

**Condensed Consolidated Statement of Comprehensive Income
For the Second Quarter ended 30 June 2011 (Unaudited)**

	Current Quarter Ended 30-Jun-11 RM'000	Corresponding Quarter Ended 30-Jun-10 RM'000	Cumulative Year To Date 30-Jun-11 RM'000	Corresponding Year To Date 30-Jun-10 RM'000
Revenue	98,696	56,495	182,054	99,543
Operating expenses	(57,237)	(25,409)	(107,122)	(46,417)
Gross profit	41,459	31,086	74,932	53,126
Other operating income	1,594	447	4,408	1,707
Administration expenses	(10,686)	(11,515)	(23,284)	(19,196)
Finance costs	(2,190)	(1,485)	(3,678)	(2,937)
Share of results of associates	-	(272)	-	1,790
Profit before tax	30,177	18,261	52,378	34,490
Taxation	(5,854)	(3,851)	(11,412)	(7,056)
Profit after tax	24,323	14,410	40,966	27,434
Minority interest	-	-	-	-
Profit/Total comprehensive income for the period	24,323	14,410	40,966	27,434
Profit/Total comprehensive income for the period attributable to Owners of the Company	24,323	14,410	40,966	27,434
Weighted average number of ordinary shares in issue ('000)	550,000	440,000	510,497	440,000
Basic earnings per ordinary share of RM0.50 each (sen)	4.42	3.28	8.02	6.24

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2010 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Financial Position as at 30 June 2011 (Unaudited)**

	UNAUDITED AS AT 30-Jun-11 RM'000	AUDITED AS AT 31-Dec-10 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	222,663	216,016
Other investments	71,797	-
	294,460	216,016
CURRENT ASSETS		
Inventories	1,289	1,298
Investment held for sale	-	134,900
Trade and other receivables	156,976	125,180
Current tax recoverable	728	728
Cash and bank balances	188,212	68,964
	347,205	331,070
TOTAL ASSETS	641,665	547,086
EQUITY AND LIABILITIES		
EQUITY		
Share capital	275,000	176,000
Share premium	108,075	87,071
Retained earnings	123,100	109,634
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	506,175	372,705
NON CURRENT LIABILITIES		
Borrowings	46,000	84,000
Deferred tax liabilities	1,115	1,115
TOTAL NON CURRENT LIABILITIES	47,115	85,115
CURRENT LIABILITIES		
Trade and other payables	67,515	57,410
Borrowings	10,318	26,720
Current tax payable	10,542	5,136
TOTAL CURRENT LIABILITIES	88,375	89,266
TOTAL LIABILITIES	135,490	174,381
TOTAL EQUITY AND LIABILITIES	641,665	547,086
Net Assets per share (sen)	92	106

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2010 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Changes in Equity
For the Second Quarter ended 30 June 2011 (Unaudited)**

	Attributable to the Owners of the Company			
	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 01 January 2010	176,000	87,071	60,672	323,743
Total comprehensive income for the year	-	-	67,731	67,731
Dividends paid	-	-	(17,600)	(17,600)
Underlying S108 tax credit shortfall	-	-	(1,169)	(1,169)
	-	-	(18,769)	(18,769)
Balance as at 31 December 2010	176,000	87,071	109,634	372,705
Balance as at 01 January 2011	176,000	87,071	109,634	372,705
Total comprehensive income for the period	-	-	40,966	40,966
Bonus issue	44,000	(44,000)	-	-
Rights issue	55,000	66,000	-	121,000
Bonus/rights issue expenses	-	(996)	-	(996)
Dividend paid	-	-	(27,500)	(27,500)
Balance as at 30 June 2011	275,000	108,075	123,100	506,175

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2010 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Cash Flows
For the Second Quarter ended 30 June 2011 (Unaudited)**

