

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

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT**FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011**

	3 months ended		12 months ended	
	31 Dec 2011 RM'000 (Unaudited)	31 Dec 2010 RM'000 (Unaudited) Restated	31 Dec 2011 RM'000 (Unaudited)	31 Dec 2010 RM'000 (Audited)
Revenue	35,364	80,302	201,857	224,892
Cost of sales	<u>(28,218)</u>	<u>(60,704)</u>	<u>(153,207)</u>	<u>(167,427)</u>
Gross profit	7,146	19,598	48,650	57,465
Other operating income	3,609	8,665	8,900	13,200
Other operating expenses	(511)	(1,802)	(617)	(2,121)
Administrative expenses	(5,763)	(10,217)	(22,049)	(22,562)
Finance costs	(3,166)	(5,652)	(12,390)	(8,525)
Share of result of associate	<u>739</u>	<u>-</u>	<u>978</u>	<u>-</u>
Profit before tax	2,054	10,592	23,472	37,457
Income tax expense	(1,321)	(996)	(5,849)	(4,083)
Profit for the period	<u>733</u>	<u>9,596</u>	<u>17,623</u>	<u>33,374</u>
Profit attributable to:				
Owners of the Parent	<u>733</u>	<u>9,596</u>	<u>17,623</u>	<u>33,374</u>
	<u>733</u>	<u>9,596</u>	<u>17,623</u>	<u>33,374</u>
Earnings per share (sen)				
- Basic EPS	0.15	1.92	3.52	6.67
- Diluted EPS	0.15	1.92	3.52	6.67

The Condensed Consolidated Income Statement 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 DECEMBER 2011

(CONTINUED)

	3 months ended		12 months ended	
	31 Dec 2011 RM'000 (Unaudited)	31 Dec 2010 RM'000 (Unaudited) Restated	31 Dec 2011 RM'000 (Unaudited)	31 Dec 2010 RM'000 (Audited)
Profit for the period	733	9,596	17,623	33,374
Other Comprehensive Income :				
Exchange differences on translating:				
(a) Foreign operations	27	668	1,126	(1,095)
(b) Other subsidiary with functional currency other than Ringgit Malaysia	(49)	(2,955)	75	(13)
Total Comprehensive Income for the period	<u>711</u>	<u>7,309</u>	<u>18,824</u>	<u>32,266</u>
Total comprehensive income attributable to:				
Owners of the Parent	<u>711</u>	<u>7,309</u>	<u>18,824</u>	<u>32,266</u>
	<u>711</u>	<u>7,309</u>	<u>18,824</u>	<u>32,266</u>

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 DECEMBER 2011

	As at 31 Dec 2011 RM'000 (Unaudited)	As at 31 Dec 2010 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	414,154	450,816
Land use rights	50,062	50,204
Investment in associate	2,566	-
Other receivables	317	4,287
	467,099	505,307
Current Assets		
Inventories	237,175	205,019
Trade and other receivables	123,293	87,554
Due from customer on contracts	16,455	9,918
Tax recoverable	360	675
Fixed deposits pledged to licensed banks	32,733	28,789
Cash and cash equivalents	48,969	49,361
	458,985	381,316
Total Assets	926,084	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	114,695	110,572
Other components of equity	1,244	43
Total Equity	445,026	439,702
Non-Current Liabilities		
Long-term borrowings	202,765	119,186
Deferred tax liabilities	56,090	52,613
	258,855	171,799
Current Liabilities		
Short-term borrowings	146,816	203,140
Trade and other payables	75,010	66,731
Due to customer on contracts	-	4,861
Provision for taxation	377	390
	222,203	275,122
Total Liabilities	481,058	446,921
Total Equity and Liabilities	926,084	886,623
Net asset per share (sen)	89.01	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 DECEMBER 2011

	Attributable to Owners of the Parent					Total Equity (Audited) 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	-	-	33,374	(1,108)	32,266	32,266
Balance as at 31 Dec 2010	250,000	79,087	110,572	43	439,702	439,702

