:				
Salaries	760,200	299,757	165,000	-
EPF	58,838	28,807	19,872	-
Fees	24,000	330,000	24,000	-
Estimated money value of benefits-in-kind	16,039	20,325	-	-
	859,077	678,889	208,872	-
Non-executive:				
Fees	228,000	151,476	228,000	60,000
Estimated money value of benefits-in-kind	10,100	5,300	-	-
	238,100	156,776	228,000	60,000
	1,097,177	835,665	436,872	60,000

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

10. DIRECTORS' REMUNERATION (Continued)

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

	Number of Directors	
	2009	2008
Executive Director:		
RM300,001 – RM350,000	-	2
RM350,001 – RM400,000	1	-
RM450,001 – RM500,000	1	-
Non-Executive Directors:		
Below RM50,000	3	3
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	1	-

11. INCOME TAX EXPENSE

	Group		Company	
	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Tax expense for the year/period:				
Based on profit for the year/period				
- Malaysian income tax	1,522,677	3,793,187	709,993	165,211
- Foreign tax	-	622	-	-
(Over)/Underprovision in prior year				
- Malaysian income tax	45,660	11,703	(6,419)	-
	<u>1,568,337</u>	<u>3,805,512</u>	<u>703,574</u>	<u>165,211</u>
Deferred tax (Note 29):				
Relating to origination of temporary differences	4,175,867	6,661,614	-	-
Relating to changes in tax rate	-	(995,501)	-	-
Underprovision in prior year	261,195	44,048	-	-
	<u>4,437,062</u>	<u>5,710,161</u>	<u>-</u>	<u>-</u>
	<u>6,005,399</u>	<u>9,515,673</u>	<u>703,574</u>	<u>165,211</u>

One of the subsidiaries has been granted Pioneer Status Incentive under the Promotion of Investments Act, 1986 with effect from 21 November 2006 for a period of 5 years.

The profit arising from the shipping operations of the subsidiary in Singapore is not subject to income tax.

Current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

11. INCOME TAX EXPENSE (Continued)

A reconciliation of income tax expense applicable to profit 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	
	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Profit before tax	58,233,606	73,832,092	21,389,424	22,188,607
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	14,558,402	19,196,344	5,347,356	5,769,038
Effect of income subject to tax rate of 20%	(222)	(182,017)	-	-
Effect of expenses not deductible for tax purposes	5,702,548	3,573,250	122,629	62,273
Effect of income not subject to tax	(11,839,927)	(10,946,528)	(4,759,592)	(5,666,100)
Effect of tax incentive	(3,008,139)	(1,149,846)	-	-
Effect of changes in tax rate on opening balance of deferred tax	-	(731,467)	-	-
Deferred tax recognised at different tax rates	-	(264,034)	-	-
Deferred tax assets not recognised during the year/period	273,385	89,112	(400)	-
Underprovision of deferred tax in prior year/period	261,195	44,048	-	-
Underprovision of tax expense in prior year/period	45,660	11,703	(6,419)	-
Others	12,497	(124,892)	-	-
Tax expense for the year/period	6,005,399	9,515,673	703,574	165,211

Group have unutilised tax losses and unabsorbed capital allowances available for carrying forward of approximately:

	Group	
	2009 RM	2008 RM
Unutilised tax losses	1,259,975	497,125
Unabsorbed capital allowances	11,134,130	17,772,922
	12,394,105	18,270,047

The availability of the unabsorbed tax losses and unabsorbed capital allowances for offsetting against future taxable profits are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

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/period.

	2009 RM	2008 RM
Profit attributable to ordinary equity holders of the Company	52,228,207	57,915,462
	<hr/>	<hr/>
	2009	2008
Weighted average number of ordinary shares in issue	500,000,000	278,609,455
	<hr/>	<hr/>
	2009 Sen	2008 Sen
Basic earnings per share for profit for the year/period	10.45	20.79
	<hr/>	<hr/>

The number of shares issued at the end of year 2008 was 500,000,000. The calculation of weighted average number of ordinary shares in issue for 2008 has taken into consideration that these shares were in place only upon issuance of new shares during the year to acquire subsidiaries and to the public.

Diluted

There are no new ordinary shares issued during the financial year. As such, the diluted earnings per share amount of the Group is equivalent to basic earnings per share.

13. DIVIDENDS

	Dividends in respect of Year		Dividends recognised in Year	
	2009 RM	2008 RM	2009 RM	2008 RM
Recognised during the year:				
Final single tier tax exempt dividend for 2008: 8% on 500,000,000 ordinary shares (4 sen per ordinary share)	-	20,000,000	20,000,000	-
Proposed for approval at annual general meeting (not recognised as at 31 December):	20,000,000	-	-	-
Final single tier tax exempt dividend for 2009: 8% on 500,000,000 ordinary shares (4 sen per ordinary share)				
	<hr/>	<hr/>	<hr/>	<hr/>
	20,000,000	20,000,000	20,000,000	-
	<hr/>	<hr/>	<hr/>	<hr/>

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2009, of 8% on 500,000,000 ordinary shares, amounting to a dividend payable of RM20,000,000 (4 sen per ordinary share) shall be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and wharf* RM	Vessels and vessel equipment RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
GROUP						
At 31 December 2009						
Cost or Valuation						
At 1.1.2009	20,402,108	259,277,210	6,901,030	31,216,928	4,010,233	321,807,509
Transfer from capital work in progress	10,473,044	-	-	-	-	10,473,044
Additions	1,491,598	26,986,718	430,556	8,193,382	184,256	37,286,510
Disposals	-	(25,187,849)	(480)	(363,000)	-	(25,551,329)
Written off	-	(308,836)	-	-	-	(308,836)
Adjustment	-	(66,765)	-	-	-	(66,765)
Exchange rate difference	-	394,200	509	-	-	394,709
At 31.12.2009	32,366,750	261,094,678	7,331,615	39,047,310	4,194,489	344,034,842
Representing:						
At cost	32,366,750	4,085,139	7,331,615	39,047,310	4,194,489	87,025,303
At valuation	-	257,009,539	-	-	-	257,009,539
At 31.12.2009	32,366,750	261,094,678	7,331,615	39,047,310	4,194,489	344,034,842
Accumulated Depreciation						
At 1.1.2009	4,419,069	9,661,184	1,952,473	7,875,806	2,149,311	26,057,843
Charge for the year (Note 8)	949,679	16,031,053	820,631	3,420,296	541,121	21,762,780
Disposals	-	(2,239,388)	(64)	(233,850)	-	(2,473,302)
Written off	-	(25,736)	-	-	-	(25,736)
Exchange rate difference	-	16,411	409	-	-	16,820
At 31.12.2009	5,368,748	23,443,524	2,773,449	11,062,252	2,690,432	45,338,405
Net Carrying Amount						
At cost	26,998,002	2,361,962	4,558,166	27,985,058	1,504,057	63,407,245
At valuation	-	235,289,192	-	-	-	235,289,192
At 31.12.2009	26,998,002	237,651,154	4,558,166	27,985,058	1,504,057	298,696,437
Capital Work-In Progress						
At 1.1.2009						9,559,347
Additions						97,907,796
Transfer to property, plant and equipment						(10,473,044)
At 31.12.2009						96,994,099
						395,690,536

