



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2011

	Quarter and Year-to-date Ended	
	31 Mar 2011 RM'000 (Unaudited)	31 Mar 2010 RM'000 (Unaudited)
Revenue	51,201	79,178
Cost of sales	<u>(31,801)</u>	<u>(62,866)</u>
Gross profit	19,400	16,312
Other operating income	953	1,974
Other operating expenses	(1)	(195)
Administrative expenses	(6,911)	(2,475)
Finance costs	<u>(2,739)</u>	<u>(1,156)</u>
Profit before tax	10,702	14,460
Income tax expense	(1,351)	(1,446)
Profit for the period	<u>9,351</u>	<u>13,014</u>
Profit attributable to:		
Owners of the Parent	<u>9,351</u>	<u>13,014</u>
	<u>9,351</u>	<u>13,014</u>
Earnings per share (sen)		
- Basic EPS	1.87	2.60
- Diluted EPS	1.87	2.60

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 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 31 MARCH 2011

(CONTINUED)

	Quarter and Year-to-date Ended	
	31 Mar 2011 RM'000 (Unaudited)	31 Mar 2010 RM'000 (Unaudited)
Profit for the period	9,351	13,014
Other Comprehensive Income :		
Exchange differences on translating:		
(a) Foreign operations	339	(2,330)
(b) Other subsidiary with functional currency other than Ringgit Malaysia	(9)	(3,523)
Total Comprehensive Income for the period	9,681	7,161
Total comprehensive income attributable to:		
Owners of the Parent	9,681	7,161

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2011

	As at 31 Mar 2011 RM'000 (Unaudited)	As at 31 Dec 2010 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	431,785	450,816
Prepaid land lease payments	49,889	50,204
Investment in associate	3,500	-
Other receivables	1,006	4,287
	486,180	505,307
Current Assets		
Inventories	226,007	205,019
Trade and other receivables	111,941	87,554
Due from customer on contracts	9,917	9,918
Tax recoverable	251	675
Fixed deposits pledged to licensed banks	29,750	28,789
Cash and cash equivalents	63,716	49,361
	441,582	381,316
Total Assets	927,762	886,623
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share Capital	250,000	250,000
Share Premium	79,087	79,087
Retained earnings	119,922	110,571
Other components of equity	373	43
Total Equity	449,382	439,701
Non-Current Liabilities		
Long-term borrowings	133,186	119,186
Deferred tax liabilities	52,610	52,613
	185,796	171,799
Current Liabilities		
Short-term borrowings	211,625	203,140
Trade and other payables	79,375	66,732
Due to customer on contracts	-	4,861
Provision for taxation	1,584	390
	292,584	275,123
Total Liabilities	478,380	446,922
Total Equity and Liabilities	927,762	886,623
Net asset per share (sen)	89.88	87.94

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 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 31 MARCH 2011

	Attributable to Owners of the Parent					Total Equity (Unaudited) 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
Total comprehensive income for the period	-	-	13,014	(5,853)	7,161	7,161
Balance as at 31 March 2010	250,000	79,087	110,212	(4,702)	434,597	434,597

	Attributable to Owners of the Parent					Total Equity (Unaudited) 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 2011	250,000	79,087	110,571	43	439,701	439,701
Total comprehensive income for the period	-	-	9,351	330	9,681	9,681
Balance as at 31 March 2011	250,000	79,087	119,922	373	449,382	449,382

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 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 31 MARCH 2011**

	Year-to-date Ended	
	31 Mar 2011 RM'000 (Unaudited)	31 Mar 2010 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before tax	10,702	14,460
Adjustments for:		
Non-cash items	11,072	2,518
Non-operating items	2,634	1,141
Operating profit before working capital changes	24,408	18,119
Net change in current assets	(2,039)	(4,174)
Net change in current liabilities	4,350	(5,491)
Cash Flows from operations	26,719	8,454
Interest paid	(2,649)	(1,156)
Income tax paid	(444)	1,034
Net Cash From Operating Activities	23,626	8,332
Cash Flows From Investing Activities		
Investment in associate	(3,500)	-
Purchase of property, plant and equipment	(28,332)	(17,552)
Proceeds from disposal of property, plant and equipment	17	8,486
Interest received	164	15
Net Cash Used In Investing Activities	(31,651)	(9,051)
Cash Flows From Financing Activities		
Net movement in fixed deposits pledged	396	(11,260)
Net movements in trade financing	152	(9)
Proceeds from term loans	24,998	48,000
Repayments of term loans	(7,814)	(10,597)
Repayments of hire purchase payables	(360)	(766)
Net Cash From Financing Activities	17,372	25,368
Effect of changes in foreign exchange rates	417	(366)
Net Increase in Cash and Cash Equivalents	9,764	24,283
Cash and Cash Equivalents at the beginning of financial year	44,566	27,206
Cash and Cash Equivalents at the end of financial period	54,330	51,489