	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	110,572	43	439,702	439,702
Dividend	-	-	(13,500)	-	(13,500)	(13,500)
Total comprehensive income for the period	-	-	17,623	1,201	18,824	18,824
Balance as at 31 Dec 2011	250,000	79,087	114,695	1,244	445,026	445,026

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 DECEMBER 2011**

	Year-to-date Ended	
	31 Dec 2011 RM'000 (Unaudited)	31 Dec 2010 RM'000 (Audited)
Cash Flows From Operating Activities		
Profit before tax	23,472	37,457
Adjustments for:		
Interest income	(3,066)	(550)
Interest expenses	12,298	10,361
Amortisation of land use rights	1,282	1,259
Depreciation of property, plant and equipment	30,020	25,057
Gain on disposal of property, plant and equipment	(637)	(1,087)
Impairment loss on trade receivables	-	1,829
Property, plant and equipment written off	21	109
Provision of doubtful debts	260	-
Provision for maintenance warranties	500	-
Reversal of provisions	-	(3,811)
Share of profit of associate	(978)	-
Unrealised (gain)/loss on foreign exchange	3,240	(2,274)
Operating profit before working capital changes	<u>66,412</u>	<u>68,350</u>
<u>Changes in working capital</u>		
Decrease in inventories	11,071	127,882
Increase in trade and other receivables	(37,187)	(35,965)
Decrease/(increase) in trade and other payables	3,315	(16,675)
Increase in amount due to ultimate holding company	95	(149)
Increase in amount due to associate	50	-
Cash Flows from operations	<u>43,756</u>	<u>143,443</u>
Interest paid	(17,590)	(12,746)
Interest received	2,737	-
Income tax refund	707	2,194
Income tax paid	(2,615)	(2,575)
Net Cash From Operating Activities	<u>26,995</u>	<u>130,316</u>
Cash Flows From Investing Activities		
Increase in land use rights	(1,141)	-
Increase other receivable	-	(3,500)
Interest received	1,008	782
Investment in associate	(3,500)	-
Proceeds from disposal of property, plant and equipment	11,050	10,372
Purchase of property, plant and equipment	(42,355)	(130,562)
Net Cash Used In Investing Activities	<u>(34,938)</u>	<u>(122,908)</u>

SEALINK INTERNATIONAL BERHAD (800981-X)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	Year-to-date Ended	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash Flows From Financing Activities		
Net movement in fixed deposits pledged	(3,960)	(23,169)
Net movements in trade financing	(69,817)	(1,097)
Proceeds from term loans	128,840	91,871
Repayments of term loans	(37,858)	(31,163)
Repayments of hire purchase payables	(456)	(2,389)
Dividends paid to shareholders	(13,500)	(20,000)
Net Cash From Financing Activities	3,249	14,053
Effect of changes in foreign exchange rates	1,089	(2,787)
Net (Decrease) / Increase in Cash and Cash Equivalents	(3,605)	18,674
Cash and Cash Equivalents at the beginning of financial year	45,880	27,206
Cash and Cash Equivalents at the end of financial period	42,275	45,880

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

Cash and bank balances	48,969	49,361
Bank overdraft	(6,694)	(3,481)
	42,275	45,880

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 DECEMBER 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 December 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**

A1. Accounting policies and methods of computation (continued)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standard Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Company has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and Accounting Standard under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

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 quarter under review.

A5. Material changes in estimates

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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

A7. Dividends Paid

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

A8. Segmental information

The results and other information of the Group as at 31 December 2011 are as follows:

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	114,468	87,389	-	-	201,857
Inter-segment sales	28,500	300	59	(28,859)	-
Total revenue	<u>142,968</u>	<u>87,689</u>	<u>59</u>	<u>(28,859)</u>	<u>201,857</u>
Segment results					
Profit/(Loss) from operations	3,635	31,883	3,201	(3,835)	34,884
Finance costs					(12,390)
Share of result of associate					978
Profit before income tax					<u>23,472</u>
Income tax					(5,849)
Profit after tax					<u><u>17,623</u></u>
Assets and liabilities					
Segment assets	368,548	597,426	333,591	(373,481)	926,084
Segment liabilities	266,693	337,405	222,570	(345,610)	481,058
Net assets	<u>101,855</u>	<u>260,021</u>	<u>111,021</u>	<u>(27,871)</u>	<u>445,026</u>
Other segmental information					
Depreciation	6,780	23,238	2	-	30,020
Amortisation of prepaid land lease payments	707	472	103	-	1,282

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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

Capital commitments are as follows:

RM'000	Approved and contracted for	Approved but not contracted for
Property, plant and equipment	<u>23,516</u>	<u>77,116</u>

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 31 December 2011.