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings and wharf* RM	Vessels and vessel equipment RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
GROUP						
At 31 December 2008						
Cost or Valuation						
At date of incorporation	14,430,734	147,682,238	4,690,286	26,819,430	2,918,807	196,541,495
Revaluation surplus	-	63,969,270	-	-	-	63,969,270
Elimination of accumulated depreciation on valuation	-	(26,840,926)	-	-	-	(26,840,926)
Subsidiaries acquired	-	12,025,262	39,860	-	-	12,065,122
Reclassification	-	877,804	-	-	25,327	903,131
Transfer from capital work in progress	1,959,152	11,311,424	-	236,292	-	13,506,868
Additions	4,012,222	50,110,504	2,170,316	4,369,646	1,209,707	61,872,395
Disposals	-	(29,650)	-	(208,440)	(143,608)	(381,698)
Exchange rate difference	-	171,284	568	-	-	171,852
At 31.12.2008	20,402,108	259,277,210	6,901,030	31,216,928	4,010,233	321,807,509
Representing:						
At cost	20,402,108	3,339,683	6,901,030	31,216,928	4,010,233	65,869,982
At valuation	-	255,937,527	-	-	-	255,937,527
At 31.12.2008	20,402,108	259,277,210	6,901,030	31,216,928	4,010,233	321,807,509
Accumulated Depreciation						
At date of incorporation	3,707,132	24,960,745	1,309,773	4,894,754	1,740,888	36,613,292
Elimination of accumulated depreciation on valuation	-	(26,840,926)	-	-	-	(26,840,926)
Subsidiaries acquired	-	66,867	26,583	-	-	93,450
Charge for the period (Note 8)	711,937	11,472,652	615,705	2,981,052	508,869	16,290,215
Disposals	-	(1,536)	-	-	(100,446)	(101,982)
Exchange rate difference	-	3,382	412	-	-	3,794
At 31.12.2008	4,419,069	9,661,184	1,952,473	7,875,806	2,149,311	26,057,843
Net Carrying Amount						
At cost	15,983,039	2,371,373	4,948,557	23,341,122	1,860,922	48,505,013
At valuation	-	247,244,653	-	-	-	247,244,653
At 31.12.2008	15,983,039	249,616,026	4,948,557	23,341,122	1,860,922	295,749,666
Capital Work-In Progress						
At date of incorporation						23,967,394
Additions						8,842,551
Transfer to property, plant and equipment						(13,506,868)
Transfer to stock						(903,131)
Reclassification						(8,840,599)
At 31.12.2008						9,559,347
						305,309,013

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

*Buildings and Wharf

GROUP	Workshop and Renovation RM	Wharf, Yard and Buildings RM	Total RM
At 31 December 2009			
Cost			
At 1 January 2009	1,695,798	18,706,310	20,402,108
Transfer from capital work in progress	-	10,473,044	10,473,044
Additions	86,704	1,404,894	1,491,598
At 31 December 2009	1,782,502	30,584,248	32,366,750
Accumulated Depreciation			
At 1 January 2009	809,883	3,609,186	4,419,069
Charge for the year	171,224	778,455	949,679
At 31 December 2009	981,107	4,387,641	5,368,748
Net Carrying Amount			
At 31 December 2009	801,395	26,196,607	26,998,002
At 31 December 2008			
Cost			
At date of incorporation	1,598,082	12,832,652	14,430,734
Transfer from capital work in progress	24,084	1,935,068	1,959,152
Additions	73,632	3,938,590	4,012,222
At 31 December 2008	1,695,798	18,706,310	20,402,108
Accumulated Depreciation			
At date of incorporation	648,122	3,059,010	3,707,132
Charge for the period	161,761	550,176	711,937
At 31 December 2008	809,883	3,609,186	4,419,069
Net Carrying Amount			
At 31 December 2008	885,915	15,097,124	15,983,039

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY	Signboard RM	Total RM
Cost		
At 1 January 2009 and at 31 December 2009	7,390	7,390
Accumulated Depreciation		
At 1 January 2009	-	-
Charge for the year (Note 8)	616	616
At 31 December 2009	616	616
Net Carrying Amount		
At 31 December 2009	6,774	6,744
At 31 December 2008	-	-

- i) The net book values of property, plant and equipment and vessels pledged to financial institutions for bank borrowings as referred to in Note 22 are as follows:

	2009 RM	Group 2008 RM
Vessels	163,915,766	157,285,740

- ii) The costs and net book values of property, plant and equipment held under hire purchase arrangements are as follows:

	Plant and Machinery RM	Motor Vehicles RM	Capital Work-in- Progress RM	Total RM
GROUP				
Cost				
At 31 December 2009	4,993,400	1,665,551	3,849,200	10,508,151
At 31 December 2008	9,554,700	1,885,328	649,200	12,089,228
Net Book Value				
At 31 December 2009	3,720,817	801,452	3,849,200	8,371,469
At 31 December 2008	7,385,326	1,164,621	649,200	9,199,147

- iii) In 2008, the Group acquired property, plant and equipment with total cost of RM70,714,946 of which RM693,160 was under hire purchase arrangement.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

- iv) The vessels were revalued on 6 June 2008 by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.
- v) At 31 December 2009, had the revalued vessels of the Group been carried under cost model, the carrying amount would have been RM182,289,987 (2008: RM154,050,525).

15. PREPAID LAND LEASE PAYMENTS

	2009 RM	Group 2008 RM
At 1 January/Date of incorporation	52,275,536	32,207,387
Additions	3,729	20,919,871
Amortisation for the year/period (Note 8)	(1,250,765)	(851,722)
At 31 December	51,028,500	52,275,536
Analysed as:		
Long term leasehold land	9,047,343	9,404,730
Short term leasehold land	41,981,157	42,870,806
	51,028,500	52,275,536

Leasehold land with an aggregate carrying value of RM18,804,150 (2008: RM19,075,328) are pledged as securities for bank borrowings as referred to in Note 22.

The leasehold land were revalued on 31 December 2006 by Colliers, Jordan Lee & Jaafar Sdn. Bhd., an independent valuer. Fair value is determined by reference to open market values.