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

Cash and bank balances	63,716	73,545
Bank overdraft	(9,386)	(22,056)
	54,330	51,489

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

(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 2010. 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 2010 except for the following:-

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

The following new FRSs and Interpretations were issued but not yet effective on 31 March 2011 and have not been applied by the Group:

Effective for financial periods beginning on or after 1 July 2011

Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 124 : Related Parties Disclosures (Revised)
IC Interpretation 15: : Arrangements for the Construction of Real Estate

**(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 2010 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 FOURTH QUARTER ENDED 31 MARCH 2011

**(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 31 March 2011 are as follows:

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	31,924	19,277	-	-	51,201
Inter-segment sales	36,547	-	47	(36,594)	-
Total revenue	<u>68,471</u>	<u>19,277</u>	<u>47</u>	<u>(36,594)</u>	<u>51,201</u>
Segment results					
Profit/(Loss) from operations	7,270	7,544	(340)	(1,033)	13,441
Finance costs					(2,739)
Profit before income tax					10,702
Income tax					(1,351)
Profit after tax					<u>9,351</u>
Assets and liabilities					
Segment assets	396,734	556,543	322,464	(347,979)	927,762
Segment liabilities	287,434	324,035	189,674	(322,763)	478,380
Net assets	<u>109,300</u>	<u>232,508</u>	<u>132,790</u>	<u>(25,216)</u>	<u>449,382</u>
Other segmental information					
Depreciation	1,825	5,465	39	-	7,329
Amortisation of prepaid land lease payments	171	118	26	-	315

A9. Capital commitments

Capital commitments are as follows:

RM'000	Approved and contracted for	Approved but not contracted for
Property, plant and equipment	<u>23,088</u>	<u>85,961</u>

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

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

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 the composition of the Group during the current quarter and financial year to date save for the acquisition of 25% shares in Logistine Sdn Bhd ("LSB") as follows:

Logistine Sdn Bhd ("LSB")

LSB was incorporated in Malaysia on 30 March 2010 under the Companies Act, 1965. Its principal activity is engaged in the business of inter alia, owning and chartering marine offshore support vessels to the oil and gas industry. Its present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

A12. Contingent liabilities

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

	Year-to-date 31 Mar 2011 RM'000
Bank guarantees for contracts entered with customer	<u>8,441</u>

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

**(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 31 Mar 2011 RM	Current Year-to-date 31 Mar 2011 RM
(i) Transactions with companies in which certain Directors of the Company have substantial interest :		
Ming Kiong Agencies (Singapore) Pte Ltd		
- Rental of office at Far East shopping centre, Singapore	32,337	32,337
Manmohan's (Labuan) Sdn Bhd		
- Rental of office at Lot 20, Labuan	3,000	3,000
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd		
- Lease of office at Lot 1035, Piasau	26,400	26,400
Syarikat Lambir Timber Sdn Bhd		
- Chartering of vessels	52,500	52,500
(ii) Transactions with Director :		
Yong Foh Choi		
- Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1,500	1,500
	115,737	115,737

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 FOURTH QUARTER ENDED 31 MARCH 2011

(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 decreased by RM28 million or 35% compared to the corresponding quarter last year. The unfavorable result was attributed to decreased in the external sales derived from shipbuilding while the sales of RM36.5 million to Companies within the Group and related Company were eliminated. On the contrary, chartering division recorded higher turnover by RM4 million or 26% due to additional revenue derived from the newly acquired vessels. The new vessels will provide recurrent income to the Group as most of the new vessels has secured long term contracts.

Profit before taxation decrease from RM14.5 million in previous corresponding quarter to RM10.7 million in the current quarter due to drop in ship building revenue and higher finance cost.

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

	Current Quarter ended 31 Mar 2011 RM'000	Preceding Quarter ended 31 Dec 2010 RM'000	Variance RM'000	%
Revenue	51,201	80,302	(29,101)	-36%
Profit before tax	<u>10,702</u>	<u>10,592</u>	110	1%

The Group recorded lower revenue of RM51 million due to drop in ship building income.

