SEALINK INTERNATIONAL BERHAD
(800981-X)

Head Office
Lot 1035 Blk 4 MCLD, Piasau Industrial Area, Jalan Cattleya 5, CDT 139, 98000 Miri, Sarawak, Malaysia.
Tel : (+60) 85 651778 Fax: (+60) 85 652480 Email : sealink@asiasealink.com Website: asiasealink.com

SEALINK INTERNATIONAL BERHAD (800981-X)

ANNUAL REPORT 2010

SEALINK INTERNATIONAL BERHAD
(800981-X)

ANNUAL REPORT
2010

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The Sealink Group

We are a Malaysia-based Integrated Service Provider, having provided products and services to over 20 countries around the world. Sealink Group is an Integrated Service Provider which builds, owns and operates a diverse fleet of offshore marine support vessels, serving mainly the global offshore oil and gas exploration and production industry. The majority of our products and services are derived overseas. We are listed on the Main Board of Bursa Malaysia.

Our Vision

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

Our Mission

Construct High Performance Global Class Vessels

Establishing, Maintaining and Serving a Network of Global Customers

Continuous Performance in Achieving International Accreditation in Maritime Safety Standards

Continuous Improvement of Management and Operational Efficiency and Optimisation of Systems

Our Goal

Satisfied Customers

Growth in Market Share

Creating an Intelligent and Vibrant Workforce

Profitability

Our Value

Quality Excellence without Compromising Integrity

Customers and Employees are Company's Assets

Competitiveness

Environmental Friendliness

Social Consciousness

Corporate Information

Board of Directors

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

Audit Committee

Wong Chie Bin	*Chairman*
Toh Kian Sing	*Member*
Eric Khoo Chuan Syn @ Khoo Chuan Syn	*Member*

Nomination Commitee

Eric Khoo Chuan Syn @ Khoo Chuan Syn	*Chairman*
Wong Chie Bin	*Member*
Yong Kiam Sam	*Member*

Remuneration Committee

Eric Khoo Chuan Syn @ Khoo Chuan Syn	*Chairman*
Wong Chie Bin	*Member*
Yong Kiam Sam	*Member*

Company Secretary

Yeo Puay Huang (LS0000577)

Registered Office and Corporate Office

Lot 1035, Block 4, MCLD, Piasau Industrial Area
98000 Miri, Sarawak
Tel : 085 651 778
Fax : 085 652 480
Email : sealink@asiasealink.com
Website : asiasealink.com

Registrar

Securities Services (Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur
Tel : 03-20849000
Fax : 03-20949940

Auditors

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

Principal Bankers

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

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

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

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

Standard Chartered Saadiq Berhad (823437-K)
Level 15, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 1 300 88 33 99 Fax: 03-21428933

EON Bank (92351-X)
Business Centre
Ground Floor & 1st Floor, Lot 715, Merbau Road,
98000 Miri, Sarawak.
Tel: 085-434510 Fax: 085-420588

Stock Exchange Listings

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

Details of the Group – Places of Operations/Offices

Sealink International Berhad (800981-X)
Lot 1035, Block 4, MCLD,
Piasau Industrial Area,
98000 Miri, Sarawak
Telephone No : 085-651778
Facsimile No : 085-652480

Sealink Engineering and Slipway Sdn Bhd (653820-H)
Lot 816, Block 1,
Kuala Baram Land District,
98100 Kuala Baram Miri, Sarawak
Telephone No : 085- 605767
Facsimile No : 085- 605428

Sealink Shipyard Sdn Bhd (195853-D)
Lot 1339, Jalan Cattleya 1,
MCLD, Krokop,
98000 Miri, Sarawak
Telephone No : 085- 660077
Facsimile No : 085- 652520

Seagood Pte Ltd (199707263C)
545 Orchard Road #09-07,
Far East Shopping Centre,
238882 Singapore
Telephone No : 0267377911
Facsimile No : 02 67374889

Group Structure

PLACE AND DATE OF INCORPORATION:	Sealink International Berhad was incorporated in Malaysia on 28th December, 2007
Principal Activities:	Holding and Investment Company

Effective Equity Interest 100%

SEALINK INTERNATIONAL BERHAD

Authorised Capital: RM500, 000,000.00
Paid-up Capital: RM 250,000,000.00

SEA-GOOD PTE LTD	GODRIMAJU SDN BHD	CERGAS MAJUSAMA SDN BHD	EUROEDGE SDN BHD	ERA SURPLUS SDN BHD	ERA SUREWAY SDN BHD
Authorised Capital: S$ 500,000.00	Authorised Capital: RM5,000,000.00	Authorised Capital: RM500,000.00	Authorised Capital: RM500,000.00	Authorised Capital: RM1,000,000.00	Authorised Capital: RM500,000.00
Paid-up Capital: S$ 500,000.00	Paid-up Capital: RM1,000,000.00	Paid-up Capital: RM500,000.00	Paid-up Capital: RM500,000.00	Paid-up Capital: RM1,000,000.00	Paid-up Capital: RM500,000.00

SUTHERFIELD RESOURCES SDN BHD	SEABRIGHT SDN BHD	SEALINK SDN BHD	NAVITEX SHIPPING SDN BHD	SEALINK MARINE SDN BHD	SEALINK MANAGEMENT SDN BHD
Authorised Capital: RM500,000.00	Authorised Capital: RM1,000,000.00	Authorised Capital: RM2,000,000.00	Authorised Capital: RM100,000.00	Authorised Capital: RM500,000.00	Authorised Capital: RM500,000.00
Paid-up Capital: RM500,000.00	Paid-up Capital: RM1,000,000.00	Paid-up Capital: RM1,500,000.00	Paid-up Capital: RM2.00	Paid-up Capital: RM500,000.00	Paid-up Capital: RM500,000.00

MIDAS CHOICE SDN BHD	SEALINK ENGINEERING & SLIPWAY SDN BHD	SEALINK DOCKYARD SDN BHD	SEALINK OFFSHORE (L) LIMITED	SEABRIGHT (SINGAPORE) PRIVATE LIMITED	SEALINK SHIPYARD SDN BHD	SEALINK PACIFIC SDN BHD
Authorised Capital: RM500,000.00	Authorised Capital: RM10,000,000.00	Authorised Capital: RM100,000.00	Authorised Capital: USD10,000.00	Authorised Capital: S$10,000.00	Authorised Capital: RM5,000,000.00	Authorised Capital: RM500,000.00
Paid-up Capital: RM500,000.00	Paid-up Capital: RM1,500,000.00	Paid-up Capital: RM2.00	Paid-up Capital: USD1.00	Paid-up Capital: S$10,000.00	Paid-up Capital: RM1,500,000.00	Paid-up Capital: RM500,000.00

SEA LEGEND SHIPPING SDN BHD	BARAM MOULDING INDUSTRIES SDN BHD	SEALINK RESOURCES (L) LTD	SEALINK MARINE (L) LTD	ALIRAN SAKSAMA SDN BHD	BRISTAL VIEW SDN BHD
Authorised Capital: RM100,000.00	Authorised Capital: RM10,000,000.00	Authorised Capital: USD10,000.00	Authorised Capital: USD10,000.00	Authorised Capital: RM500,000.00	Authorised Capital: RM300,000.00
Paid-up Capital: RM2.00	Paid-up Capital: RM25,000.00	Paid-up Capital: USD1.00	Paid-up Capital: USD1.00	Paid-up Capital: RM500,000.00	Paid-up Capital: RM60,000.00

LOGISTINE SDN BHD	SEALINK ANTARABANGSA LTD	PERKASA ASIA CORPORATION LTD
Authorised Capital: RM1,00,000,000.00	Authorised Capital: USD10,000.00	Authorised Capital: USD10,000.00
Paid-up Capital: RM1,00,000,000.00	Paid-up Capital: USD1.00	Paid-up Capital: USD1.00
25%	**100%**	**100%**

Group Financial Highlights

(A) Quarterly results

	Quarter 1 RM'000	Quarter 2 RM'000	Quarter 3 RM'000	Quarter 4 RM'000	Year Ended 31 December RM'000
Revenue	79,178	44,798	20,614	80,302	224,892
PBT	14,460	10,816	1,589	10,592	37,457
PAT	13,014	10,240	524	9.596	33,374
Attributable to ordinary equity holders of the Company	13,014	10,240	524	9,596	33,374

(B) Segmental performance - Revenue

Revenue	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Chartering	39,124	44,539	72,406	62,121	69,355
Shipbuilding	57,432	118,011	163,816	131,105	155,483
Rental income	135	120	40	-	54
Total	96,691	162,670	236,262	193,226	224,892

(C) Segmental performance – NPBT

Net profit before tax (NPBT)	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Chartering	31,468	25,413	26,340	40,146	19,601
Shipbuilding	11,623	20,421	38,244	20,433	19,616
Others **	61	32	(76)	(2,345)	(1,760)
Total	43,152	45,866	64,508	58,234	37,457

** Excluding excess of fair value of assets and liabilities over the purchase consideration in year 2008

(D) Financial Statistics

Net profit before tax (NPBT)	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Basic earnings per share (Sen)	-	-	20.79	10.45	6.67
Net dividend per share (Sen)	-	-	4.00	4.00	2.70
Operating profit margin (%)	-	-	33.02	25.41	19.84
Net assets per share attributable to ordinary	-	-	0 .79	0.85	0.88
Return on average shareholders' equity (%)	-	-	15.84	12.70	7.70