16. INVESTMENT IN SUBSIDIARIES

	2009 RM	Company 2008 RM
Unquoted shares, at cost	212,108,002	211,607,999

Details of the subsidiaries are as follows:

Name of Companies	Country of Incorporation	Principal Activities	Percentage of Equity Held	
			2009 %	2008 %
Cergas Majusama Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Era Sureway Sdn. Bhd.	Malaysia	Regional and coastal Shipping business	100	100
Era Surplus Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

16. INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows:

Name of Companies	Country of Incorporation	Principal Activities	Percentage of Equity Held	
			2009 %	2008 %
Midas Choice Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Godrimaju Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Euroedge Sdn. Bhd.	Malaysia	Inactive	100	100
Navitex Shipping Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Seabright Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Engineering And Slipway Sdn. Bhd.	Malaysia	Shipbuilding, repair of vessels and related works	100	100
Sealink Management Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Marine Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Pacific Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Sdn. Bhd.	Malaysia	Regional and coastal shipping business and letting of properties	100	100
Sutherland Resources Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Shipyard Sdn. Bhd.	Malaysia	Shipbuilding and repair of vessels	100	100
Sea-Good Pte Ltd*	Singapore	Investment holding in shares, ship and boat leasing with operator (including chartering)	100	100
Sealink Offshore (L) Ltd.	Malaysia	Investment holding	100	-
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Sealink Engineering And Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristol View Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Midas Choice Sdn. Bhd.				
Sea Legend Shipping Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Sealink Offshore (L) Ltd.				
Sealink Resources (L) Ltd.	Malaysia	Ship owning	100	-
Sealink Marine (L) Ltd.	Malaysia	Ship owning	100	-

* Audited by a firm other than Ernst & Young.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

16. INVESTMENT IN SUBSIDIARIES (Continued)

Acquisition of subsidiaries

Sealink Offshore (L) Ltd.

During the year, the Company acquired 100% equity interest in Sealink Offshore (L) Ltd., an unlisted company incorporated in the Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

Sealink Marine (L) Ltd.

During the year, the Company acquired 100% equity interest in Sealink Marine (L) Ltd., an unlisted company incorporated in the Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

Sealink Resources (L) Ltd.

During the year, the Company acquired 100% equity interest in Sealink Resources (L) Ltd., an unlisted company incorporated in the Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

- (a) The acquisition of Sealink Offshore (L) Ltd., Sealink Marine (L) Ltd., and Sealink Resources (L) Ltd. in 2009 and the acquisition of Sea-Good Pte. Ltd. in 2008 have contributed the following results to the Group:

	2009 RM	2008 RM
Revenue	-	2,071,624
(Loss)/Profit after tax	(257,127)	437,487

In 2008, if the acquisitions had occurred on 1 January 2008, the Group's revenue and profit for the year would have been RM3,538,828 and RM1,114,337 respectively.

The assets and liabilities arising from the acquisition are as follows:

	2009 RM	Acquiree's carrying amount 2008 RM
Property, plant and equipment	-	11,971,672
Trade and other receivables	-	37,900,746
Cash and bank balances	3	2,686,252
	3	52,558,670
Trade and other payables	-	(6,444,144)
Borrowings	-	(2,445,702)
Deferred tax liabilities	-	(2,137)
	-	(8,891,983)
Fair value of net assets	3	43,666,687
Less: Minority interests	-	-
Group's share of net assets	3	43,666,687
Reserve on acquisition	-	(2,926,687)
Total cost of acquisition	3	40,740,000

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

16. INVESTMENT IN SUBSIDIARIES (Continued)

	Acquiree's carrying amount	
	2009 RM	2008 RM
The cost of acquisition comprised the following:		
Purchase consideration satisfied by:		
- Cash	3	-
- Ordinary shares issued	-	40,740,000
	<hr/> 3	<hr/> 40,740,000
The cash outflow on acquisition is as follows:		
Purchase consideration satisfied by cash	3	-
Cash and cash equivalents of subsidiary acquired	(3)	(2,686,252)
	<hr/> (3)	<hr/> (2,686,252)
Net cash outflow of the group	-	(2,686,252)

- (b) In 2008, the acquisition of all the subsidiaries except Sea-Good Pte. Ltd. arises from a common control transfer and was consolidated under the principles of merger method of accounting.

The acquisition of these subsidiaries involved acquiring minority interests in Midas Choice Sdn. Bhd., Godrimaju Sdn. Bhd. and Sealink Shipyard Sdn. Bhd. for 100% ownership. The acquisitions of these minority interests were accounted for by purchase method.

The effects of the acquisition of these subsidiaries on the financial statements of the Group are as follows:

	2008 RM
Nominal value of ordinary shares issued	152,574,998
Less: Minority interests	(13,283,951)
	<hr/> 139,291,047
Acquisition of subsidiaries for cash	18,293,000
	<hr/> 157,584,047
Less: Nominal value of ordinary shares acquired	(9,477,502)
	<hr/> 148,106,545
Merger deficit arising	

The merger deficit arising has been set-off against the following reserves of the subsidiaries acquired as their usage is not prohibited by laws or statutes:

	Balance before set off RM	Utilised against merger deficit RM	Balance after set off RM
At date of incorporation			
Asset revaluation reserve	55,533,002	(55,533,002)	-
Retained earnings	100,034,573	(92,573,543)	7,461,030
	<hr/> 155,567,575	<hr/> (148,106,545)	<hr/> 7,461,030

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

16. INVESTMENT IN SUBSIDIARIES (Continued)

The acquired subsidiaries have contributed the following results to the Group:

	2008 RM
Revenue*	234,190,028
Profit after tax*	63,992,700

* Computed on a basis of a full financial year as merger method of accounting has been adopted.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount 2008 RM
Property, plant and equipment	247,864,867
Prepaid land lease payments	32,207,387
Goodwill on consolidation	29,718
Inventories	182,133,455
Trade and other receivables	66,342,591
Tax recoverable	504,538
Cash and bank balances	9,929,633
	539,012,189
Borrowings	(212,293,275)
Trade and other payables	(108,358,400)
Tax payable	(326,210)
Deferred tax liabilities	(39,705,276)
	(360,683,161)
Carrying value of net assets	178,329,028
Less: Minority interests	(13,283,951)
Group's share of net assets	165,045,077

17. INVENTORIES

	2009 RM	Group 2008 RM
At cost:		
Vessel parts and materials	332,708	527,144
Machinery and equipment	60,113,737	87,946,464
Consumables	335,253	429,322
Raw materials	24,207,926	61,567,251
Work-in-progress	205,333,081	126,309,183
	290,322,705	276,779,364

The Group acquired inventories of RM2,094,000 (2008: RM7,794,900) under hire purchase arrangement. As at 31 December 2009, the cost of the inventories of RM3,220,000 (2008: RM8,661,000) are under hire purchase arrangement.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