A12. Contingent liabilities

The following is the additional contingent liabilities since the last annual balance sheet date:

	Year-to-date 31 Dec 2011 RM'000
Bank guarantees for contracts entered with customer	<u>65,633</u>

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 Dec 2011 RM	Current Year-to-date 31 Dec 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	33,054	131,603
Manmohan's (Labuan) Sdn Bhd		
- Rental of office at Lot 20, Labuan	3,000	12,000
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd		
- Lease of office at Lot 1035, Piasau	26,400	105,600
Syarikat Lambir Timber Sdn Bhd		
- Chartering of vessels	52,500	210,000
Rajah & Tann		
- Provision of legal services	200,132	239,213
Khoo & Co, Advocates and Solicitors		
- Provision of legal services	10,750	10,830
(ii) Transactions with Director :		
Yong Foh Choi		
- Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1,500	6,000
	327,336	715,246

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'S LISTING REQUIREMENTS

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

Current quarter compared with previous corresponding quarter

Group revenue for the current quarter decreased by RM44.9 million or 56% to RM35.4 million against previous corresponding quarter's RM80.3 million due to substantial drop in shipbuilding revenue.

The Group achieved profit before taxation of RM2.05 million for the quarter, drop by RM8.54 million compared to previous quarter partly due to deposits on new engines written off amounted to RM5.55 million.

The performance of respective operating business segments :

- (i) Shipbuilding:- Revenue decreased by RM45.8 million or 77% due to no new sales contract signed in the current quarter. The revenue recognised for this quarter was from existing contracts.

Profit is affected by the drop in revenue, the write off of deposit paid for new engines amounted to RM5.55 million resulted in operating loss of RM3.1 million suffered in the current quarter. The engines were cancelled due to the group has decided not proceed with the construction of some of the vessels due to oversupply of certain type of vessels in the market and the uncertainty in the world economy.

- (ii) Chartering:- Revenue increased by RM0.9 million was attributed to fleet expansion contributed to the revenue growth.

Ship charter division recorded operating profit of RM9 million for the current quarter ,increased by RM2.2 million compared to previous corresponding quarter.

Current financial period compared with previous corresponding financial period

Group revenue for year 2011 was lower than year 2010 by RM23 million or 10 %. The drop was due to decrease in shipbuilding revenue. On the contrary, revenue from ship charter increased by RM18 million or 26%.

The group recorded profit before tax of RM23.4 million for the current year against profit before tax of RM37.5 million previous year, drop by RM14 million or 37%. The adverse result was mainly due to drop in shipbuilding revenue while increase in ship chartering income is insufficient to cover for the drop in shipbuilding segment. Deposit of RM5.55 million for new engines written off during the quarter further depressed group profit.

The performance of respective operating business segments:

- (i) Shipbuilding:- Revenue decreased by RM41 million or 26% due to reason mentioned above. Operating profit drop in tandem with decreased revenue. For the year 2011, shipbuilding division only contributed operating profit of RM3.6 million to the group.
- (ii) Chartering:- Revenue increased by RM18 million or 26% compared to previous corresponding financial period due to increase in number of vessels in the fleet and more vessels on long term charter in year 2011. Fleet expansion boost up operating profit to RM31.9 million compared to RM24.3 million previous period.