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of Sealink International Berhad will be held at the Meeting Room, 1st Floor, Admin Block, Sealink Engineering & Slipway Sdn. Bhd., Lot 816, Block 1, Kuala Baram Land District, 98100 Kuala Baram Miri, Sarawak, on 29th June 2011 at 11:00 a.m to transact the following businesses :-

ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31st December 2010 together with the Auditors' Report thereon. **(Resolution No. 1)**

2. To declare a Final Single Tier Dividend of 2.7 cents per share for the financial year ended 31st December 2010. **(Resolution No. 2)**

3. To approve Directors' Fees for the financial year ending 31 December 2011. **(Resolution No. 3)**

4. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: **(Resolution No. 4)**

   "That pursuant to Section 129(6) of the Companies Act, 1965, Datuk Michael Hardin, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: **(Resolution No. 5)**

   "That pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Foh Choi, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

6. To re-elect Mr Yong Kiam Sam who retires in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. **(Resolution No. 6)**

7. To re-elect Mr Toh Kian Sing who retires in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. **(Resolution No. 7)**

8. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution No. 8)**

SPECIAL BUSINESS

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

9. **Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965** **(Resolution No. 9)**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act, 1965, the Articles of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue."

10. Proposed Shareholders' Mandate On Recurrent Related Party Transactions of A Revenue Or Trading Nature. **(Resolution No. 10)**

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a Final Single Tier Dividend of 2.7 cents per share for the financial year ended 31st December 2010, will be paid on 28th September 2011 to depositors who are registered in the Record of Depositors at the close of business on 12th September 2011, if approved by the members at the Annual General Meeting on 29th June 2011.

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

Shares transferred into the depositor's securities account before 4:00 p.m. on 12th September 2011 in respect of ordinary shares; and

Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By order of the Board,

Yeo Puay Huang
Company Secretary
(LS 0000577)

Dated : 7th June 2011

Explanatory Notes to Special Business

1. **Ordinary Resolution No. 9**

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

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

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Second Annual General Meeting held on 29th June 2010 and which will lapse at the conclusion of the Third Annual General Meeting to be held on 29th June 2011.

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

2. **Ordinary Resolution No. 10**

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

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

   For further information of Ordinary Resolution No. 10, please refer to the Circular to Shareholders dated 7th June 2011.

NOTES:

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

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

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

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

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

STATEMENT ACCOMPANYING NOTICE OF THIRD ANNUAL GENERAL MEETING

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

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

Section 129(6) of the Companies Act, 1965

Datuk Michael Hardin

Mr. Yong Foh Choi

Article 89 of the Articles of Association

Mr Yong Kiam Sam

Mr Toh Kian Sing

Their particulars can be found on pages 10 to 11 of the Annual Report. Their shareholdings in the Company are stated on page 83 of the Annual Report.

Profiles of Directors

Datuk Michael Hardin

Chairman
Non-Independent Non-Executive Director
Malaysian

Datuk Michael Hardin, aged 77, was appointed to the Board of Sealink International Berhad on 28 December 2007.

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

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

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

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

Yong Foh Choi

Managing Director
Non-Independent Executive Director
Malaysian

Yong Foh Choi, aged 72, was appointed to the Board of Sealink International Berhad on 28 December 2007.

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

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

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

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

Yong Kiam Sam

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

Yong Kiam Sam aged 40, was appointed to the Board of Sealink International Berhad on 28 December 2007.

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

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

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

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

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

Eric Khoo Chuan Syn @ Khoo Chuan Syn

Non-Independent Non-Executive Director
Malaysian

Eric Khoo Chuan Syn @ Khoo Chuan Syn, aged 55, was appointed to the Board of Sealink International Berhad on 20 May 2008.

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

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

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

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

Toh Kian Sing

Independent Non-Executive Director
Singaporean

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

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

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

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

He is a member of Audit Committee.

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

Wong Chie Bin

Independent Non-Executive Director
Malaysian

Wong Chie Bin, aged 55, was appointed to the Board of Sealink International Berhad on 20 May 2008. He is currently partner of one of the leading accounting firm in Malaysia.

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

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

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

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

None of the Directors have any:

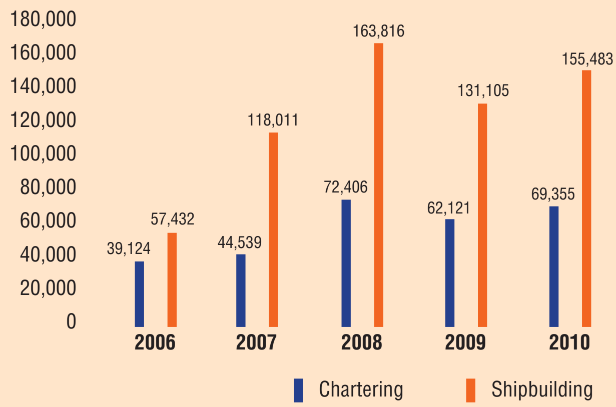
1. Conflict of interest with the Company; and
2. Directorships in other public companies.

The details of attendance of each Director at Board Meetings are set out on page 21 of the Annual Report.

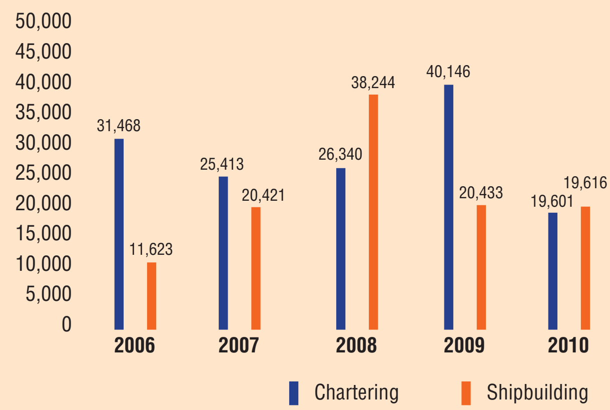
Dear Valued Shareholders,

On behalf of the Board of Directors of Sealink International Berhad and its subsidiaries ("SIB Group"), I have great pleasure to present the Third Annual Report and Audited Financial Statements for the financial year ended 31 December 2010 ("FYE2010").

Revenue (RM'000)



Net Profit Before Tax (NPBT) (RM'000)



Performance and Review

The SIB Group reported a revenue of RM225 million for FYE2010, an increase of 16 percent or RM32 million compared to the financial year ended 31 December 2009 ("FYE2009"). During the same period, the profit after taxation for FYE2010 decreased to RM33 million from RM52 million for FYE 2009, a decrease of 36 percent. For the FYE2010, The SIB Group registered a profit before taxation ("PBT") of RM37 million, a decrease of 36 percent from FYE 2009.

The drop in the results of SIB Group was due to the adverse world economic conditions which started in the end of 2008. During FYE2010, RM115 million worth of vessels were acquired from within the SIB Group and approximately RM14 million were eliminated from SIB Group PBT upon consolidation.

Despite the economic uncertainty, SIB Group which operates as a major offshore support vessel in Malaysia still managed to register an earnings per share of 6.67 sen a share and a net assets per share of 88 sen.

Dividend

Despite the lower results for the financial year, the Board is pleased to recommend a final single tier dividend of 2.7 cents per ordinary share of RM0.50 each for the FYE2010 as a reward to its shareholders. The said proposed final dividend will be subject to the shareholders' approval in the forthcoming Annual General Meeting.

Chairman's Statement




The Oil and Gas Industry

The economic turmoil in the world economy in 2008 / 2009 is unprecedented and this has led to many challenges as seen in the near collapse of several large corporations and even countries. The volatile crude oil price and the oil and gas sector has been recovering steadily since 2008 but 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.

Over the last few months, Petroliam National ("Petronas") have plans to commit RM275 billion over the next five years to develop and maintain its production level. There would be an increasing requirement among the oil majors to venture beyond the shallow waters to build up their oil reserves to maintain their reserve replacement ratios.

Outlook for 2011

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

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

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



Chairman's Statement

Corporate Development

Other than the incorporation of four new subsidiaries during 2010, there was no other corporate development during the year.

Corporate Social Responsibility

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

Corporate Governance

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

Investor Relations

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

Appreciation

On behalf of the Board, we wish to express our sincere appreciation to our committed management and staff for their wholehearted dedication and perseverance in reinforcing our position as one of the leading oil and gas offshore support vessel providers in Malaysia. Their efforts coupled with their high level of competency have indeed resulted in the Group's performance for FYE2010.

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

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

DATUK MICHAEL HARDIN
Non-Independent Non-Executive Chairman

MEMBERSHIP AND MEETINGS

The Audit Committee members and details of attendance of each member at the Audit Committee meetings during 2010 are as follows:

Committee Members Meeting Attendance

Name of Audit Committee Members	Attendance at meeting	Percentage of Attendance (%)
Non Executive Directors		
Wong Chie Bin - Chairman (Independent Non Executive Director)	5/5	100%
Toh Kian Sing - Member(Independent Non Executive Director)	4/5	80%
Eric Khoo Chuan Syn @ Khoo Chuan Syn - Member (Non Independent Non Executive Director)	5/5	100%

The Audit Committee convened five (5) meetings during the year, which were attended by all the members. Upon invitation by the Audit Committee, the CEO and certain senior managers of the group, a representative of the External Auditors and Internal Audit attended all the meetings. The meetings were held on 25 February 2010, 28 April 2010, 31 May 2010, 26 August 2010 and 23 November 2010.

