



**SEALINK INTERNATIONAL BERHAD (800981-X)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2010**

	3 months ended		6 months ended	
	30 Jun 2010 RM'000 (Unaudited)	30 Jun 2009 RM'000 (Unaudited) Restated	30 Jun 2010 RM'000 (Unaudited)	30 Jun 2009 RM'000 (Unaudited) Restated
<b>Revenue</b>	44,798	53,747	123,976	105,047
Cost of sales	<u>(30,547)</u>	<u>(34,861)</u>	<u>(93,413)</u>	<u>(68,995)</u>
Gross profit	14,251	18,886	30,563	36,052
Other operating income	1,467	659	3,441	17,237
Other operating expenses	(74)	(127)	(269)	(127)
Administrative expenses	(4,887)	(4,370)	(7,362)	(8,368)
Finance income / (costs)	<u>59</u>	<u>(2,657)</u>	<u>(1,097)</u>	<u>(5,968)</u>
<b>Profit before tax</b>	10,816	12,391	25,276	38,826
Income tax expense	(576)	(2,198)	(2,022)	(7,408)
<b>Profit for the period</b>	<u>10,240</u>	<u>10,193</u>	<u>23,254</u>	<u>31,418</u>
Profit attributable to:				
Owners of the Parent	<u>10,240</u>	<u>10,193</u>	<u>23,254</u>	<u>31,418</u>
	<u>10,240</u>	<u>10,193</u>	<u>23,254</u>	<u>31,418</u>
Earnings per share (sen)				
- Basic EPS	2.05	2.04	4.65	6.28
- Diluted EPS	2.05	2.04	4.65	6.28

*The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2010**

(CONTINUED)

	3 months ended		6 months ended	
	30 Jun 2010 RM'000 (Unaudited)	30 Jun 2009 RM'000 (Unaudited)	30 Jun 2010 RM'000 (Unaudited) Restated	30 Jun 2009 RM'000 (Unaudited)
<b>Profit for the period</b>	10,240	10,193	23,254	31,418
<b>Other Comprehensive Income :</b>				
Exchange differences on translating:				
(a) Foreign operations	(339)	656	(2,669)	345
(b) Other subsidiary with functional currency other than Ringgit Malaysia	(498)	1	(4,021)	1
<b>Total Comprehensive Income for the period</b>	<u>9,403</u>	<u>10,850</u>	<u>16,564</u>	<u>31,764</u>
Total comprehensive income attributable to:				
Owners of the Parent	<u>9,403</u>	<u>10,850</u>	<u>16,564</u>	<u>31,764</u>
	<u>9,403</u>	<u>10,850</u>	<u>16,564</u>	<u>31,764</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	As at 30 Jun 2010 RM'000 (Unaudited)	As at 31 Dec 2009 RM'000 (Audited) Restated
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	413,076	398,125
Prepaid land lease payments	48,425	48,594
Other receivables	508	509
	<u>462,009</u>	<u>447,228</u>
<b>Current Assets</b>		
Inventories	227,660	290,323
Trade receivables	28,285	23,100
Due from customer on contracts	7,146	-
Other receivables	35,136	36,582
Tax recoverable	1,826	1,763
Fixed deposits pledged to licensed banks	28,818	5,647
Cash and cash equivalents	69,405	43,989
	<u>398,276</u>	<u>401,404</u>
<b>Total Assets</b>	<u><b>860,285</b></u>	<u><b>848,632</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share Capital	250,000	250,000
Share Premium	79,087	79,087
Retained earnings	100,452	97,198
Other components of equity	(5,539)	1,151
<b>Total Equity</b>	<u><b>424,000</b></u>	<u><b>427,436</b></u>
<b>Non-Current Liabilities</b>		
Long-term borrowings	96,053	69,354
Other payables	415	415
Deferred tax liabilities	51,108	49,717
	<u>147,576</u>	<u>119,486</u>
<b>Current Liabilities</b>		
Short-term borrowings	197,348	210,422
Trade payables	23,072	34,847
Provision for maintenance warranties	3,300	5,711
Due to customer on contracts	9,950	9,767
Other payables	34,225	40,291
Provision for taxation	814	672
Proposed dividend	20,000	-
	<u>288,709</u>	<u>301,710</u>
<b>Total Liabilities</b>	<u><b>436,285</b></u>	<u><b>421,196</b></u>
<b>Total Equity and Liabilities</b>	<u><b>860,285</b></u>	<u><b>848,632</b></u>
<b>Net asset per share (sen)</b>	<u><b>84.80</b></u>	<u><b>85.49</b></u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