18. TRADE RECEIVABLES

	2009 RM	Group 2008 RM
Trade receivables	26,721,053	44,294,966
Due from customers on contracts (Note 19)	-	28,140,517
	26,721,053	72,435,483
Less: Provision for doubtful debts	(3,621,317)	(792,231)
	23,099,736	71,643,252

The Group's normal trade credit terms range from 30 to 60 days.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

19. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	2009 RM	Group 2008 RM
Construction contract costs incurred to date	118,207,381	131,904,560
Attributable profit	22,908,579	40,075,705
	141,115,960	171,980,265
Less: Progressive billings	(150,882,795)	(143,839,748)
	(9,766,835)	28,140,517
Due from customers on contracts (Note 18)	-	28,140,517
Due to customers on contracts (Note 24)	(9,766,835)	-
	(9,766,835)	28,140,517

20. OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
Due from subsidiaries	-	-	146,516,708	139,238,585
Deposits	32,054,571	43,352,957	-	-
Prepayments	3,332,166	53,983,264	1,375	-
Interest receivable	-	88	-	88
Sundry receivables	1,195,630	2,541,678	19,845	-
	36,582,367	99,877,987	146,537,928	139,238,673
Non-current				
Deposits	509,031	740,910	-	-
	37,091,398	100,618,897	146,537,928	139,238,673

The amount due from subsidiaries is unsecured, interest free and has no fixed term of repayment.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits with licensed banks	13,447,489	8,225,247	-	280,000
Cash on hand and at bank	36,189,070	31,564,783	471,292	230,116
Cash and bank balances	49,636,559	39,790,030	471,292	510,116

Deposits with licensed banks of the Group amounting to RM3,891,387 (2008: RM3,488,905) are pledged to banks for bank guarantees issued to third parties and for short term facilities granted by the banks to the Group.

Fixed deposits of the Group amounting to RM1,285,777 (2008: RM1,234,829) are registered under the name of a Director.

The effective interest rates and the maturity of deposits of the Group as at the balance sheet date are as follows:

	Interest rate		Maturity	
	2009 %	2008 %	2009 Days	2008 Days
Deposits with licensed banks	1.00 - 3.70	2.40 - 3.88	4 - 365	6 - 365

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	49,636,559	39,790,030	471,292	510,116
Less: Bank overdrafts (Note 22)	(16,783,212)	(26,443,588)	-	-
	32,853,347	13,346,442	471,292	510,116
Less: Fixed deposits pledged as security	(5,647,489)	(4,438,688)	-	-
	27,205,858	8,907,754	471,292	510,116

22. BORROWINGS

	Group	
	2009 RM	2008 RM
Short Term Borrowings		
Secured:		
Bank overdrafts	12,316,438	11,523,851
Term loans	21,401,620	20,113,936
Revolving credits	102,067,192	82,991,192
Bankers acceptances	7,814,000	10,125,000
Hire purchase (Note 23)	2,389,300	7,727,821
	145,988,550	132,481,800
Unsecured:		
Bank overdrafts	4,466,774	14,919,737
Revolving credits	50,000,000	50,000,000
Bankers acceptances	9,967,000	10,000,000
	64,433,774	74,919,737
	210,422,324	207,401,537

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

22. BORROWINGS (Continued)

	2009 RM	Group 2008 RM
Long Term Borrowings		
Secured:		
Term loans	68,856,422	60,493,609
Hire purchase (Note 23)	497,577	2,361,214
	<hr/> 69,353,999	<hr/> 62,854,823
Total Borrowings		
Bank overdrafts (Note 21)	16,783,212	26,443,588
Term loans	90,258,042	80,607,545
Revolving credits	152,067,192	132,991,192
Bankers acceptances	17,781,000	20,125,000
Hire purchase (Note 23)	2,886,877	10,089,035
	<hr/> 279,776,323	<hr/> 270,256,360
Maturity of borrowings (excluding hire purchase):		
Within one year	208,033,114	199,673,716
More than 1 year and less than 2 years	20,139,723	18,564,402
More than 2 years and less than 5 years	42,345,157	35,179,637
5 years or more	6,371,452	6,749,570
	<hr/> 276,889,446	<hr/> 260,167,325

The effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	2009 %	Group 2008 %
Bank overdrafts	6.80	7.90 - 8.25
Fixed loans	3.58 - 7.05	5.00 - 8.25
Floating rate loans	3.45 - 6.70	5.24 - 7.90
Revolving credits	3.51 - 4.15	4.93 - 5.20
Bankers acceptances	2.40 - 3.88	4.00 - 5.30

The bank overdrafts, term loans, bankers acceptances and revolving credits are secured by the following:

- Fixed charges over landed property and certain assets of the subsidiaries as disclosed in Note 15;
- First legal charge over the vessels of the subsidiaries as disclosed in Note 14;
- A Director's fixed deposits with the bank; and
- Deed of debenture incorporating a fixed and floating charge over all current and future fixed and floating assets of certain subsidiaries.

In additions, certain term loans are guaranteed jointly and severally by the Directors of the subsidiaries.

31 DECEMBER 2009

	2009 RM	Group 2008 RM
Minimum lease payments:		
Not later than 1 year	2,499,638	8,077,223
Later than 1 year but not later than 2 years	464,371	2,196,313
Later than 2 years but not later than 5 years	41,664	222,036
Total future minimum lease payments	3,005,673	10,495,572
Less: Future finance charges	(118,796)	(406,537)
Present value of finance lease liabilities	2,886,877	10,089,035

	Group	
	2009 RM	2008 RM
Present value of finance lease liabilities:		
Not later than 1 year	2,389,300	7,727,821
Later than 1 year but not later than 2 years	456,537	2,144,602
Later than 2 years but not later than 5 years	41,040	216,612
	2,886,877	10,089,035
Less: Amount due within 12 months (Note 22)	(2,389,300)	(7,727,821)
Amount due after 12 months (Note 22)	497,577	2,361,214

24. TRADE PAYABLES

	2009 RM	Group 2008 RM
Trade payables	34,846,619	63,763,390
Due to customers on contracts (Note 19)	9,766,835	-
	<u>44,613,454</u>	<u>63,763,390</u>

Included in trade payables of the Group is an amount of RM1,744,592 (2008: RM2,331,663) due to companies in which certain Directors have substantial financial interests.

The Group gives 180 days warranties on defective workmanship and/or materials not discoverable on delivery of the vessel which become apparent during the warranty period. Specific provision is made according to the terms of each shipbuilding agreement or sale agreement.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

26. OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
Due to subsidiaries	-	-	7,084,737	-
Deposits	5,575,709	34,307,161	-	-
Accruals	6,025,020	7,978,466	392,819	153,429
Land premium payables	889,386	474,390	-	-
Sundry payables	25,943,549	22,948,086	19,475	30,030
	38,433,664	65,708,103	7,497,031	183,459
Non-Current				
Land premium payables	414,996	829,992	-	-
	38,848,660	66,538,095	7,497,031	183,459

Included in sundry payables of the Group is an amount of RM14,593,259 (2008: RM19,495,298) due to companies owned substantially by certain Directors.