COMPOSITION AND TERMS OF REFERENCE

1 OBJECTIVE

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

(a) Composition

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

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

(b) Chairman

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

(c) Review

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

(d) Quorum

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

(e) Authority

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

(i) Have authority to investigate any matter within its terms of reference;

(ii) Have full and unrestricted access to any information pertaining to the company and its subsidiaries;

(iii) Have the resources which are required to perform its duties;

(iv) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(v) Be able to obtain independent professional or other advice;

(vi) Be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

(f) Proceedings

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

RESPONSIBILITIES AND DUTIES

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

(a) Financial Reporting

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

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

b) Related Party Transactions

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

(c) Audit Reports

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

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

(d) Internal Control

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

(e) Internal Audit

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

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

(f) External audit

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

(g) Other matters

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

Audit Committee Report

INTERNAL AUDIT FUNCTION

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

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

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the FYE 31 December 2010 included the following:

a) Reviewed the quarterly unaudited financial statements and annual audited financial statements of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Groups results to Bursa Malaysia Securities Bhd;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2010;

c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised and management letter together with management's response;

d) Reviewed the internal audit plan;

e) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

f) Reviewed the effectiveness of the Group's system of internal control;

g) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

h) Reviewed the Company's compliance with the Bursa Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and

i) Report to the Board on its activities and significant findings and results. This Audit Committee Report is made in accordance with the Directors' circular resolution dated 26 April 2011.

Statement on Internal Control

The Board of Directors recognizes its responsibilities over the Company's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investment and the Company's assets. The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Company. The Board of Directors and Audit Committee contribute to the effectiveness of the control environment. They give opportunities for Management to rationalize and justify their initiatives and the Board requires justifications for any decision plan by the management and supported by relevant reports. The Audit Committee meets every quarter, and deliberate reports from Management Committees under its authority. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Company's corporate objectives.

The Audit Committee assists the Board to review the adequacy and integrity of the system of internal controls in the Company and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. In accordance with Paragraph 15.27(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group for the financial year ended 31 December 2010.

(i) Control Environment

The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. The Group Managing Director / Chief Executive Officer is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and monitoring mechanism.

(ii) Internal Audit

The Company's internal audit function is outsourced to external consultants. The Internal Audit team reviews the risk identification procedures and control processes implemented by the management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit Committee on a periodic basis. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Reports on internal audit findings, together with recommendations for Management actions, are reviewed by the Audit Committee. The internal audit reviews conducted did not revealed significant weaknesses which would result in material losses or contingencies requiring disclosure in this Annual Report.

The Internal audit fee incurred for the financial year ended 31 December 2010 was RM48,000.

(iii) Information and Communication

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

(iv) Risk Management

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

This statement is based on the consideration of the audit work performed by both the External Auditors and the Internal Auditors on financial and non-financial matters.

Statement on Corporate Governance

The Board of Directors ("the Board") of Sealink International Berhad ("SEALINK " or "the Company") believes that good corporate governance is fundamental to the Group's continued success. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout SEALINK , as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the organization.

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

SECTION 1: THE BOARD OF DIRECTORS

THE BOARD SIZE AND BALANCE

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

COMPOSITION

The Board consists of six members comprising two (2) Non – Independent Executive Directors, two (2) Non- Independent Non- Executive Directors, and two (2) Independent Non-Executive Directors. The Company complies with the provision of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") which states that at least two directors or one-third of the board members, whichever is the higher, comprise Independent Directors. The profiles of each of the Directors are presented on pages 10 to 11 of this Annual Report.

The Directors together bring a wide range of business, financial and industrial experience to lead the Group in the area of business strategies, performance, and utilization of resources and standards of conduct.

Generally, the Managing Director and Chief Executive Director are responsible for carrying out the day to day operational functions while the Non-Executive Directors play the supporting role by contributing their knowledge and experience in the business strategic plans.

The roles of the Chairman and Group Chief Executive Officer are distinct and separate to ensure the balance of power and authority so that no single individual has absolute power within the Group.

The Board is of the opinion that the appointment of Senior Independent Non-Executive Director to whom concerns may be conveyed, is not necessary at this stage as the Chairman fully encourages Board members to actively participate in Board meetings.

DUTIES AND RESPONSIBILITIES OF THE BOARD

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

a. Reviewing and providing guidance on the Company's and Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long range business plans, reviewing major capital expenditures, acquisition and disposal.

b. Monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance.

c. Identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee.

d. Ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards and laws and regulations.

e. Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Non-Executive Directors bring an independent judgment in the decision making process.

Statement on Corporate Governance

BOARD MEETINGS

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

Name of Directors	Attendance at meeting	Percentage of Attendance (%)
Datuk Michael Hardin - Chairman (Non Independent Non Executive Director)	5/5	100%
Yong Foh Choi - Managing Director (Non Independent Executive Director)	4/5	80%
Yong Kiam Sam - CEO (Non Independent Executive Director)	5/5	100%
Wong Chie Bin - Independent Non Executive Director	5/5	100%
Toh Kian Sing - Independent Non Executive Director	4/5	80%
Eric Khoo Chuan Syn @ Khoo Chuan Syn - Non Independent Non Executive Director	5/5	100%

SUPPLY OF INFORMATION

All directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers. Board papers are circulated seven (7) days prior to the Board meetings to accord sufficient time for the Directors to review the Board papers and obtain further explanation, if necessary, from the Management or the Company Secretary. Urgent papers may be presented and tabled at the Board meetings under other business. Generally, the Board papers circulated include minutes of the previous meeting, quarterly and annual financial statements, press release, corporate development, operations, and other related performance factors, minutes of Board committees, acquisition and disposal proposals, list of summary of directors' circular resolutions passed at subsidiary level as well as the company and report on the directors' dealings in securities, if any.

All Directors, whether as a full board or in their individual capacity, have unrestricted access to all information pertaining to the Group's business affairs to enable them to carry out their duties effectively and diligently. They also have access to the advice of the Company Secretary, who also serves in that capacity in the various Board committees. The Company Secretary also serves notice to Directors on the closed period for dealing in the securities of the Company, as stipulated in Chapter 14 of the MMLR. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

All the Directors may obtain the advice of Independent Professional Advisors and Internal/External Auditors in appropriate circumstances in the furtherance of their duties, at the Company's expense.

APPOINTMENT OF DIRECTORS

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

RE – ELECTION

In accordance with the Articles of Association of the Company and in compliance with the MMLR , all Directors are required to retire from office at least once every three years, and shall be eligible for re-election. The Company's Articles of Association also requires that at least one-third of the Board of Directors shall retire at each Annual General meeting and may offer themselves for re-election.

BOARD COMMITTEES

The following principal Board Committees that have been established to assist the Board in discharging its duties effectively:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The respective Committee reports to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

AUDIT COMMITTEE

The Audit Committee was established on 28 May 2008, comprising three (3) Non – Executive Directors : Wong Chie Bin, Toh Kian Sing and Eric Khoo Chuan Syn @ Khoo Chuan Syn to assist the Board in discharging its duties. The Audit Committee works closely with the internal and external auditors and maintains a transparent professional relationship with them. The Chairman of the Audit Committee would inform the Directors at the Board meetings of any salient matters raised at the Audit Committee meetings which require the Board's notice or direction. The composition, other responsibilities, detailed terms of reference and summary of activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on pages 15 to 18 of this Annual Report.

NOMINATION COMMITTEE

The Nomination Committee was established on 28 May 2008 and consists of three members who meets as and when required and at least once in a year. The members of the Nomination Committee are as follows:-

Chairman:	Eric Khoo Chuan Syn @ Khoo Chuan Syn
Members:	Wong Chie Bin
	Yong Kiam Sam

The Nomination Committee shall be responsible for annual review of the Board's required mix of skills, experience, quality and core competencies of the Directors as well as the effectiveness of the Board as a whole and the contribution of each individual Director. The Nomination Committee is also responsible for making recommendations for new appointment to the Board.

REMUNERATION COMMITTEE

In line with the Best Practices of the Code, the Board has set up a Remuneration Committee on 28 May 2008 to assist the Board in determining the Directors' remuneration. The Remuneration Committee meets at least once a year.

The members of the Remuneration Committee who served during the financial year are:

Chairman:	Eric Khoo Chuan Syn @ Khoo Chuan Syn
Members:	Wong Chie Bin
	Yong Kiam Sam

DIRECTORS' TRAINING AND EDUCATION

All the Directors have attended the Mandatory Accreditation Program (MAP) prescribed by Bursa Malaysia. Directors are regularly updated on the Group's business and the competitive and regulatory environment in which they operate. The Company Secretary and external auditors also updated the Directors on changes to the relevant guidelines on the regulatory and statutory requirements.