SEALINK INTERNATIONAL BERHAD (800981-X)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE QUARTER ENDED 30 JUNE 2010

	Attributable to Owners of the Parent					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Foreign currency translation reserve RM'000	Total RM'000	
						<b>Restated</b>
Balance as at 1 January 2009	250,000	79,087	65,377	624	395,088	395,088
Dividend	-	-	(20,000)	-	(20,000)	(20,000)
Total comprehensive income for the period	-	-	31,418	346	31,764	31,764
<b>Balance as at 30 June 2009</b>	<b>250,000</b>	<b>79,087</b>	<b>76,795</b>	<b>970</b>	<b>406,852</b>	<b>406,852</b>

	Attributable to Owners of the Parent					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Foreign currency translation reserve RM'000	Total RM'000	
Balance as at 1 January 2010	250,000	79,087	97,198	1,151	427,436	427,436
Dividend	-	-	(20,000)	-	(20,000)	(20,000)
Total comprehensive income for the period	-	-	23,254	(6,690)	16,564	16,564
<b>Balance as at 30 June 2010</b>	<b>250,000</b>	<b>79,087</b>	<b>100,452</b>	<b>(5,539)</b>	<b>424,000</b>	<b>424,000</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

**SEALINK INTERNATIONAL BERHAD (800981-X)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2010**

	Year-to-date Ended	
	30 Jun 2010 RM'000 (Unaudited)	30 Jun 2009 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>25,276</b>	<b>38,826</b>
Adjustments for:		
Non-cash items	9,094	(3,140)
Non-operating items	2,917	5,266
Operating profit before working capital changes	37,287	40,952
Net change in current assets	52,178	(31,940)
Net change in current liabilities	(17,655)	29,451
Cash Flows From / (Used in) operations	71,810	38,463
Interest paid	(4,287)	(5,416)
Income tax paid	(2,052)	(1,871)
Income tax refund	-	3
<b>Net Cash From Operating Activities</b>	<b>65,471</b>	<b>31,179</b>
<b>Cash Flows From Investing Activities</b>		
Increase in prepaid land lease payments	(435)	(3)
Purchase of property, plant and equipment	(38,757)	(16,594)
Proceeds from disposal of property, plant and equipment	8,485	36,401
Interest paid	(484)	-
Interest received	76	150
<b>Net Cash (Used in) / From Investing Activities</b>	<b>(31,115)</b>	<b>19,954</b>
<b>Cash Flows From Financing Activities</b>		
Net movement in fixed deposits pledged	(23,207)	(1,850)
Net movements in trade financing	(6,606)	(5,778)
Net movements in revolving credits	(2,500)	-
Proceeds from term loans	48,000	21,510
Repayments of term loans	(16,666)	(11,427)
Repayments of hire purchase payables	(1,515)	(3,008)
<b>Net Cash From / (Used in) Financing Activities</b>	<b>(2,494)</b>	<b>(553)</b>
<i>Effect of changes in foreign exchange rates</i>	(414)	26
<b>Net Increase in Cash and Cash Equivalents</b>	<b>31,448</b>	<b>50,606</b>
<b>Cash and Cash Equivalents at the beginning of financial year</b>	<b>27,206</b>	<b>9,858</b>
<b>Cash and Cash Equivalents at the end of financial period</b>	<b>58,654</b>	<b>60,464</b>

Cash and cash equivalents at the end of the period comprised the following:

Cash and bank balances	69,405	80,173
Bank overdraft	(10,751)	(19,709)
	<b>58,654</b>	<b>60,464</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

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

**A1. Accounting policies and methods of computation**

The interim financial report has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The figures for the cumulative period in the current quarter have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group ("SIB and its subsidiaries") for the year ended 31 December 2009. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009 except for the following.