Despite the drop in revenue, profit before taxation ("PBT") of the Group for the current quarter showed RM10.7 million was slightly higher than the preceding quarter by RM110,000 due to improved profit margin.

B3. Commentary on prospects

The global uncertainty seems to have stabilised but there are continual fresh challenges caused by the current geopolitical tensions in the Middle East and North Africa and the recent earthquake and nuclear breakout in Japan is causing further erosion in the recovery of the world economy. Nevertheless, the oil and gas industry has improved from the lows experienced in the last 2 years. We maintain our expectation for more awards by PETRONAS and other regional oil majors for the supply of offshore marine support vessels ("OSV") in view of the improvements in the oil and gas industry in the near future.

SIB is still cautiously optimistic on the global economy's path to full recovery despite the improvement of the Crude Oil Price to the present level of above USD100 per barrel. The Group will continuously improve its core competencies in ship building, ship chartering and ship repair activities in Malaysia and abroad in preparation for the economic turnaround.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

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

B4. Variance between actual profit from forecast profit

Not applicable as no profit forecast was published.

B5. Taxation

	Current Quarter 31 Mar 2011 RM'000	Current Year-to-date 31 Mar 2011 RM'000
Malaysian income tax	568	568
Deferred income tax	783	783
Total tax expenses	<u>1,351</u>	<u>1,351</u>

The effective tax rate for the current financial period ended 31 March 2011 is 13%, 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.

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

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

B9. Group borrowings and debt securities

Total Group's borrowings as at 31 March 2011 were as follows:

1. <u>Total Borrowings</u>	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings	150,438	61,187	211,625
Long-term borrowings	133,186	-	133,186
	283,624	61,187	344,811
	Secured USD'000	Unsecured USD'000	Total USD'000
2. <u>Borrowings denominated in US Dollars</u>			
Short-term borrowings	2,927	-	2,927
Long-term borrowings	8,392	-	8,392
	11,319	-	11,319

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.

B11. Material litigation

- 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 have alleged that they should be reimbursed for certain repairs to the vessel under the warranty provision in the ship building contract. PMS have, however, been unable to substantiate their allegation by failing to provide full documentation of their alleged repair costs. SESSB has offered to reimburse PMS up to US\$450,000 under the warranty. PMS have made purported demands on the bankers' guarantee, pursuant to which the Bank of Nova Scotia made purported demands on the counter-guarantee against Maybank.

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

B11. Material litigation (CONTINUED)

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 counter-guarantee. The injunction was lifted on 13 October 2010, pursuant to which Maybank made payment to the Bank of Nova Scotia under the counter-guarantee. SESSB will pursue their claim against PMS for wrongly called on the entire amount of the bankers' guarantee.

On 9 May 2011, PMS proposed to refund US\$1 million to SESSB. The balance US\$1 million shall be withheld to cover the repair cost of the vessel. This proposal is still being discussed by both parties.

2. Sealink Sdn Bhd ("SSB") had on 2 July 2010 served a Notice of Arbitration on Petroleum Marine Services ("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).

SSB officially commenced arbitration proceedings against PMS on 26 August 2010, under the Rules of the Singapore International Arbitration Centre ("SIAC").

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

A final single tier tax exempt dividend in respect of the financial year ended 31 December 2010, of 2.7 sen on 500,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM13,500,000 is subject to the approval of Shareholders at the forthcoming Annual General Meeting.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

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

B13. Earnings per Share

	3 months ended	
	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
Profit attributable to Owners of the Parent (RM'000)	<u>9,351</u>	<u>13,014</u>
Weighted average number of shares in issue ('000)	<u>500,000</u>	<u>500,000</u>
Basic earnings per share (sen)	<u>1.87</u>	<u>2.60</u>
Diluted earnings per share (sen)	<u>1.87</u>	<u>2.60</u>

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.

B14. Disclosure of Realised and Unrealised Profits

The retained profits as at 31 March 2011 and 30 December 2010 are analysed as follows:

	As at	As at
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	171,899	161,281
- Unrealised	<u>(51,977)</u>	<u>(50,710)</u>
	119,922	110,571
Consolidation adjustments	-	-
Total Group retained profits as per consolidated accounts	<u>119,922</u>	<u>110,571</u>