The Directors also complete other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group. During the year, some Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues trends and best practices. Particulars of training programmes attended by the Directors are as follows:

Directors	Seminar / Conference / Workshop	Date
Datuk Michael Hardin	• In-House Program- Board Room Agenda for PLC Directors	24 December 2010
Yong Foh Choi	• In-House Program- Board Room Agenda for PLC Directors	24 December 2010
Yong Kiam Sam	• CI Capital Egypt Day Investor Conference, Singapore	4 March 2010
	• Pareto Global Energy Conference, Singapore	11 March 2010
	• Australian Oil & Gas Exhibition & Conference, Perth, Australia.	24-26 March 2010
	• 2nd Annual Offshore Support Vessels Asia – Pacific Conference & Workshop, Singapore	26-27 April 2010
	• Good Oil Conference, Fremantle, Australia	8 September 2010
Wong Chie Bin	• Seminar Percukaian Kebangsaan 2010	28 October 2010
	• Audit Methodology, ISQC 1 and Audit Working Paper	1-4 November 2010
Eric Khoo Chuan Syn @ Khoo Chuan Syn	• National Symposium on Islamic Banking and Finance	21-22 May 2010
Toh Kian Sing	• Latest Development on Trade Finance / Application of UCP 600 for the Bank of Tokyo-Mitsubishi	20 January 2010
	• Conflicts of Law: A practitioners's Perspective for Singapore Management University	13 March 2010
	• Introduction to Singapore Shipping Law and Practice in Singapore for Sumec Marine Co. Ltd, China	18 May 2010
	• Conflict of Law: Rajah & Tann's Senior Associates / Associates	5 October 2010

SECTION 2: DIRECTORS' REMUNERATION

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

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

The details of the remuneration of Directors of the Company during the financial year ended 31 December 2010 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees (RM)	Salaries and Allowances, inclusive of EPF contributions (RM)	Bonus (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	26,400	1,033,194	-	14,925	1,074,519
Non-Executive Directors	250,800	-	-	9,500	260,300
Total	277,200	1,033,194	-	24,425	1,334,819

Note: The fees are recommended by the Board of Directors for approval of the shareholders at the Annual General Meeting.

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	3	132,000
RM50,001-RM100,000	-	-	-
RM101,000-RM150,000	-	1	128,300
RM150,001-RM200,000	-	-	-
RM200,001-RM250,000	-	-	-
RM250,001-RM300,000	-	-	-
RM300,001-RM350,000	-	-	-
RM350,001-RM400,000	-	-	-
RM400,001-RM450,000	-	-	-
RM450,001-RM500,000	1	-	477,461
RM500,001-RM550,000	-	-	-
RM550,001-RM600,000	1	-	597,058
Total	2	4	1,334,819

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosure made above.

SECTION 3: SHAREHOLDERS

DIALOGUE WITH INVESTORS

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

- Issuance of Annual Report;
- Various disclosures and announcements made to Bursa Malaysia including the Quarterly Reports and Annual Financial Statements;
- Shareholders may obtain the Company's latest announcements via the Bursa Malaysia's website at www.bursamalaysia.com;
- Reports, announcements, presentations also available for download at the Group's website at www.asiasealink.com; and
- Periodic roadshows and investor briefings between members of the senior management with financial analysts, institutional shareholders and fund managers.

THE ANNUAL GENERAL MEETING ("AGM")

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

SECTION 4: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

The quarterly results were reviewed by the Audit Committee and approved by the Board of Directors before being released to the Bursa Malaysia. By presenting the quarterly results and financial statements, the Company is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Company and the Group's financial statements for the financial year ended 31 December 2010 can be found on pages 34 to 78 of the Annual Report.

INTERNAL CONTROL

The Code requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets.

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

The Company also has in place a Whistle Blowing Policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Company's policies and guidelines in a safe and confidential manner. A designated person is handling the matter and report directly to the Audit Committee of the Company.

RELATIONSHIP WITH THE AUDITORS

The Board via the Audit Committee maintains an appropriate, formal and transparent relationship with the Group's external auditors. The Audit Committee meets with the external auditors without the presence of the management, wherever necessary, and at least twice a year. Meetings with the external auditors are held to further discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters. From time to time, the external auditors inform and update the Audit Committee on matters that may require their attention.

The role of Audit Committee in relation to dealing with the auditors is described in the Audit Committee Report set out on pages 15 to 18 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Board of Directors are required under Paragraph 15.26 of the MMLR to issue a statement explaining their responsibility for preparing the annual audited financial statements.

In preparing the financial statements of the Group and the Company for the year ended 31 December 2010, the Board of Directors has:

- adopted suitable accounting polices and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- confirmed that the financial statements have been prepared on a going concern basis.

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

This Directors' Responsibility Statement is made in accordance with the resolution of the Board dated 26 April 2011.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

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

Share Buybacks

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

Options, Warrants or Convertible Securities

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

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

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

Imposition of Sanctions/Penalties

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

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2010 amounted to RM48,337.00

Variation in Results

There is no material variance between the financial results and the profit forecast or unaudited results previously made for the financial year ended 31 December 2010.

Profit Guarantee

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

Material Contracts

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

Revaluation of Landed Properties

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

Profit Forecast Variance

There was no profit forecast issued in respect of the financial result ended 31 December 2010.

Recurrent related Party Transactions

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

Financial Statements

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit, net of tax	33,373,581	13,786,647
Profit attributable to:		
Equity holders of the Company	33,373,581	13,786,647
Minority interests	-	-
	33,373,581	13,786,647

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2009 were as follows:

In respect of the financial year ended 31 December 2009:	RM
Final single tier tax exempt dividend of RM0.04 per share, paid on 30 July 2010	20,000,000

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2010, of 5.4% on 500,000,000 ordinary shares, amounting to a dividend payable of RM13,500,000 (2.7 sen per ordinary share) shall be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

DIRECTORS

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

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

In accordance with the Company's Articles of Association, Yong Kiam Sam and Toh Kian Sing retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 Each			
	At 1 January 2010	Acquired	Sold	At 31 December 2010
Direct interest:				
Ordinary shares of the Company				
Datuk Michael Hardin	300,001	-	-	300,001
Yong Foh Choi	45,716,800	-	-	45,716,800
Yong Kiam Sam	67,382,399	-	-	67,382,399
Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	-	-	30,000
Wong Chie Bin	30,000	30,000	-	60,000
Deemed interest:				
Ordinary shares of the Company				
Datuk Michael Hardin	750,001	-	225,000	525,001
Yong Foh Choi	749,999	225,000	-	974,999

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

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

OTHER STATUTORY INFORMATION

a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

b) At the date of this report, the Directors are not aware of any circumstances which would render:

   i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (Continued)

c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

e) At the date of this report, there does not exist:

    i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

    ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

f) In the opinion of the Directors:

    i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

    ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 April 2011

Datuk Michael Hardin **Yong Kiam Sam**

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

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

We, **Datuk Michael Hardin** and **Yong Kiam Sam**, being two of the Directors of **Sealink International Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 78 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on 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, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 April 2011

Datuk Michael Hardin

Yong Kiam Sam

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

I, **Low Wai Har**, being the officer primarily responsible for the financial management of **Sealink International Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 78 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Low Wai Har** at Miri
in the State of Sarawak on 29 April 2011

Low Wai Har

Before me,

Dr. Dominic Lai Yew Hock
Commissioner For Oaths (No. Q047)
Lot 2451, 1st & 2nd Floors, Boulevard Commercial Centre
Jalan Miri, Pujut, 98000 Miri, Sarawak

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SEALINK INTERNATIONAL BERHAD

We have audited the financial statements of Sealink International Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 78.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 40 on page 78 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