In the current quarter ended 30 June 2010, the Group adopted the following new and revised FRSs and Interpretations:

**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 for 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 117 : Leases

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

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

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

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

**FRS 101 (revised), Presentation of Financial Statements**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:

The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests. The effects on the comparatives to the Group on adoption of FRS 101 are as follows:

<b>For the period ended 30 June 2009</b>	Income Statement as previously reported <b>RM'000</b>	Effects of adopting FRS 101  <b>RM'000</b>	Statement of comprehensive income  <b>As restated RM'000</b>
Profit for the period	31,418	-	31,418
Other comprehensive income	-	346	346
Total comprehensive income			31,764
Total comprehensive income attributable to:			
Owners of the Parent			31,764
			31,764

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

**Amendment to FRS 117: Leases**

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) :  
INTERIM FINANCIAL REPORTING****AMENDMENT TO FRS 117: LEASES (CONTINUED)**

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change (lease with unexpired period more than 50 years) in accounting policy retrospectively and certain comparatives have been restated.

Balance Sheet	As previously stated	Effect on adoption of FRS 117	As restated
As at 31 December 2009	RM'000	RM'000	RM'000
Property, plant and equipment	395,691	2,434	398,125
Prepaid land lease payments	51,028	(2,434)	48,594

**FRS 139, Financial Instruments: Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments.

**Financial assets**

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of profit and loss.



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

**FRS 139, FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT (CONTINUED)**

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

As at the balance sheet date, the Group did not have any financial assets in the category financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The details of the changes in accounting policies and the effect arising from the adoption of FRS 139 are discussed below:

**Impairment of trade receivable**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

**FRS 8, Operating Segments**

Prior to the adoption of FRS 8, the Group's segment reporting was based on a primary reporting format of business segments. Segmental reporting by geographical segments has not been prepared as the Group's operations are carried out predominantly in Malaysia. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on the segment information provided to the Chief Executive Officer and Board of Directors. Other segment as disclosed under Note A7 consist of investment holding and letting of properties, neither has ever met any of the quantitative thresholds for determining reportable segments.

**FRS 123 (revised), Borrowing Cost**

Prior to the adoption of the revised FRS 123, the Group expensed all borrowing costs as and when they were incurred. With the adoption of the revised FRS 123, this policy has been changed to capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying assets that take a substantial period of time to get them ready for their intended sale or use.

All other borrowing costs are recognised as an expense as and when they are incurred. The new policy is applied prospectively to borrowing costs for which the commencement date of capitalisation is on or after 1 January 2010.

The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

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

The following new FRSs and Interpretations were issued but not yet effective on 30 June 2010 and have not been applied by the Group:

**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 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.

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

**A2. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements of the Company ("Sealink International Berhad") and its subsidiaries for the year ended 31 December 2009 were not qualified.

**A3. Seasonal or cyclical factors**

The Group's performance is affected by the oil and gas industry. The demand for our vessels are closely associated with the cyclical fluctuations of the oil and gas industry.

**A4. Items of unusual nature and amount**

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual in their nature, size or incidence for the current financial year under review.

**A5. Material changes in estimates**

There were no changes in the estimates that have had a material effect in the current financial year under review.

**A6. 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 financial year.

**A7. Dividends Paid**

No dividend was paid in the current financial quarter under review.

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) :  
INTERIM FINANCIAL REPORTING**
**A8. Segmental information**

The results and other information of the Group as at 30 June 2010 are as follows:

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>					
External sales	93,119	30,857	-	-	123,976
Inter-segment sales	46,500	187	36	(46,723)	-
Total revenue	<u>139,619</u>	<u>31,044</u>	<u>36</u>	<u>(46,723)</u>	<u>123,976</u>
<b>Segment results</b>					
Profit/(Loss) from operations	16,831	10,854	(634)	(678)	26,373
Finance costs					(1,097)
Profit before income tax					<u>25,276</u>
Income tax					(2,022)
Profit after tax					<u><u>23,254</u></u>
<b>Assets and liabilities</b>					
Segment assets	455,975	430,452	257,679	(283,821)	860,285
Segment liabilities	350,090	212,400	133,709	(259,914)	436,285
Net assets	<u>105,885</u>	<u>218,052</u>	<u>123,970</u>	<u>(23,907)</u>	<u>424,000</u>
<b>Other segmental information</b>					
Depreciation	3,254	8,585	21	-	11,860
Amortisation of prepaid land lease payments	342	236	26	-	604

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) :  
INTERIM FINANCIAL REPORTING****A9. Capital commitments**

Capital commitments are as follows:

<b>RM'000</b>	<b>Approved and contracted for</b>	<b>Approved but not contracted for</b>
Property, plant and equipment	33,863	191,500

**A10. Material events subsequent to the end of period reported**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter and financial year to date.