	Current Year-to-date 30-Jun-11 RM'000	Corresponding Year-to-date 30-Jun-10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	52,378	34,490
Adjustments for:-		
- Non-cash items	7,261	4,369
- Non-operating items	1,476	2,147
Operating profit before changes in working capital	61,115	41,006
<u>Changes in working capital</u>		
Inventories	9	(483)
Trade and other receivables	(31,796)	(8,822)
Trade and other payables	10,105	15,449
Total changes in working capital	(21,682)	6,144
Cash generated from operations	39,433	47,150
Interest received	2,202	806
Interest paid	(3,678)	(2,937)
Tax paid	(6,006)	(3,917)
Total interest and tax paid	(7,482)	(6,048)
Net cash generated from operating activities	31,951	41,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of an associate	-	(344)
Acquisition of other investment	(117,060)	-
Purchase of property, plant and equipment	(13,908)	(6,074)
Proceeds from disposal of investment in an associate	134,900	-
Proceeds from disposal of other investments	45,263	-
Net cash generated from/(used in) investing activities	49,195	(6,418)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of rights shares	121,000	-
Bonus/rights issue expenses	(996)	-
Repayment of borrowings	(54,000)	-
Payments of finance lease liabilities	(399)	(46)
Dividend paid	(27,500)	-
Net cash generated from/(used in) financing activities	38,105	(46)
Net increase in cash and cash equivalents	119,251	34,638
Cash and cash equivalents at the beginning of the period	68,961	57,226
Cash and cash equivalents at the end of the period	188,212	91,864
Breakdown of cash and cash equivalents at the end of the period:-		
Short term deposits	178,030	69,748
Cash and bank balances	10,182	22,116
	188,212	91,864

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2010 and the accompanying notes attached to this interim financial report).



A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard 134 (FRS134): *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

A2.1. Adoption of New/Revised Standards, Amendments and Interpretations

The accounting policies and methods of computation used in the preparation of the consolidated interim financial statements of the Group are consistent with those used in the preparation of the last audited financial statements of the Group for the year ended 31 December 2010 except for the new standards, amendments and interpretations adopted during the period under review as disclosed below:

FRS 3 (revised)

FRS 3 (revised), which is applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration is measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, are expensed as incurred.
- Any pre-existing interest in the acquiree is measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (known as non-controlling) interest is measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Amendments to FRS 127

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (known as non-controlling) interest holders.

The amendments to FRS 127 further require all losses attributable to minority interest to be absorbed by the minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group’s interest.

The amendments to FRS 127 are not expected to have material impacts to the Group.

Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation, to provide clarification or guidance thereon or to correct for relatively minor unintended consequences, conflicts or oversights.



IC Interpretation 4

IC Interpretation 4, which is applied retrospectively, provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, *Leases*. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease. The adoption of ICI 4 is not expected to have a material impact to the Group.

A2.2. Standards, Amendments and Interpretations Yet to be Adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board but are only effective for annual periods beginning on or after the respective dates indicated herein:

FRS/Amendment/Interpretation	Effective date
IC Interpretation 19, <i>Extinguishing Financial Liabilities With Equity Instruments</i>	1 July 2011
Amendments to IC Interpretation 14, <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
FRS 124, <i>Related Party Disclosure (revised)</i>	1 January 2012
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 January 2012

The Group plans to apply from the annual period beginning on 1 January 2012 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or before 1 January 2011, except for IC Interpretation (ICI) 15 and Amendments to ICI 14 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which is to be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the financial statements of the Group for the current period and prior periods upon its first adoption.

IC Interpretation 19

IC Interpretation 19 provides guidance on accounting for debt for equity swaps. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be “consideration paid” in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss.

The adoption of IC Interpretation 19 will result in a change in accounting policy which will be applied retrospectively in accordance with FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*.



FRS 124

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effect on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations as are necessary to effectuate the full convergence.

A3. Auditors' report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2010.

A4. Seasonal or cyclical factors

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations is normally affected by bad weather at the beginning and the end of the year and this factor has been taken into consideration in the Group's annual business plan.

A5. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter and financial year-to-date.

A6. Material changes in estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial year or changes in the estimates of amounts relating to the prior financial years that have a material effect in the current quarter and financial year-to-date.

A7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

A8. Dividend paid

An interim dividend, in respect of the financial year ended 31 December 2010, of 5 sen per ordinary share tax exempt amounting to RM27,500,000 was paid to shareholders on 6 July 2011.



A10. Valuation of property, plant and equipment

The property, plant and equipment of the Group have been brought forward without amendment from their previous annual financial statements.