27. AMOUNT DUE TO DIRECTORS

The amount due to Directors is loan from Directors to one of the subsidiary. It is unsecured and interest free. The company is making arrangement to settle this loan.

28. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, interest free and has no fixed term of repayment.

29. DEFERRED TAX LIABILITIES

	Group	
	2009 RM	2008 RM
At date of incorporation	45,415,437	23,841,921
Transfer from revaluation surplus (Note 32)	-	15,863,355
Recognised in income statement (Note 11)	4,437,062	5,710,161
Write back of impairment loss	(135,598)	-
At 31 December	49,716,901	45,415,437

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

29. DEFERRED TAX LIABILITIES (Continued)

The components and movements of deferred tax liabilities and assets during the financial year/period prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM	Revaluation of land and property, plant and equipment RM	Total RM
At 1 January 2009	27,906,485	22,073,643	49,980,128
Write back of impairment loss	-	(135,598)	(135,598)
Recognised in income statement	5,564,987	(2,596,911)	2,968,076
At 31 December 2009	33,471,472	19,341,134	52,812,606
At date of incorporation	20,879,881	7,145,298	28,025,179
Transfer from revaluation surplus	-	15,863,355	15,863,355
Recognised in income statement	7,026,604	(935,010)	6,091,594
At 31 December 2008	27,906,485	22,073,643	49,980,128

Deferred tax assets of the Group:

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2009	(121,460)	(4,443,231)	(4,564,691)
Recognised in income statement	(45,432)	1,514,418	1,468,986
At 31 December 2009	(166,892)	(2,928,813)	(3,095,705)
At date of incorporation	(134,993)	(4,048,265)	(4,183,258)
Recognised in income statement	13,533	(394,966)	(381,433)
At 31 December 2008	(121,460)	(4,443,231)	(4,564,691)

31 DECEMBER 2009

30. SHARE CAPITAL AND SHARE PREMIUM

Group	Number of Ordinary Shares of RM0.50 Each	Share Capital (Issued and Fully Paid)	Share Capital (Issued and Fully Paid) RM	Amount Total Share Premium RM	Share Capital and Share Premium RM
At date of incorporation	3	2	-	-	2
Effects arising from merger (Note 16 (a))	278,582,096	139,291,047	-	-	139,291,047
At date of incorporation, as restated	278,582,099	139,291,049	-	-	139,291,049
Ordinary shares issued pursuant to:					
- acquisition of subsidiaries	81,479,997	40,740,000	-	-	40,740,000
- acquisition of minority interest of subsidiaries	26,567,904	13,283,951	-	-	13,283,951
- listing exercise (Note 37)	113,370,000	56,685,000	85,027,500	141,712,500	
Listing expenses set off against share premium	-	-	(5,940,617)	(5,940,617)	
At 31 December 2008 and at 31 December 2009	500,000,000	250,000,000	79,086,883	329,086,883	
Company					
At date of incorporation	3	2	-	-	2
Ordinary shares issued pursuant to:					
- acquisition of subsidiaries	386,629,997	193,314,998	-	-	193,314,998
- listing exercise (Note 37)	113,370,000	56,685,000	85,027,500	141,712,500	
Listing expenses set off against share premium	-	-	(5,940,617)	(5,940,617)	
At 31 December 2008 and at 31 December 2009	500,000,000	250,000,000	79,086,883	329,086,883	

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised share capital:				
At 1 January	1,000,000,000	200,000	500,000,000	100,000
Created during the year/period	-	999,800,000	-	499,900,000
At 31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

31. RETAINED EARNINGS

As at 31 December 2009, the Company did not have any tax credits to frank tax-paid dividends. The Company may distribute dividends out of its entire retained earnings under Section 108 of the Income Tax Act, 1967 as single tier tax exempt dividends.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

32. OTHER RESERVES

	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Total RM
At date of incorporation	7,427,087	-	7,427,087
Revaluation surplus	63,969,270	-	63,969,270
Transfer to deferred tax (Note 29)	(15,863,355)	-	(15,863,355)
Exchange differences on translation of the financial statements of foreign entities	-	624,345	624,345
	55,533,002	624,345	56,157,347
Effects arising from mergers	(55,533,002)	-	(55,533,002)
	-	624,345	624,345
At 31 December 2008	-	624,345	624,345
Exchange differences on translation of the financial statements of foreign entities	-	526,866	526,866
	-	1,151,211	1,151,211
At 31 December 2009	-	1,151,211	1,151,211

33. RELATED PARTY DISCLOSURES

	Group		Company	
	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM	1.1.2009 - 31.12.2009 RM	28.12.2007 - 31.12.2008 RM
Transactions with holding company				
Dividend paid	10,363,232	-	10,363,232	-
Transactions with subsidiaries				
Dividend income	-	-	22,341,078	22,066,081
Management fee	-	-	1,778,205	-
Transactions with companies in which certain Directors have substantial interests				
Contract for sandblasting and painting	255,999	-	-	-
Rental paid	207,713	244,850	-	-
Hiring charges	131,500	66,000	-	-
Legal and professional fees	160,660	325,391	-	-
Purchase of materials*	-	9,064,459	-	-
* incurred prior to 1 March 2008				
Transactions with a company in which a key management personnel has substantial interest				
Purchase of materials	-	398,887	-	-
Transactions with a company in which a person connected with certain Directors has substantial interest				
Contract for sandblasting and painting	-	1,388,998	-	-

The Directors are of the opinion that all the above transactions 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

33. RELATED PARTY DISCLOSURES (Continued)

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	2,880,669	2,644,910	1,214,985	60,000
Post-employment benefits:				
Defined contribution plan	265,266	223,333	115,589	-
	<u>3,145,935</u>	<u>2,868,243</u>	<u>1,330,574</u>	<u>60,000</u>
Included in the total remuneration of key management are:				
Directors' remuneration (Note 10)	<u>1,071,038</u>	<u>810,040</u>	<u>436,872</u>	<u>60,000</u>

34. CAPITAL COMMITMENTS

	Group	
	2009 RM	2008 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	<u>32,387,830</u>	<u>7,887,396</u>
Approved but not contracted for:		
Property, plant and equipment	<u>88,000,000</u>	<u>120,000,000</u>

35. CONTINGENT LIABILITIES

Guarantees to banks and financial institutions for credit facilities granted to subsidiaries are as follows:

	Company	
	2009 RM	2008 RM
Corporate guarantees	<u>156,779,475</u>	<u>10,456,363</u>

36. COMPARATIVE FIGURES

The comparative figures are in respect of the period from 28 December 2007, the date of incorporation, to 31 December 2008. Accordingly, comparative amounts for the income statements, statements of changes in equity, cash flow statements and the related notes are not comparable.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

37. 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 liquidity, interest rate, foreign exchange and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

b) Liquidity Risk

The Group actively manages its debt maturity profiles, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

c) Interest Rate Risk

The Group's primary interest rate risk relates to interest bearing debt, as the Group has no substantial long-term interest bearing assets as at 31 December 2009. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

d) Foreign Exchange Risk

The Group mainly transacts in Ringgit Malaysia and is exposed to rate fluctuation between Ringgit Malaysia and United States Dollar, Singapore Dollar, Papua New Guinea Kina, Euro and Great Britain Pound.

The financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	United States Dollar RM	Singapore Dollar RM	Papua New Guinea Kina RM	Euro RM	Great Britain Pound RM	Total RM
Group						
At 31 December 2009:						
Ringgit Malaysia	(22,684,248)	(13,504,103)	-	(7,107,434)	22,156	(43,273,629)
Singapore Dollar	4,780,251	-	-	-	-	4,780,251
	<u>(17,903,997)</u>	<u>(13,504,103)</u>	<u>-</u>	<u>(7,107,434)</u>	<u>22,156</u>	<u>(38,493,378)</u>
At 31 December 2008:						
Ringgit Malaysia	1,323,489	(24,100,591)	(60,006)	(6,455,707)	-	(29,292,815)

e) Credit Risk

Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high credit worthiness.

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 instruments.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

37. FINANCIAL INSTRUMENTS (Continued)

f) Fair Values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 31 December 2009					
Amount due from subsidiaries	20	-	*	146,516,708	*
Amount due to subsidiaries	26	-	*	7,084,737	*
Amount due to directors	27	1,674,885	*	-	*
Amount due to holding company	28	182,717	*	-	*
At 31 December 2008					
Amount due from subsidiaries	20	-	*	139,238,585	*
Amount due to subsidiaries	26	-	*	-	*
Amount due to directors	27	1,656,901	*	-	*
Amount due to holding company	28	110,852	*	-	*

* It is not practical to estimate the fair values of amounts due from/to subsidiaries, Directors and holding company due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles. The current interest rates approximate the contractual interest rates.

38. SEGMENTAL INFORMATION

a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

b) Business segments

The Group comprises the following main business segments:

- Shipbuilding; and
 - Chartering of vessels
- The Group builds and charters, amongst others, multipurpose supply vessels, crew boats, tug boats, steel dumb barges and landing craft which are mainly used in the offshore oil and gas industry.

Other operations of the Group mainly comprise of investment holding and letting of properties, neither of which constitutes a separately reportable segment.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

38. SEGMENTAL INFORMATION (Continued)

c) Geographical segments

Segmental reporting by geographical segments has not been prepared as the Group's operations are carried out predominantly in Malaysia.

d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	Continuing operations			
	Shipbuilding RM	Chartering RM	Others RM	Total RM
31 December 2009				
Revenue				
Total revenue	163,104,619	62,121,119	-	225,225,738
Inter-segment sales	(32,000,000)	-	-	(32,000,000)
Sales to external customers	131,104,619	62,121,119	-	193,225,738
Results				
Segment operating profit/(loss)	28,168,642	43,666,494	(2,326,825)	69,508,311
Finance costs				(11,274,705)
Profit before tax				58,233,606
Income tax expense				(6,005,399)
Net profit for the year				52,228,207
31 December 2008				
Revenue				
Total revenue	221,229,294	72,405,958	40,000	293,675,252
Inter-segment sales	(57,413,600)	-	-	(57,413,600)
Sales to external customers	163,815,694	72,405,958	40,000	236,261,652
Results				
Segment operating profit/(loss)	48,755,584	29,251,640	(3,806)	78,003,418
Unallocated other income				9,327,926
Finance costs				(13,499,252)
Profit before tax				73,832,092
Income tax expense				(9,515,673)
Net profit for the period				64,316,419

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2009

38. SEGMENTAL INFORMATION (Continued)

	Continuing operations				
	Shipbuilding RM	Chartering RM	Others RM	Eliminations RM	Total RM
31 December 2009					
Assets					
Segment assets	459,392,616	413,277,650	218,774,887	(242,813,062)	848,632,091
Total assets					848,632,091
Liabilities					
Segment liabilities	378,499,254	195,674,973	79,001,250	(231,979,390)	421,196,087
Total liabilities					421,196,087
Other segment information					
Capital expenditure	11,696,632	123,501,403	-		135,198,035
Depreciation	5,105,750	16,657,030	-		21,762,780
Amortisation of prepaid land lease payments	683,760	521,426	45,579		1,250,765
31 December 2008					
Assets					
Segment assets	512,764,800	473,718,435	143,993,190	(283,758,113)	846,718,312
Total assets					846,718,312
Liabilities					
Segment liabilities	439,534,120	286,926,973	4,093,321	(278,923,822)	451,630,592
Total liabilities					451,630,592
Other segment information					
Capital expenditure	32,121,619	60,773,292	1,300		92,896,211
Depreciation	4,264,200	12,026,015	-		16,290,215
Amortisation of prepaid land lease payments	520,739	285,403	45,580		851,722

39. SUBSEQUENT EVENTS

Subsequent to balance sheet date, the Company incorporated two new wholly owned subsidiaries as follows:

Sealink Dockyard Sdn. Bhd. ("SDSB")

SDSB was incorporated in Malaysia with a paid up capital of RM2. Its principal activity is ship repair.

Seabright (Singapore) Private Limited ("SSPL")

SSPL was incorporated in Singapore with a paid up capital of SGD10,000. Its principal activities are ship owning, ship operating and chartering.