**A11. Changes in composition of the Group**

There were no changes in composition of the Group for the current quarter ended 30 June 2010.

**A12. Contingent liabilities**

The following is the additional contingent liabilities since the last annual report:

	Year-to-date 30 Jun 2010 <b>RM'000</b>
Bank guarantees for contracts entered with customer and supplier	36,382

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) :  
INTERIM FINANCIAL REPORTING****A13. Related party transactions**

Transactions between the Group and related parties are as follows:

	Transaction value for 3 months ended 30 Jun 2010 <b>RM'000</b>	Current Year-to-date 30 Jun 2010 <b>RM'000</b>
<b>(i) Transactions with companies in which certain Directors of the Company have substantial interest :</b>		
Ming Kiong Agencies (Singapore) Pte Ltd		
- Rental of office at Far East shopping centre, Singapore	32	64
Manmohan's (Labuan) Sdn Bhd		
- Rental of office at Lot 20, Labuan	3	6
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd		
- Lease of office at Lot 1035, Piasau	27	53
Syarikat Lambir Timber Sdn Bhd		
- Chartering of vessels	52	105
Khoo & Co., Advocates and Solicitors		
- Provision of legal services	188	196
Rajah & Tann		
- Provision of legal services	200	200
<b>(ii) Transactions with Director :</b>		
Yong Foh Choi		
- Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1	3
	503	627

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.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**

**B1. Review of performance of the Company and its principal subsidiaries**

**Current quarter compared with previous corresponding quarter**

The Group's revenue for the current quarter achieved at RM44.8 million was lower by RM8.9 million or 17% compared to the corresponding quarter last year. The adverse result was attributed to lower revenue derived from ship building. On the contrary, revenue from ship chartering has maintained with slight drop of 0.5% due to lower charter rates for vessels on spot charters.

The Group recorded a negative finance cost for the current quarter due to unrealised foreign exchange gain of RM998,000 (current year-to-date RM1.9 million) and also capitalisation of interest cost as per FRS 123.

Profit before taxation for the current quarter of RM10.8 million was 13% lower in comparison to RM12.4 million achieved in the preceding year due to drop in revenue from ship building.

**Current financial period compared with previous corresponding financial period**

The Group recorded profit before taxation of RM25.3 million for the financial period ended 30 June 2010, 35% lower compared to the profit before taxation of RM38.8 million for the financial period ended 30 June 2009. The favourable result last year was attributed to gain on sale of vessels.

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

	Current Quarter ended 30 Jun 2010 RM'000	Preceding Quarter ended 31 Mar 2010 RM'000	Variance RM'000	%
Revenue	44,798	79,178	(34,380)	-43%
Profit before tax	<u>10,816</u>	<u>14,460</u>	(3,644)	-25%

The Group recorded lower revenue of RM44.8 million representing a decrease of RM34 million or 43% over the preceding quarter mainly due to sales contract with external parties were signed in the previous quarter. Whereas sales of vessels in the current quarter were to companies within the Group.

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**(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**

**B3. Commentary on prospects**

The global uncertainty seems to have stabilised but there are fresh concerns on the path of recovery for several major economies. Nevertheless, the oil and gas industry has improved from the lows experienced last year. We maintain our expectation for more awards by PETRONAS and other regional oil majors for the supply of marine offshore support vessels ("OSV") in view of the improvements in the oil and gas industry in the near future. These awards are very timely for the Group as the Group has several OSVs that would be delivered in second half of 2010.

SIB is still cautiously optimistic on the global economy's path to full recovery. The Group will continuously improve its core competencies in ship building and ship chartering activities in Malaysia and abroad in preparation for the economic turnaround.

**B4. Variance between actual profit from forecast profit**

Not applicable as no profit forecast was published.

**B5. Taxation**

	Current Quarter 30 Jun 2010 RM'000	Current Year-to-date 30 Jun 2010 RM'000
Malaysian income tax	(228)	631
Deferred income tax	804	1,391
<b>Total tax expenses</b>	<b>576</b>	<b>2,022</b>

The effective tax rate for the current financial period is 8% , lower than the statutory tax rate of 25% mainly due to Pioneer Status and Reinvestment Allowance claimed by the shipyards.