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

Miri, Malaysia
Date: 29 April 2011

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	4	224,891,857	193,225,738	17,616,633	24,119,283
Cost of sales	5	(167,426,583)	(124,939,490)	-	-
Gross profit		57,465,274	68,286,248	17,616,633	24,119,283
Other items of income					
Interest income	6	550,418	233,238	282,555	6,198
Other income	7	12,649,432	27,491,763	317,449	-
Other items of expense					
Administrative expenses		(22,562,178)	(22,278,306)	(4,158,135)	(2,736,057)
Finance costs	8	(8,524,773)	(11,274,705)	(166,967)	-
Other expenses		(2,120,704)	(4,224,632)	-	-
Profit before tax	9	37,457,469	58,233,606	13,891,535	21,389,424
Income tax expense	12	(4,083,888)	(6,005,399)	(104,888)	(703,574)
Profit, net of tax		33,373,581	52,228,207	13,786,647	20,685,850
Other comprehensive income					
Foreign currency translation		(1,107,729)	526,867	-	-
Other comprehensive income for the year, net of tax		(1,107,729)	526,867	-	-
Total comprehensive income for the year		32,265,852	52,755,074	13,786,647	20,685,850
Profit attributable to:					
Equity holders of the Company		33,373,581	52,228,207	13,786,647	20,685,850
Total comprehensive income attributable to:					
Equity holders of the Company		32,265,852	52,755,074	13,786,647	20,685,850
Earnings per share attributable to equity holders of the Company (sen):					
Basic	13	6.67	10.45		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Non-current assets					
Property, plant and equipment	14	450,816,357	395,690,536	6,035	6,774
Land use rights	15	50,203,901	51,028,500	-	-
Investment in subsidiaries	16	-	-	212,132,172	212,108,002
Other receivables	17	4,287,224	509,031	-	-
		505,307,482	447,228,067	212,138,207	212,114,776
Current assets					
Inventories	20	205,018,915	290,322,705	-	-
Trade and other receivables	17	84,825,466	56,349,937	188,577,269	146,536,553
Other current assets	18	12,646,393	3,332,166	-	1,375
Tax recoverable		674,644	1,762,657	87,581	169,164
Cash and bank balances	21	78,150,871	49,636,559	1,473,309	471,292
		381,316,289	401,404,024	190,138,159	147,178,384
Total assets		886,623,771	848,632,091	402,276,366	359,293,160
Equity and liabilities					
Current liabilities					
Provisions	22	-	5,710,695	-	-
Income tax payable		389,738	672,452	-	-
Loans and borrowings	23	203,140,331	210,422,324	6,140,000	-
Trade and other payables	24	66,731,760	75,137,885	11,358,590	7,497,031
Other current liabilities	25	4,860,524	9,766,835	-	-
		275,122,353	301,710,191	17,498,590	7,497,031
Net current assets		106,193,936	99,693,833	172,639,569	139,681,353
Non-current liabilities					
Deferred tax liabilities	26	52,613,480	49,716,901	-	-
Loans and borrowings	23	119,186,082	69,353,999	39,195,000	-
Other payables	24	-	414,996	-	-
		171,799,562	119,485,896	39,195,000	-
Total liabilities		446,921,915	421,196,087	56,693,590	7,497,031
Net assets		439,701,856	427,436,004	345,582,776	351,796,129
Equity					
Share capital	27	250,000,000	250,000,000	250,000,000	250,000,000
Share premium	27	79,086,883	79,086,883	79,086,883	79,086,883
Retained earnings	28	110,571,490	97,197,909	16,495,893	22,709,246
Other reserves	29	43,483	1,151,212	-	-
Total equity		439,701,856	427,436,004	345,582,776	351,796,129
Total equity and liabilities		886,623,771	848,632,091	402,276,366	359,293,160

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

2010 Group	Note	← Attributable to Equity Holders of the Company → Equity, total RM	Share capital RM	Non -distributable Share premium RM	Distributable Retained earnings RM	Non -distributable Foreign currency translation reserve RM
Opening balance at 1 January 2010		427,436,004	250,000,000	79,086,883	97,197,909	1,151,212
Total comprehensive income		32,265,852	-	-	33,373,581	(1,107,729)
Transactions with owners						
Dividend on ordinary shares	37	(20,000,000)	-	-	(20,000,000)	-
Closing balance at 31 December 2010		439,701,856	250,000,000	79,086,883	110,571,490	43,483

2009 Group	Note	Equity, total RM	Share capital RM	Share premium RM	Retained earnings RM	Foreign currency translation reserve RM
Opening balance at 1 January 2009		395,087,720	250,000,000	79,086,883	65,376,492	624,345
Total comprehensive income		52,755,074	-	-	52,228,207	526,867
Transactions with owners						
Dividend on ordinary shares	37	(20,000,000)	-	-	(20,000,000)	-
Write back of impairment loss		(406,790)	-	-	(406,790)	-
Closing balance at 31 December 2009		427,436,004	250,000,000	79,086,883	97,197,909	1,151,212

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Equity, total RM	Share capital RM	Non -distributable Share premium RM	Distributable Retained earnings RM
2010					
Company					
Opening balance at 1 January 2010		351,796,129	250,000,000	79,086,883	22,709,246
Total comprehensive income		13,786,647	-	-	13,786,647
Transactions with owners					
Dividends on ordinary shares	37	(20,000,000)	-	-	(20,000,000)
Closing balance at 31 December 2010		345,582,776	250,000,000	79,086,883	16,495,893
2009					
Company					
Opening balance at 1 January 2009		351,110,279	250,000,000	79,086,883	22,023,396
Total comprehensive income		20,685,850	-	-	20,685,850
Transactions with owners					
Dividends on ordinary shares	37	(20,000,000)	-	-	(20,000,000)
Closing balance at 31 December 2009		351,796,129	250,000,000	79,086,883	22,709,246

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Operating activities					
Profit before tax		37,457,469	58,233,606	13,891,535	21,389,424
Adjustments for:					
Interest income	6	(550,418)	(233,238)	(282,555)	(6,198)
Dividend income	4	-	-	(15,500,000)	(22,341,078)
Interest expenses	8	10,361,402	11,635,685	166,967	-
Amortisation of land use rights	15	1,259,130	1,250,765	-	-
Depreciation of property, plant and equipment	14	25,057,196	21,762,780	739	616
Gain on disposal of property, plant and equipment	7	(1,087,091)	(18,249,927)	-	-
Impairment loss on trade receivables	9	1,829,072	3,402,266	-	-
Inventories written down	9	-	5,682	-	-
Property, plant and equipment written off	9	108,940	283,100	-	-
Provisions	9	-	3,810,695	-	-
Reversal of provisions	9	(3,810,695)	-	-	-
Reversal of impairment loss on trade receivables	7	-	(285,429)	-	-
Unrealised (gain)/loss on foreign exchange	7,8,9	(2,274,103)	3,150,194	(317,447)	290,911
Write back of impairment loss	7	-	(542,388)	-	-
Total adjustments		30,893,433	25,990,185	(15,932,296)	(22,055,749)
Operating cash flows before changes in working capital		68,350,902	84,223,791	(2,040,761)	(666,325)
Changes in working capital					
Decrease/(Increase) in inventories		127,882,253	(11,455,023)	-	-
(Increase)/Decrease in trade and other receivables		(35,965,769)	110,589,669	(21,026)	(19,845)
Net change in subsidiaries balances		-	-	(24,515,183)	(7,570,321)
(Decrease)/Increase in trade and other payables		(16,675,122)	(50,136,130)	175,874	7,313,572
(Decrease)/Increase in amount due to holding company		(148,718)	293,456	-	-
Total changes in working capital		75,092,644	49,291,972	(24,360,335)	(276,594)
Cash flows from/(used in) operations carried forward		143,443,546	133,515,763	(26,401,096)	(942,919)
Cash flows from/(used in) operations brought forward		143,443,546	133,515,763	(26,401,096)	(942,919)
Interest paid		(12,746,046)	(11,635,685)	(166,967)	-
Income tax paid		(2,575,359)	(4,355,357)	(23,305)	(116,529)
Income tax refunded		2,193,888	9,475	-	6,419
Net cash flows from/(used in) operating activities		130,316,029	117,534,196	(26,591,368)	(1,053,029)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Investing activities					
Increase in other receivable		(3,500,000)	-	-	-
Interest received		782,332	233,238	282,555	6,198
Purchase of property, plant and equipment		(130,561,919)	(135,131,270)	-	(7,390)
Proceeds from disposal of property, plant and equipment		10,372,039	41,327,954	-	-
Net cash outflow on acquisition of subsidiaries		-	-	(24,170)	(500,003)
Dividend received		-	-	2,000,000	21,515,400
Net cash flows (used in)/from investing activities		(122,907,548)	(93,570,078)	2,258,385	21,014,205
Financing activities					
Dividend paid on ordinary shares		(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Proceeds from loans and borrowings		90,774,702	50,142,000	49,120,000	-
Repayments of loans and borrowings		(31,163,333)	(23,451,954)	(3,785,000)	-
Repayment of obligations under finance leases		(2,389,587)	(9,296,158)	-	-
Net movement in fixed deposit pledged		(23,168,759)	(1,208,801)	-	-
Net cash flows from/(used in) financing activities		14,053,023	(3,814,913)	25,335,000	(20,000,000)
Net increase/(decrease) in cash and cash equivalents		21,461,504	20,149,205	1,002,017	(38,824)
Effect of exchange rate changes on cash and cash equivalents		(2,786,617)	(1,851,101)	-	-
Cash and cash equivalents at 1 January		27,205,858	8,907,754	471,292	510,116
Cash and cash equivalents at 31 December	21	45,880,745	27,205,858	1,473,309	471,292

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

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

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

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are shipping business, shipbuilding and repair of vessels and letting of properties.

There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 101: Presentation of Financial Statements (Revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 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: FRS119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i-3: Presentation of Financial Statements of Islamic Financial Institutions

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 36 to the financial statements.

FRS 101 *Presentation of Financial Statements* (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables

  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. There were no material effects arising from the above change in accounting policy.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

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)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- 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 30 August 2010

- Amendment to IC Interpretation 15: Agreements for the Construction of Real Estate

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 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-Based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 'Improvements to FRS (2010)'
- IC Interpretation 4: Determining Whether An Arrangement Contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- TR i-4: Shariah Compliant Sale Contracts

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

The Directors expect that the adoption of the FRS and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

<u>Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*</u>

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 standards may be early adopted. However, the Group does not intend to early adopt.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency (Continued)

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment except vessels are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Vessels are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the vessels at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (Continued)

2.7 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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 had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Construction contracts

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

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

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

2. Summary of significant accounting policies (Continued)

2.14 Inventories

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

Cost is determined using the weighted average and on a first-in-first-out basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

b) Other financial liabilities

The Group's and the Company's financial liabilities include trade payables, other payables, loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Rendering of services

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

2. Summary of significant accounting policies (Continued)

2.21 Revenue (Continued)

b) Construction contracts

Revenue from construction contracts is accounted for by percentage of completion method as described in Note 2.13.

c) Rental income

Rental income is recognised as the rental accrued unless collectability is in doubt.