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m)	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NBV AS AT 31.12.2009 (RM)
1	No. 156, Block 5 Kuala Baram Land District / No 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Agriculture vacant land / N/A	SEALINK SHIPYARD SDN BHD (195853-D)	8,050 more or less	N/A / Lease term expires on 29 April 2016	233,890
2	Lot 816, Block 1 Kuala Baram Land District (formerly known as Lot 1282, Kuala Baram Land District) / Lot 816, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Industrial land and building/ Shipyard, slipway and warehouse	SEALINK SHIPYARD SDN BHD (195853-D)	116,170 more or less	2 years / 60 years / Lease term expires on 28 February 2056	25,405,064
3	Lot 1341, Miri Concession Land District / Lot 1341, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building/ Warehouse	SEALINK SHIPYARD SDN BHD (195853-D)	1,971 more or less	60 years / Lease term expires on 31 December 2027	671,214
4	Lot 2142, Block 4, Miri Concession Land District/ Lot 2142, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building/ Shipyard with one (1) detached building (office)	SEALINK SHIPYARD SDN BHD (195853-D)	4,700 more or less	60 years / Lease term expires on 24 February 2052	1,878,925
5	Lot 1340, Miri Concession Land District/ Lot 1340, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak		SEALINK SENDIRIAN BERHAD (20471-D)	4,039 more or less	30 years /60 years/ Lease term expires on 31 December 2027	2,074,648

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m)	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NBV AS AT 31.12.2009 (RM)
6	Lot 1359 Block 3 Miri Concession Land District/ Lot 1359, Jalan Piasau Utara 1, Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building / Detached building (office-cum warehouse)	SEALINK SENDIRIAN BERHAD (20471-D)	4,244 more or less	21 years /60 years/ Lease term expires on 20 December 2047	1,962,543
7	Lot 482 Block 4 Miri Concession Land District/ Lot 482 Block 4 Miri Concession Land District, 98009 Miri, Sarawak	Vacant industrial land/ N/A	SEALINK SENDIRIAN BERHAD (20471-D)	19,441 more or less	N/A/60 years/ Lease term expires on 11 June 2036	8,869,242
8	Lot 1802 Lambir Land District (2/10th undivided right title share & interest)/ 2 1/2 Mile, Riam Road, Miri, Sarawak	Vacant agricultural land/ N/A	SEALINK SENDIRIAN BERHAD (20471-D)	23,110 more or less	N/A / Lease term expires on 17 August 2015	107,852
9	Lot 1339 Miri Concession Land District/ Lot 1339, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building / One (1) Single Storey Office cum Workshop Building	SEALINK SHIPYARD SDN BHD (195853-D)	4,059 more or less	40 years /60 years / Lease term expires on 31 December 2027	2,072,463
10	Lot 372 Block 1 Kuala Baram Land District/ Lot 372, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Vacant industrial land/ N/A	SEALINK SHIPYARD SDN BHD (195853-D)	123,780 more or less	N/A /60 years / Lease term expires on 7 April 2057	11,382,771

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m)	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NBV AS AT 31.12.2009 (RM)
11	Lot 323 Block 1 Kuala Baram Land District (formerly known as Provisional Lease Lot 2040 Kuala Baram Land District)/ Lot 323, Kuala Baram Industrial Estate, 98100 Miri, Sarawak	Industrial land and buildings / Three (3) detached buildings utilized as office, storage yard & fabrication yard	BARAM MOULDING INDUSTRIES SDN BHD (200873-D)	19,750 more or less	1 year/ 60 years / Lease term expires on 17 July 2058	6,525,580
12	Country Lease 205316669/ CL 205316669, Jalan Ranche-Ranche Lama, Kampung Ranche-Ranche, 87000 Labuan, Wilayah Persekutuan	Vacant development land /N/A	BRISTAL VIEW SDN BHD (253385-T)	101,700 more or less	N/A / 999 years/ Lease term expires on 2 August 2865	4,260,000
13	Lot 288 Block 1 Kuala Baram Land District/ Lot 288, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Industrial land and building / Workers quarters	ALIRAN SAKSAMA SDN BHD (473205-H)	19,647 more or less	Less than 1 year / 60 years / Lease term expires on 22 October 2067	4,169,290

ANALYSIS OF SHAREHOLDINGS

(Ordinary Shares) As at 10 May 2010

ANALYSIS OF ORDINARY SHAREHOLDINGS

Class of Equity Security

Authorised share capital	:	RM 1,000, 000,000.00
Issued & fully paid-up capital	:	RM 250,000,000.00
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

Directors' Shareholdings

Name	Direct No. of Shares held	%*	Indirect No. of Shares held	%
Datuk Michael Hardin	300,001	0.06	259,080,800 ^(a)	51.82
Yong Foh Choi	45,716,800			
	9.14	326,463,199 ^(b)	65.29	
Yong Kiam Sam	67,382,399			
	13.48	304,797,600 ^(c)	60.96	
Eric Khoo Chuan Syn	30,000	0.01	-	-
Wong Chie Bin	30,000	0.01	-	-
Toh Kian Sing	-	-	-	-

Note:

- (a) Deemed interested by virtue of his substantial shareholding in Sealink Holdings Sdn Bhd.
- (b) Deemed interested by virtue of his substantial shareholding in Sealink Holdings Sdn Bhd and his son, Yong Kiam Sam's shareholding in the Company.
- (c) Deemed interested by virtue of, his father Yong Foh Choi substantial shareholding in Sealink Holdings Sdn Bhd and also his father's shareholding in the Company.

Distribution of Shareholdings

Holdings	No. of Shareholders	No. of Shares	%*
Less than 100	3	113	0.00
100 to 1,000	759	181,387	0.04
1,001 to 10,000	1,210	7,485,600	1.50
10,001 to 100,000	788	26,636,500	5.32
100,001 to less than 5% of issued shares	157	93,516,401	18.70
5% and above of issued shares	3	372,179,999	74.44
Total	2,920	500,000,000	100.00

Substantial Shareholders

Name	Direct No. of Shares held	%*	Indirect No. of Shares held	%
Sealink Holdings Sdn Bhd	259,080,800	51.82	-	-
Yong Kiam Sam	67,382,399	13.48	304,797,600	60.96
Yong Foh Choi	45,716,800	9.14	326,463,119	65.29