A11. Capital commitments

Capital commitments as at end of the current quarter are as follows:-

	30-Jun-11
	RM'000
Approved and contracted for	
Construction of a workboat	38,244 *
Purchase of a crane	1,998
Development of a piece of land for minor fabrication in Kemaman Supply Base	2,378
	<hr/>
	42,620
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* To be partly financed by borrowings

A12. Material events subsequent to the end of period reported

There are no material events subsequent to the end of the current quarter and financial period to date up to 16 August 2011 (not earlier than 7 days from the date of announcement of this interim financial report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A13. Changes in composition of the group

As at 30 June 2011, there were no changes in the composition of the Group.

A14. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets that had arisen since the last annual balance sheet date.

**A15. Significant related party transactions**

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other Key Management personnel, during the current period:-

Transactions with Directors and a company in which certain Directors have substantial financial interest:-	Nature	Amount for 6 months ended 30 June 2011	Unsettled balance as at 30 June 2011
		RM'000	RM'000
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard fabrication facilities with workshop, warehouse and office	360	-
Ling Suk Kiong and his spouse Wong Siew Hong	Rental of office	17	-
Joe Ling Siew Loung @ Lin Shou Long and his spouse Chong Siaw Choon	Rental of office	18	-
Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahrudin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong)	Rental of office	338	-
		<hr/>	<hr/>
		733	-

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS****B1. Review of performance of the Company and its principal subsidiaries**

The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	Current Quarter ended 30-Jun-11 RM'000	Corresponding Quarter ended 30-Jun-10 RM'000	Variance	
			RM'000	%
Revenue	98,696	56,495	42,201	75
Profit before tax (excluding share of results of an associate)	30,177	18,533	11,644	63
Share of results of an associate	-	(272)	272	
Profit before tax (including share of results of an associate)	30,177	18,261	11,916	65
Total comprehensive income for the period attributable to owners of the Company	24,323	14,410	9,913	69

Comparatively, the Group's revenue for the current quarter ended 30 June 2011 increased by 75% while profit before tax (excluding share of results of an associate) and total comprehensive income for the current quarter increased by 63% and 69% respectively, when compared to the quarter ended 30 June 2010. The higher revenue in the current quarter as compared to the corresponding quarter is mainly due to higher value of work orders received and performed in the current quarter.

Whilst revenue increased by RM42.2 million ie 75%, profit before tax (excluding share of results of an associate) for the current quarter increased by RM11.6 million ie. 63% in view of the fact that the work orders in the current quarter have a slightly lower profit margin contribution compared to those in the corresponding quarter.

In the opinion of the Directors, the results for the current quarter and financial year-to-date have not been affected by any transactions or events of a material nature which have arisen between 30 June 2011 and the date of this report.

**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

	Current Quarter ended 30-Jun-11 RM'000	Preceding Quarter ended 31-Mar-11 RM'000	Variance RM'000	%
Revenue	98,696	83,357	15,339	18
Profit before tax	30,177	22,200	7,977	36

In the current quarter, the Group's revenue was 18% higher as compared to the preceding quarter while the profit before tax was 36% higher as compared to the preceding quarter.

The higher revenue of RM98.7 million for the current quarter as compared to RM83.3 million for the preceding quarter is mainly due to higher work orders received and performed in the current quarter.

Whilst revenue increased by RM15.3 million ie. 18%, profit before tax increased by RM8 million ie. 36% in view of the fact that the work orders in the current quarter have a higher profit margin contribution as compared to those of the preceding quarter.

B3. Prospects for the current financial year

The Directors remain positive of the Group's prospects for the remaining quarters of the current financial year as the Group has on-going contracts exceeding RM1.5 billion to last at least until 2016. The new 5-year contract from Petronas Carigali Sdn Bhd for its Sarawak operations has started to make contributions in the second quarter and more job activities are scheduled from the third quarter onwards. The Group would see increased contributions from this new contract from the third quarter onwards. While the Directors are optimistic of the future prospects of the Group, 2011 remains very challenging. The Directors will continue to exercise due care in order to preserve and enhance shareholders' values.

B4. Profit forecast and profit guarantee

There was no profit guarantee issued by the Group.