2.22 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. Summary of significant accounting policies (Continued)

2.22 Income taxes (Continued)

b) Deferred tax (Continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2.5 to 55 years. These are common life expectancies applied in the shipbuilding and ship chartering industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 14. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3% (2009: 2%) variance in the Group's profit for the year.

b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 17.

4. Revenue

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Construction revenue	152,523,553	131,104,619	-	-
Charter and hiring charges	72,314,304	62,121,119	-	-
Dividend income	-	-	15,500,000	22,341,078
Management fee	-	-	2,116,633	1,778,205
Rental income	54,000	-	-	-
	224,891,857	193,225,738	17,616,633	24,119,283

5. Cost of sales

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Construction contract costs	127,609,853	92,517,454	-	-
Cost of services rendered	39,816,730	32,422,036	-	-
	167,426,583	124,939,490	-	-

6. Interest income

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest income from:				
- short term deposits	777,983	233,238	282,555	6,198
- others	4,349	-	-	-
	782,332	233,238	282,555	6,198
Less : Interest income capitalised in:				
- Work-in-progress (Note 20)	(204,975)	-	-	-
- Construction contract costs (Note 19)	(26,939)	-	-	-
	550,418	233,238	282,555	6,198

Interest income capitalised is from fixed deposits pledged with banks for credit facilities, and is calculated based on the related finance costs capitalised.

7. Other income

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Reversal of allowance for impairment of trade and other receivables	-	285,429	-	-
Gain on disposal of property, plant and equipment	1,087,091	18,249,927	-	-
Gain on foreign exchange				
- Realised	1,515,878	2,544,790	2	-
- Unrealised	1,647,427	294,323	317,447	-
Gain on forward contract	385,485	-	-	-
Rental income	9,000	-	-	-
Sundry income	8,004,551	5,574,906	-	-
Write back of impairment loss	-	542,388	-	-
	12,649,432	27,491,763	317,449	-

8. Finance costs

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest expenses on:				
- Bankers acceptances	529,551	227,070	-	-
- Bank loans	3,432,761	4,293,967	-	-
- Bank overdrafts	804,336	1,063,887	-	-
- Obligations under finance leases	110,042	471,473	-	-
- Revolving credits	7,863,185	5,536,811	1,606,326	-
- Other interest	6,171	42,449	-	-
- Credit card	-	28	-	-
- Loan from subsidiary	-	-	9,812	-
- Revolving credits recharged to subsidiary	-	-	(1,449,171)	-
	12,746,046	11,635,685	166,967	-
Less : Interest expense capitalised in:				
- Work-in-progress (Note 20)	(2,225,180)	-	-	-
- Construction contract costs (Note 19)	(159,464)	-	-	-
	10,361,402	11,635,685	166,967	-
Gain on foreign exchange:				
- Realised	(496,068)	(38,973)	-	-
- Unrealised	(1,340,561)	(322,007)	-	-
	8,524,773	11,274,705	166,967	-

9. Profit before tax

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
The following items have been included in arriving at profit before tax:				
Auditors' remuneration				
- Current year	246,816	198,334	35,000	35,000
- (Over)/Underprovision in prior years	(26,815)	10,391	-	-
Employee benefits expense (Note 10)	26,642,282	23,130,366	2,090,387	1,977,608
Non-executive Directors' fee (Note 11)	250,800	228,000	250,800	228,000
Amortisation of land use rights (Note 15)	1,259,130	1,250,765	-	-
Depreciation of property, plant and equipment (Note 14)	25,057,196	21,762,780	739	616
Inventories written down	-	5,682	-	-
Loss on foreign exchange:				
- Realised	1,653,831	1,164,349	-	-
- Unrealised	713,885	3,766,524	-	290,911
Office rental expenses	-	-	7,200	-
Rental of machinery	26,130	63,795	-	-
Rental of premises	326,001	459,813	-	-
Property, plant and equipment written off	108,940	283,100	-	-
Impairment loss on trade receivables (Note 17)	1,829,072	3,402,266	-	-
Provision for maintenance warranties	-	3,810,695	-	-
Reversal of provision for maintenance warranties	(3,810,695)	-	-	-

10. Employee benefits expense

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries and wages	24,164,138	21,040,524	1,847,634	1,785,945
Social security contributions	204,365	194,851	6,955	6,827
Contributions to defined contribution plan	2,270,122	1,880,274	235,798	184,836
Other benefits	3,657	14,717	-	-
	26,642,282	23,130,366	2,090,387	1,977,608

Included in employee benefits expense of the Group and of the Company are the Executive Directors' remuneration amounting to RM1,059,594 (2009: RM843,038) and RM277,548 (2009: RM208,872) respectively as further disclosed in Note 11.

11. Directors' remuneration

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive:				
Salaries and other emoluments	874,098	760,200	181,500	165,000
Fees	26,400	24,000	26,400	24,000
Bonus	83,500	-	43,500	-
Defined contribution plan	75,596	58,838	26,148	19,872
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 10)	1,059,594	843,038	277,548	208,872
Estimated money value of benefits-in-kind	14,925	16,039	14,925	-
Total Executive Directors' remuneration (including benefits-in-kind)	1,074,519	859,077	292,473	208,872
Non-executive:				
Fees (Note 9)	250,800	228,000	250,800	228,000
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	250,800	228,000	250,800	228,000
Estimated money value of benefits-in-kind	9,500	10,100	-	-
Total Non-Executive Directors' remuneration (including benefits-in-kind)	260,300	238,100	250,800	228,000
Total Director's remuneration	1,334,819	1,097,177	543,273	436,872

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

	Number of Directors	
	2010	2009
Executive Directors:		
RM350,001 – RM400,000	-	1
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	1	1
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	1	-

11. Directors' remuneration (Continued)

	Number of Directors 2010	2009
Non-Executive Directors:		
Below RM50,000	3	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	1	1

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	1,491,990	1,522,677	-	709,993
(Over)/Underprovision in respect of previous years	(304,681)	45,660	104,888	(6,419)
	1,187,309	1,568,337	104,888	703,574
Deferred income tax (Note 26):				
Origination or reversal of temporary differences	2,946,785	4,175,867	-	-
(Over)/Underprovision in previous years	(50,206)	261,195	-	-
	2,896,579	4,437,062	-	-
Income tax expense recognised in profit and loss	4,083,888	6,005,399	104,888	703,574

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Profit before tax	37,457,469	58,233,606	13,891,535	21,389,424
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	9,364,367	14,558,402	3,472,884	5,347,356
Adjustments:				
Non-deductible expenses	5,487,944	5,702,548	43,993	122,629
Income not subject to tax	(10,585,356)	(11,839,927)	(3,585,236)	(4,759,592)
Effect of income subject to tax rate of 20%	-	(222)	-	-
Effect of tax incentive	(245,473)	(3,008,139)	-	-
Deferred tax assets not recognised during the years	435,528	273,385	68,359	(400)
(Over)/Underprovision of deferred tax in previous years	(50,206)	261,195	-	-
(Over)/Underprovision of tax expense in previous years	(304,681)	45,660	104,888	(6,419)
Others	(18,235)	12,497	-	-
Income tax expense recognised in profit and loss	4,083,888	6,005,399	104,888	703,574

12. Income tax expense (Continued)

Income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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

	Group	
	2010 RM	2009 RM
Unutilised tax losses	2,119,068	1,259,975
Unabsorbed capital allowances	39,085,732	11,134,130
	41,204,800	12,394,105

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

13. Earning per share

Continuing operations

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	2010 RM	2009 RM
Profit attributable to ordinary equity holders of the Company	33,373,581	52,228,207

	2010	2009
Number of ordinary shares in issue during the year	500,000,000	500,000,000

	2010 Sen	2009 Sen
Basic earnings per share for profit for the year	6.67	10.45

There are no dilutive potential ordinary shares. As such the diluted earnings per share of the Group is equivalent to basic earnings per share.