ANALYSIS OF SHAREHOLDINGS

(Ordinary Shares) As at 10 May 2010

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%*
1	SEALINK HOLDINGS SDN. BHD. LOT 1035, BLOCK 4, MCLD, PIASAU INDUSTRIAL AREA, 9800 MIRI	259,080,800	51.82
2	YONG KIAM SAM LOT 1035, BLOCK 4, MCLD, PIASAU INDUSTRIAL AREA, CDT 139, 9800 MIRI	67,382,399	13.48
3	YONG FOH CHOI LOT 1035, BLOCK 4, MCLD, PIASAU INDUSTRIAL AREA, CDT 139, 9800 MIRI	45,716,800	9.14
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND 4TH FLOOR, MENARA MULTI-PURPOSE, CAPITAL SQUARE 8 JALAN MUNSHI ABDULLAH 50100 KUALA LUMPUR	9,102,000	1.82
5	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR) LEVEL 13 MENARA OCBC, 18 JALAN TUN PERAK, 50050 KUALA LUMPUR	6,990,000	1.40
6	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF), LEVEL 13 MENARA OCBC, 18 JALAN TUN PERAK, 50050 KUALA LUMPUR	6,310,000	1.26
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF), LEVEL 13 MENARA OCBC, 18 JALAN TUN PERAK, 50050 KUALA LUMPUR	6,170,500	1.23
8	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG SING NGUONG (M05), LEVELS 2,3,4,7&8 WISMA SRI PINANG, 60 GREEN HALL, 10200 GEORGETOWN	5,923,700	1.18
9	BANK KERJASAMA RAKYAT MALAYSIA BERHAD AS BENEFICIAL OWNER BAHAGIAN AKAUN DAN PERBENDAHARAAN TINGKAT 1 JLN TANGSI PETI SURAT 11024, 50732 KUALA LUMPUR	4,000,000	0.80
10	BANK KERJASAMA RAKYAT MALAYSIA BERHAD INVESTMENT DEPT 1ST FLOOR, BANGUNAN BANK RAKYAT JALAN TANGSI, 50732 KUALA LUMPUR	2,000,000	0.40
11	BANK KERJASAMA RAKYAT MALAYSIA BERHAD AS BENEFICIAL OWNER BAHAGIAN AKAUN DAN PERBENDAHARAAN, TINGKAT 1, JLN TANGSI PETI SURAT 11024, 50732 KUALA LUMPUR	2,000,000	0.40
12	DATA HASRAT SDN BHD 25TH FLOOR BANGUNAN AMBANK GROUP, JALAN RAJA CHULAN, 50200 KUALA LUMPUR	2,000,000	0.40
13	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH PIK CHAI (M05), LEVELS 2,3,4,7&8 WISMA SRI PINANG, 60 GREEN HALL, 10200 GEORGETOWN	1,950,000	0.39
14	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF), LEVEL 13 MENARA OCBC, 18 JALAN TUN PERAK, 50050 KUALA LUMPUR	1,776,000	0.36
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (DANA SURIA EKT), LEVEL 44, MENARA CITIBANK, 165, JALAN AMPANG , 50450 KUALA LUMPUR	1,288,800	0.26

ANALYSIS OF SHAREHOLDINGS

(Ordinary Shares) As at 10 May 2010

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%*
16	TENGGU AB MALEK BIN TENGGU MOHAMED NO 46 JALAN BUNGA MELATI 2/2, 40000 SHAH ALAM	1,100,000	0.22
17	AMANAH SAHAM MARA BERHAD TINGKAT 3 & 5 WISMA ASMB, NO 1A JALAN LUMUT PETI SURAT 10701, 50722 KUALA LUMPUR	1,000,000	0.20
18	KAMARUDDIN @ MAMAT BIN ENDUT 87 TINGKAT SATU, JALAN SULTAN ISMAIL, 20200 KUALA TERENGGANU	1,000,000	0.20
19	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HWANG AI MOR (M05), LEVELS 2,3,4,7 & 8 WISMA SRI PINANG, 60 GREEN HALL, 10200 GEORGETOWN	928,700	0.19
20	KOPERASI PERMODALAN FELDA BERHAD WISMA FELDA, JALAN PERUMAHAN GURNEY, 54000 KUALA LUMPUR	900,000	0.18
21	BAHTERA OFFSHORE (M) SDN BHD NO 39A JALAN USJ 21/11, UEP SUBANG JAYA, 47600 PETALING	800,000	0.16
22	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR AGROSEGAR SDN. BHD. 14TH FLOOR MENARA TA ONE, 22 JALAN P RAMLEE, 50250 KUALA LUMPUR	800,000	0.16
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD 44 FLOOR MENARA CITIBANK, 165 JALAN AMPANG, 50450 KUALA LUMPUR	760,000	0.15
24	AMANAHRAYA TRUSTEES BERHAD DANA BESTARI TINGKAT 2 WISMA TAS, NO 21 JALAN MELAKA, 50100 KUALA LUMPUR	720,200	0.14
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG SING NGUONG, 15TH FLOOR BANGUNAN AMBANK GROUP, 55 JALAN RAJA CHULAN, 50200 KUALA LUMPUR	700,000	0.14
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB TRUSTEE BERHAD FOR AMANAH SAHAM PEKERJA-PEKERJA TNB (50148 TR01), LEVEL 7 WISMA AMANAH RAYA BERHAD, JALAN SEMANTAN DAMANSARA HEIGHTS, 50490 KUALA LUMPUR	680,000	0.14
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ML MARKETING SDN. BHD., 8TH FLOOR KENANGA INTERNATIONAL, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR	675,500	0.14
28	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT), 8TH FLOOR KENANGA INTERNATIONAL, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR	650,000	0.13
29	WONG ANN PANG @ SEOW TUN SIN 24 PECK SEAH STREET #09-02, NEH SONS BUILDING, SINGAPORE 079314	650,000	0.13
30	PERBADANAN USAHAWAN JOHOR SDN BHD LOT 3-03 TINGKAT 3, PLAZA LARKIN, JALAN GARUDA, 80350 JOHOR BAHRU	646,000	0.13
	Total	433,701,399	86.74



SEALINK INTERNATIONAL BERHAD

(Company No. 800981-X)

No. of Shares Held :

FORM OF PROXY

I/We NRIC No./ Company No.
(Full Name in Capital Letters)

of
(Full Address in Capital Letter)

being a member/members of SEALINK INTERNATIONAL BERHAD hereby appoint
(Full Name in Capital Letters)

I/C No. of
(Full Address in Capital Letter)

or Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 29th June, 2010 and, at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	ORDINARY BUSINESS	FOR	AGAINST
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.		
2.	To declare a Final Single Tier Dividend of 4 sen per share for the financial year ended 31 December 2009.		
3.	To approve Directors' Fees for the financial year ending 31 December 2010.		
4.	To re-elect Datuk Michael Hardin, who shall retire pursuant to Section 129(6) of the Companies Act, 1965.		
5.	To re-elect Yong Foh Choi, who shall retire pursuant to Section 129(6) of The Companies Act, 1965.		
6.	To re-elect Eric Khoo Chuan Syn @ Khoo Chuan Syn who shall retire in accordance with Article 89 of the Company's Articles of Association.		
7.	To re-elect Wong Chie Bin who shall retire in accordance with Article 89 of the Company's Articles of Association.		
8.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration.		
NO.	SPECIAL BUSINESS	FOR	AGAINST
9.	To authorise Directors to allot and issue shares pursuant to Section 132D of The Companies Act, 1965.		
10.	Proposed Shareholders' Mandate On Recurrent Related Party Transactions of A Revenue Or Trading Nature.		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote as he thinks fit of abstain from voting at his discretion).

Dated this

.....
Signature of Shareholder(s)/Common Seal

NOTES:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

To be valid, this form, duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.

A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1) (c) of the Act are complied with.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If the appointor is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

Then fold here

AFFIX
STAMP



**REGISTERED OFFICE/
PRINCIPAL PLACE OF BUSINESS**

Lot 1035, Block 4, MCLD
Piasau Industrial Area
98000 Miri Sarawak

1st fold here