Year on year, finance cost increased by RM3.87 million compared to previous year, partly due to gain on foreign exchange of RM1.8 million recorded in previous period , whereas for the current financial period, the group suffered net loss on foreign exchange of RM162,000. Finance cost also increased due to additional loans taken to part finance new vessels acquired for charter.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

	Current Quarter ended 31 Dec 2011 RM'000	Preceding Quarter ended 30 Sept 2011 RM'000	Variance RM'000	%
Revenue	35,364	68,093	(32,729)	-48%
Profit before tax	<u>2,054</u>	<u>3,623</u>	(1,569)	-43%

The Group recorded lower revenue of RM35.36 million for the current quarter, representing a drop of RM32.73 million or 48% compared to preceding quarter mainly due to drop in revenue from shipbuilding.

The Group recorded profit before taxation of RM2.05 million for current quarter, dropped by RM1.5 million or 43% compared to preceding quarter. The unfavorable result was due to increase in administration cost by RM1.45 million on provision for bonus, stamp duty on loan documents while cost of sales included RM5.55 million deposit for engines written off on cancellation of the orders placed.

B3. Commentary on prospects

The global uncertainty seems to be on the road to recovery but there are constant surprises and uncertainties from the economies in Europe. 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 and we believe that this would increase the sale and charter of our offshore marine support vessels ("OSV"). With the increased oil and gas activities in Malaysia, Sealink is optimistic that the ship repair division would perform reasonably well in the next 12 months.

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 USD90 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.

B4. Variance between actual profit from forecast profit

Not applicable as no profit forecast was published.

B5. Taxation

	Current Quarter 31 Dec 2011 RM'000	Current Year-to-date 31 Dec 2011 RM'000
Malaysian income tax	593	2,198
Deferred income tax	728	3,651
Total tax expenses	<u>1,321</u>	<u>5,849</u>

The effective tax rate for the current quarter is very high due to provision of deferred tax provided by the ship charter division whilst shipbuilding division has utilised all capital allowance and reinvestment allowance. Non- tax deductible expenses like depreciation charges and unrealised loss on foreign exchange resulted in higher effective tax rate.

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

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.

B9. Group borrowings and debt securities

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

1. <u>Total Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short-term borrowings	86,534	60,282	146,816
Long-term borrowings	202,765	-	202,765
	<u>289,299</u>	<u>60,282</u>	<u>349,581</u>
2. <u>Borrowings denominated in US Dollars</u>	Secured	Unsecured	Total
	USD'000	USD'000	USD'000
Short-term borrowings	4,275	-	4,275
Long-term borrowings	13,611	-	13,611
	<u>17,886</u>	<u>-</u>	<u>17,886</u>

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

B10. 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 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.

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. On 21 July 2011, Miri High Court has dismissed the action and an appeal has been lodged against that decision by SESSB. 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. On 28 September 2011, PMS again proposed a global settlement sum of US\$1.5 million to resolve both actions against them.

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 arbitration is in proceedings.

The proceedings will only be called off once PMS agree to the settlement and perform its terms.

After several rounds of negotiation, both parties are close to reaching a settlement for the above two claims.

The Directors are of the opinion that the above two proceedings will not materially and/or adversely affect the financial position of the Group because the relevant costs has been taken up in the account of respective subsidiary.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B11. Dividend payable**

No interim dividend has been declared for the current quarter ended 31 December 2011.

B12. Earnings per Share

	3 months ended		12 months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Profit attributable to Owners of the Parent (RM'000)	<u>733</u>	<u>9,596</u>	<u>17,623</u>	<u>33,374</u>
Weighted average number of shares in issue ('000)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Basic earnings per share (sen)	<u>0.15</u>	<u>1.92</u>	<u>3.52</u>	<u>6.67</u>
Diluted earnings per share (sen)	<u>0.15</u>	<u>1.92</u>	<u>3.52</u>	<u>6.67</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.

B13. Disclosure of Realised and Unrealised Profits

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

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
Total retained profits of the Group		
- Realised	174,024	162,710
- Unrealised	<u>(58,056)</u>	<u>(50,710)</u>
	115,968	112,000
Consolidation adjustments	<u>(1,273)</u>	<u>(1,428)</u>
Total Group retained profits as per consolidated accounts	<u>114,695</u>	<u>110,572</u>