B5. Taxation

	Current quarter ended 30-Jun-11 RM'000	Current year-to-date 30-Jun-11 RM'000
Malaysian income tax	5,854	11,412
Tax expense	<u>5,854</u>	<u>11,412</u>

B6. Profit from sale of unquoted investments and/or properties

There were no disposals of unquoted investments and properties for the current quarter.

**B7. Quoted securities****(A) Movement in unit trusts:**

	Current quarter ended 30-Jun-11 RM'000	Cummulative Year-to-date 30-Jun-11 RM'000
At beginning of the period	13,543	-
Addition	103,517	117,060
Disposal	(45,263)	(45,263)
At end of the period	<u>71,797</u>	<u>71,797</u>
Market value	<u>71,797</u>	<u>71,797</u>

B8. Status of corporate proposal

There was no corporate proposal announced or not completed by the Group as at the latest practicable date of 16 August 2011.

B9. Status of utilisation of proceeds**Proceeds from Public Issue**

As at the end of the current quarter and financial year-to-date, the status of utilisation of the proceeds of public issue as compared to the actual utilisation is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Remark RM'000
Full redemption of Islamic medium term notes	60,000	60,000	- Fully utilised
Part finance the construction of marine vessels and/or acquisition of equipment and machinery	51,450	51,450	- Fully utilised
Payment of estimated expenses relating to the flotation exercise	4,600	4,600	- Fully utilised
Working capital of the Group	<u>28,767</u>	<u>28,767</u>	- Fully utilised
	<u>144,817</u>	<u>144,817</u>	-

**Proceeds from Rights Issue**

	Proposed utilisation	Actual utilisation	Intended time frame for utilisation	Remark
	RM'000	RM'000		RM'000
Capital expenditure and/or investments	100,000	-	Within 2 years from the listing of the Rights Shares	100,000 Available for use
Working capital of the Group	19,750	-	Within 2 years from the listing of the Rights Shares	19,750 Available for use
Estimated expenses for Rights issue	1,250	996	Within 1 month from the listing of Rights Shares	254 Available for use
	<u>121,000</u>	<u>996</u>		<u>120,004</u>

B10. Group borrowings and debt securities

Total Group's borrowings as at 30 June 2011 were as follows:

	RM'000
Short term borrowings-secured	
Revolving credit	10,000
Finance lease liabilities	318
Term loan	-
	<u>10,318</u>
Long term borrowings-secured	
Term loan	46,000
	<u>46,000</u>
Total	<u>56,318</u>

There are no foreign currency borrowings.

B11. Material litigation

As at 16 August 2011, (not earlier than 7 days from the date of announcement issue of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which will have a material effect on our financial position.

**B12. Dividends**

No dividend was proposed or declared during the current quarter under review.

However, the Board has at its Board of Directors meeting held today, approved a first interim dividend of 5 sen per ordinary share tax exempt totaling RM27,500,000 in respect of financial year ending 31 December 2011 to be paid on 14 October 2011. The entitlement date shall be 15 September 2011.

Total dividends paid during the respective financial years are as follows:

	Sen per share (net)	Total amount RM'000	Date of payment
<u>2011</u>			
Second interim 2010 ordinary (single-tier)	5.00	<u>27,500</u>	6-Jul-11
<u>2010</u>			
First interim 2010 ordinary (single-tier)	5.00	<u>17,600</u>	30-Sep-10

B13. Earnings per share

Basic Earnings Per Share	Current Quarter Ended 30-Jun-11	Corresponding Quarter Ended 30-Jun-10	Cumulative Period Ended 30-Jun-11	Corresponding Period Ended 30-Jun-10
Total comprehensive income attributable to Owners of the Company (RM'000)	24,323	14,410	40,966	27,434
Weighted average number of ordinary shares in issue ('000)	550,000	440,000	510,497	440,000
Basic earnings per share (sen)	4.42	3.28	8.02	6.24



B14. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follow:

	As at 30-Jun-11 RM'000	As at 31-Dec-10 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	124,215	106,658
Unrealised	(1,115)	(1,115)
Total share of retained earnings from an associate		
Realised	-	4,091
Unrealised	-	-
Total retained earnings as per consolidated accounts	<u>123,100</u>	<u>109,634</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

B15. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 August 2011.