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

There were no disposal of unquoted investment and properties for the current quarter and financial year to date.



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**B7. Quoted securities**

There was no purchase or disposal of quoted securities for the current quarter and financial year to date.

**B8. Status of corporate proposal**

The company announced on 31 May 2010 on the proposed feasibility study on the shipbuilding division.

The Board are currently considering several locations for the listing and further details on the findings of the feasibility study will be announced in due course.

**B9. Group borrowings and debt securities**

Total Group's borrowings as at 30 June 2010 were as follows:

<b>1. <u>Total Borrowings</u></b>	Secured <b>RM'000</b>	Unsecured <b>RM'000</b>	Total <b>RM'000</b>
Short-term borrowings	139,000	58,348	197,348
Long-term borrowings	96,053	-	96,053
	<u>235,053</u>	<u>58,348</u>	<u>293,401</u>
<b>2. <u>Borrowings denominated in US Dollars</u></b>	Secured <b>USD'000</b>	Unsecured <b>USD'000</b>	Total <b>USD'000</b>
Short-term borrowings	1,918	-	1,918
Long-term borrowings	4,223	-	4,223
	<u>6,141</u>	<u>-</u>	<u>6,141</u>

**B10. Off balance sheet financial instruments**

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

**(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**

**B11. Material litigation**

1. On 1 May 2007, pursuant to the terms of the shipbuilding contract, Sealink Engineering & Slipway Sdn Bhd ("SESSB") had arranged for a bankers' guarantee in the sum of US\$2 million to be issued to Petroleum Marine Services SAE ("PMS"). The bankers' guarantee was issued to PMS by the Bank of Nova Scotia (Egypt), against a counter-guarantee by Malayan Banking Berhad ("Maybank").

The vessel was completed and delivered to PMS on 14 February 2009. PMS has alleged that they should be reimbursed for certain repairs to the vessel under the warranty provision in the ship building contract. SESSB has offered to reimburse PMS up to US\$450,000 on 30 October 2009. However, PMS has, through the Bank of Nova Scotia, repeatedly demanded for extension of the bankers' guarantee and has also allegedly made demands on the bankers' guarantee.

On 12 June 2010, SESSB commenced arbitration proceedings against PMS in respect of the alleged disputes under the warranty. On 16 June 2010, SESSB obtained an interim injunction order from the Miri High Court against Maybank from making payment under the bankers' guarantee to suspense the claim pending for case to be heard in an arbitration.

SESSB has made provision for the warranty cost for the above vessel in the financial statements.

2. Sealink Sdn Bhd ("SSB") had on 2 July 2010 served a Notice of Arbitration on Petroleum Marine Services (Saudi Arabia Branch) ("PMS"), in respect of SSB's claim against PMS for unpaid charter hire in the sum of US\$803,597.50 and overdue interest amounting to US\$107,345.37 (as at 31 May 2010). PMS has failed to respond to the Notice of Arbitration.

PMS has requested SESSB and SSB to suspend all arbitration proceedings against them in respect of both cases and has proposed to discuss a global settlement with SESSB and SSB.

- The Group intends to pursue all legal avenues to resolve both cases concurrently. The Directors are of the opinion that the proceedings will not materially and/or adversely affect the financial position of the Group.

**B12. Dividend payable**

The Board of Directors had proposed for a final single tier dividend of 8% or 4 sen per share for the financial period ended 31 December 2009, which was approved by the shareholders at the Annual General Meeting held on 29 June 2010. The aforesaid final dividend was paid on 30 July 2010.

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**(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**

**B13. Earnings per Share**

	<b>3 months ended</b>		<b>6 months ended</b>	
	30 Jun 2010 <b>RM'000</b>	30 Jun 2009 <b>RM'000</b>	30 Jun 2010 <b>RM'000</b>	30 Jun 2009 <b>RM'000</b>
Profit attributable to Owners of the Parent (RM'000)	10,240	10,193	23,254	31,418
Weighted average number of shares in issue ('000)	500,000	500,000	500,000	500,000
Basic earnings per share (sen)	2.05	2.04	4.65	6.28
Diluted earnings per share (sen)	2.05	2.04	4.65	6.28

Basic earnings per share of the Company is calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

The computation of diluted earnings per share is the same as basic earnings per share as there were no new shares issued during the reporting period.