14. Property, plant and equipment

Group	Buildings and wharf* RM	Vessels and vessel equipment RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost or valuation:	*At cost*	*At valuation*	←	*At cost*	→	
At 1.1.2009	20,402,108	259,277,210	6,901,030	31,216,928	4,010,233	321,807,509
Transfer from capital work in progress	10,473,044	-	-	-	-	10,473,044
Additions	1,491,598	26,986,718	430,556	8,193,382	184,256	37,286,510
Disposals	-	(25,187,849)	(480)	(363,000)	-	(25,551,329)
Written off	-	(308,836)	-	-	-	(308,836)
Adjustment	-	(66,765)	-	-	-	(66,765)
Exchange rate difference	-	394,200	509	-	-	394,709
At 31.12.2009 and 1.1.2010	32,366,750	261,094,678	7,331,615	39,047,310	4,194,489	344,034,842
Transfer from capital work in progress	-	-	-	224,102	-	224,102
Additions	674,483	113,528,581	577,876	739,088	320,200	115,840,228
Disposals	-	(10,125,528)	(17,282)	-	(63,155)	(10,205,965)
Written off	-	(600,778)	-	-	-	(600,778)
Exchange rate difference	-	(803,447)	(1,154)	-	-	(804,601)
At 31.12.2010	33,041,233	363,093,506	7,891,055	40,010,500	4,451,534	448,487,828
Accumulated depreciation and impairment loss:						
At 1.1.2009	4,419,069	9,661,184	1,952,473	7,875,806	2,149,311	26,057,843
Charge for the year (Note 9)	949,679	16,031,053	820,631	3,420,296	541,121	21,762,780
Disposals	-	(2,239,388)	(64)	(233,850)	-	(2,473,302)
Written off	-	(25,736)	-	-	-	(25,736)
Exchange rate difference	-	16,411	409	-	-	16,820
At 31.12.2009 and at 1.1.2010	5,368,748	23,443,524	2,773,449	11,062,252	2,690,432	45,338,405
Charge for the year (Note 9)	1,822,452	17,985,931	761,329	3,989,094	498,390	25,057,196
Disposals	-	(1,067,108)	(14,835)	-	(63,154)	(1,145,097)
Written off	-	(491,838)	-	-	-	(491,838)
Exchange rate difference	-	(53,381)	(855)	-	-	(54,236)
At 31.12.2010	7,191,200	39,817,128	3,519,088	15,051,346	3,125,668	68,704,430

14. Property, plant and equipment (Continued)

Group	Buildings and wharf* RM	Vessels and vessel equipment RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Net carrying amount:						
At 31.12.2009	26,998,002	237,651,154	4,558,166	27,985,058	1,504,057	298,696,437
Capital Work-In Progress						
At 1.1.2009						9,559,347
Additions						97,907,796
Transfer to property, plant and equipment						(10,473,044)
At 31.12.2009						96,994,099
						395,690,536
At 31.12.2010	25,850,033	323,276,378	4,371,967	24,959,154	1,325,866	379,783,398
Capital Work-In Progress						
At 1.1.2010						96,994,099
Additions						14,497,589
Transfer to property, plant and equipment						(224,102)
Reclassification						(40,564,813)
Exchange rate difference						330,186
At 31.12.2010						71,032,959
						450,816,357

***Buildings and Wharf**

Group	Workshop and Renovation RM	Wharf, Yard and Buildings RM	Total RM
Cost:			
At 1 January 2009	1,695,798	18,706,310	20,402,108
Transfer from capital work in progress	-	10,473,044	10,473,044
Additions	86,704	1,404,894	1,491,598
At 31 December 2009 and at 1 January 2010	1,782,502	30,584,248	32,366,750
Additions	287,659	386,824	674,483
At 31 December 2010	2,070,161	30,971,072	33,041,233
Accumulated depreciation and impairment loss:			
At 1 January 2009	809,883	3,609,186	4,419,069
Charge for the year	171,224	778,455	949,679
At 31 December 2009 and at 1 January 2010	981,107	4,387,641	5,368,748
Charge for the year	179,939	1,642,513	1,822,452
At 31 December 2010	1,161,046	6,030,154	7,191,200

14. Property, plant and equipment (Continued)

*Buildings and Wharf (Continued)

Group	Workshop and Renovation RM	Wharf, Yard and Buildings RM	Total RM
Net carrying amount:			
At 31 December 2009	801,395	26,196,607	26,998,002
At 31 December 2010	909,115	24,940,918	25,850,033

Company	Signboard RM	Total RM
Cost:		
At 1 January 2009 and at 31 December 2010	7,390	7,390
Accumulated depreciation:		
At 1 January 2009	-	-
Charge for the year (Note 9)	616	616
At 31 December 2009 and at 1 January 2010	616	616
Charge for the year (Note 9)	739	739
At 31 December 2010	1,355	1,355
Net carrying amount:		
At 31 December 2009	6,774	6,744
At 31 December 2010	6,035	6,035

Revaluation of vessels

Vessels have been revalued on 6 June 2008 by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis. The Directors are of the opinion that the carrying amount does not differ materially from the fair value of the vessels at the reporting date.

The carrying amount of acquisitions after the last revaluation date approximates fair value at the reporting date and therefore has not been revalued.

At 31 December 2010, had the revalued vessels of the Group been carried under cost model, the carrying amount would have been RM209,520,756 (2009: RM182,289,987).

Assets held under finance leases

The net carrying amount of property, plant and equipment held under finance leases are as follows:

Group	Plant and Machinery RM	Motor Vehicles RM	Capital Work-in Progress RM	Total RM
Net carrying amount				
At 31 December 2009	3,720,817	801,452	3,849,200	8,371,469
At 31 December 2010	4,993,400	1,665,551	-	6,658,951

14. Property, plant and equipment (Continued)

Assets pledged as security

In addition to assets held under finance leases, the Group's vessels with a carrying amount of RM210,916,014 (2009: RM163,915,766) are mortgaged to secure the Group's bank loans (Note 23).

15. Land use rights

	Group 2010 RM	Group 2009 RM
Cost:		
At 1 January	54,999,147	54,995,418
Additions	434,531	3,729
At 31 December	55,433,678	54,999,147
Accumulated amortisation:		
At 1 January	3,970,647	2,719,882
Amortisation for the year (Note 9)	1,259,130	1,250,765
At 31 December	5,229,777	3,970,647
Net carrying amount	50,203,901	51,028,500
Amount to be amortised:		
- Not later than one year	3,625,298	3,666,173
- Later than one year but not later than five years	4,839,596	4,806,172
- Later than five years	41,739,007	42,556,155

Land use rights pledged as security
Land use rights with an aggregate carrying value of RM18,748,067 (2009: RM18,804,150) are pledged as securities for bank borrowings as referred to in Note 23.

16. Investment in subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost	212,132,172	212,108,002

Details of the subsidiaries are as follows:

Name of Companies	Country of Incorporation	Principal Activities	Percentage of Equity Held 2010 %	Percentage of Equity Held 2009 %
Cergas Majusama Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Era Sureway Sdn. Bhd.	Malaysia	Regional and coastal Shipping business	100	100

16. Investment in subsidiaries (Continued)

Name of Companies	Country of Incorporation	Principal Activities	Percentage of Equity Held 2010 %	2009 %
Era Surplus Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Midas Choice Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Godrimaju Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Euroedge Sdn. Bhd.	Malaysia	Ship owner	100	100
Navitex Shipping Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Seabright Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Engineering And Slipway Sdn. Bhd.	Malaysia	Shipbuilding, repair of vessels and related works	100	100
Sealink Management Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Marine Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Pacific Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Sdn. Bhd.	Malaysia	Regional and coastal shipping business and letting of properties	100	100
Sutherfield Resources Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Sealink Shipyard Sdn. Bhd.	Malaysia	Shipbuilding and repair of vessels	100	100
Sea-Good Pte Ltd*	Singapore	Investment holding in shares, ship and boat leasing with operator (including chartering)	100	100
Sealink Offshore (L) Ltd.	Malaysia	Investment holding	100	100
Dockyard Sdn. Bhd.	Malaysia	Inactive	100	-
Seabright (Singapore) Private Limited*	Malaysia	Ship owner	100	-
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Sealink Engineering And Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Inactive	100	100

16. Investment in subsidiaries (Continued)

Name of Companies	Country of Incorporation	Principal Activities	Percentage of Equity Held 2010 %	2009 %
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristal View Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Midas Choice Sdn. Bhd.				
Sea Legend Shipping Sdn. Bhd.	Malaysia	Inactive	100	100
Subsidiary of Sealink Offshore (L) Ltd.				
Sealink Resources (L) Ltd.	Malaysia	Ship owner	100	100
Sealink Marine (L) Ltd.	Malaysia	Ship owner	100	100
Sealink Antarabangsa Ltd.*	Malaysia	Ship owner	100	-
Perkasa Asia Corporation Ltd.*	Malaysia	Inactive	100	-

* Audited by a firm other than Ernst & Young.

Acquisition of subsidiaries

Sealink Offshore (L) Ltd.

In 2009, the Company acquired 100% equity interest in Sealink Offshore (L) Ltd., an unlisted company incorporated in the Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

Sealink Marine (L) Ltd.

In 2009, the Company acquired 100% equity interest in Sealink Marine (L) Ltd., an unlisted company incorporated in the Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

Sealink Resources (L) Ltd.

In 2009, the Company acquired 100% equity interest in Sealink Resources (L) Ltd., an unlisted company incorporated in the Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

Sealink Dockyard Sdn. Bhd.

During the year, the Company acquired 100% equity interest in Sealink Dockyard Sdn. Bhd., an unlisted company incorporated in Malaysia for a cash consideration of RM2.

Seabright (Singapore) Private Limited

During the year, the Company acquired 100% equity interest in Seabright (Singapore) Private Limited, an unlisted company incorporated in Singapore for a cash consideration of SGD10,000.

Sealink Antarabangsa Ltd.

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

Perkasa Asia Corporation Ltd.

During the year, the Company acquired 100% equity interest in Perkasa Aasia Corporation Ltd., an unlisted company incorporated in Federal Territory of Labuan, Malaysia for a cash consideration of USD1.

16. Investment in subsidiaries (Continued)

The acquisition of Sealink Dockyard Sdn. Bhd., Seabright (Singapore) Private Limited, Sealink Antarabangsa Ltd., and Perkasa Asia Corporation Ltd. in 2010 and the acquisition of Sealink Offshore (L) Ltd., Sealink Marine (L) Ltd., and Sealink Resources (L) Ltd. in 2009 have contributed the following results to the Group:

The fair values of the identifiable assets and liabilities of subsidiaries as at the date of acquisition were:

	Fair value/ Carrying amount 2010 RM	2009 RM
Cash and bank balances	24,176	3
Net identifiable assets	24,176	3

Total cost of business combination

The total cost of the business acquisition is as follows:

	2010 RM	2009 RM
Cash paid	24,176	3

The effect of the acquisition on cash flows is as follows:

	2010 RM	2009 RM
Total cost of the business combination	24,176	3
Less: Cash and cash equivalents of subsidiary acquired	(24,176)	(3)
Net cash outflow on acquisition	-	-

17. Trade and other receivables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Trade receivables				
Third parties	57,519,186	27,008,590	-	-
Less: Allowance for impairment third parties	(5,737,926)	(3,908,854)	-	-
Trade receivable, net	51,781,260	23,099,736	-	-
Other receivables				
Deposits	29,325,132	32,054,571	-	-
Sundry receivables	3,719,074	1,195,630	42,246	19,845
Amounts due from subsidiaries	-	-	188,535,023	146,516,708
	33,044,206	33,250,201	188,577,269	146,536,553
	84,825,466	56,349,937	188,577,269	146,536,553
Non-current				
Other receivables				
Deposits	787,224	509,031	-	-
Share application money for investment in associate company	3,500,000	-	-	-
	4,287,224	509,031	-	-
Total trade and other receivables	89,112,690	56,858,968	188,577,269	146,536,553
Add: Cash and bank balances (Note 21)	78,150,871	49,636,559	1,473,309	471,292
Total loans and receivables	167,263,561	106,495,527	190,050,578	147,007,845

17. Trade and other receivables (Continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2009: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables
The ageing analysis of the Group's trade receivables is as follows:

	Group 2010 RM	Group 2009 RM
Neither past due nor impaired	16,971,559	4,501,815
1 to 30 days past due not impaired	6,257,115	3,431,474
31 to 60 days past due not impaired	14,241,216	2,350,911
61 to 90 days past due not impaired	2,822,096	6,972,944
91 to 120 days past due not impaired	2,190,019	544,793
More than 121 days past due not impaired	9,299,255	5,297,799
	34,809,701	18,597,921
Impaired	5,737,926	3,908,854
	57,519,186	27,008,590

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM34,809,701 (2009: RM18,597,921) that are past due at the reporting date but not impaired.

The balances of receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2010 RM	Group 2009 RM
Total receivables	5,737,926	3,908,854
Less: Allowance for impairment	(5,737,926)	(3,908,854)
At 31 December	-	-
Movement in allowance accounts:		
At 1 January	3,908,854	792,231
Charge for the year (Note 9)	1,829,072	3,402,052
Reversal of impairment losses	-	(285,429)
At 31 December	5,737,926	3,908,854

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments and there are doubts as to the recoverability. These receivables are not secured by any collateral or credit enhancements.

17. Trade and other receivables (Continued)

(b) Related party balances

Amounts due from subsidiaries

These amounts are unsecured and are repayable on demand.

Included in the amounts due from subsidiaries is an amount of RM60,646,922 which bears interest from COF + 0.50% to COF + 2.80% (2009: Nil) p.a.

(c) Other receivables

These amounts are unsecured, non-interest bearing and are repayable on demand.

18. Other current assets

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Prepaid operating expenses	2,728,835	3,332,166	-	1,375
Amount due from customers on contracts (Note 19)	9,917,558	-	-	-
	12,646,393	3,332,166	-	1,375

19. Amount due from/(to) customers for contract work-in-progress

	Group	
	2010 RM	2009 RM
Construction contract costs incurred to date	139,267,621	118,207,381
Attributable profits	40,716,315	22,908,579
	179,983,936	141,115,960
Less: Progressive billings	(174,926,902)	(150,882,795)
	5,057,034	(9,766,835)
Presented as:		
Amount due from customers on contract work (Note 18)	9,917,558	-
Amount due to customers on contract work (Note 25)	(4,860,524)	(9,766,835)
	5,057,034	(9,766,835)

The cost incurred to date on construction contracts includes:

Interest income	(26,939)	-
Interest expense	159,464	-

20. Inventories

	Group 2010 RM	Group 2009 RM
At cost:		
Vessel parts and materials	539,680	332,708
Machinery and equipment	41,587,924	60,113,737
Consumables	586,375	335,253
Raw materials	24,981,461	24,207,926
Work-in-progress	137,323,475	205,333,081
	205,018,915	290,322,705

In 2009, the Group acquired inventories of RM2,094,000 by means of finance leases. As at 31 December 2009, the cost of the inventories of RM3,220,000 was held under finance leases.

Included in work-in-progress incurred during the financial year are:

	Group 2010 RM	Group 2009 RM
Interest income	(204,975)	-
Interest expense	2,225,180	-

21. Cash and bank balances

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash at banks and on hand	47,082,335	36,189,070	1,473,309	471,292
Short term deposits with licensed banks	31,068,536	13,447,489	-	-
Cash and bank balances	78,150,871	49,636,559	1,473,309	471,292

Deposits of the Group with licensed banks amounting to RM28,789,480 (2009: RM3,891,387) are pledged to banks for bank guarantees issued to third parties and for short term facilities granted by the banks to the Group.

Fixed deposits of the Group amounting to RM810,649 (2009: RM1,285,777) are registered under the name of a Director. The fixed deposit is used as security for bank guarantee facility granted by a bank to one of the subsidiary.

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

	Interest rate 2010 %	Interest rate 2009 %	Maturity 2010 Days	Maturity 2009 Days
Deposits with licensed banks	1.00 - 3.00	1.00 - 3.70	1 - 365	4 - 365

21. Cash and bank balances (Continued)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	78,150,871	49,636,559	1,473,309	471,292
Bank overdrafts (Note 23)	(3,480,646)	(16,783,212)	-	-
	74,670,225	32,853,347	1,473,309	471,292
Fixed deposits pledged as security	(28,789,480)	(5,647,489)	-	-
	45,880,745	27,205,858	1,473,309	471,292

22. Provisions

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

23. Loans and borrowings

		Group		Company	
	Maturity	2010 RM	2009 RM	2010 RM	2009 RM
Current					
Secured:					
Bank overdrafts	On demand	3,480,646	12,316,438	-	-
Obligations under finance leases(Note 31)	2011	456,250	2,389,300	-	-
Revolving credits	2011	108,207,192	102,067,192	6,140,000	-
Bankers acceptances	2011	6,717,000	7,814,000	-	-
Term loans	2011	24,279,243	21,401,620	-	-
		143,140,331	145,988,550	6,140,000	-
Unsecured:					
Bank overdrafts	2011	-	4,466,774	-	-
Revolving credits	2011	50,000,000	50,000,000	-	-
Bankers acceptances	2011	10,000,000	9,967,000	-	-
		60,000,000	64,433,774	-	-
		203,140,331	210,422,324	6,140,000	-
Non-current					
Secured:					
Obligations under finance leases (Note 31)	2012	41,040	497,577	-	-
Revolving credits	2012-2018	39,195,000	-	39,195,000	-
Term loans	2012-2017	79,950,042	68,856,422	-	-
		119,186,082	69,353,999	39,195,000	-
Total loans and borrowings		322,326,413	279,776,323	45,335,000	-

23. Loans and borrowings (Continued)

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
On demand within one year	203,140,331	210,422,324	6,140,000	-
More than 1 year and less than 2 years	30,176,641	20,596,350	6,140,000	-
More than 2 years and less than 5 years	68,433,696	42,386,197	18,420,000	-
5 years or more	20,575,745	6,371,452	14,635,000	-
	322,326,413	279,776,323	45,335,000	-

Bank overdrafts

Bank overdrafts bear interest from BLR + 0.00% to BLR + 1.50% p.a. (2009: BLR + 0.75% to BLR + 1.50% p.a.) and are secured by charges over the Group's vessels, corporate guarantee and charges over leasehold land and buildings of the Group and a company in which certain Directors of the Company have substantial financial interests.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The discount rates implicit in the leases are from 4.42% to 7.96% p.a. (2009: 4.42% to 7.96% p.a.).

Revolving credits

Revolving credits bear interest from COF + 1.00% to COF + 2.30% p.a. and 4.31% (2009: COF + 1.00% to COF + 2.30% p.a. and 4.31%) and are secured by corporate guarantee, a charge over the Group's leasehold land and buildings, fixed deposits and a charge over a freehold land owned by a subsidiary.

Bankers acceptances

Bankers acceptances bear interest from COF + 1.25% to COF + 1.50% p.a.(2009: COF + 1.25% to COF + 1.50% p.a.) and are secured corporate guarantee and charges over the Group's leasehold land and buildings.

Term loans

These loans are secured by first party first preferred statutory mortgage over the vessel of the Subsidiary (Note 14), corporate guarantees, charge over the leasehold land and buildings.

The bank borrowings for one of the subsidiary are also secured by way of joint and several guarantee by certain Directors, and a limited debenture by way of fixed charge over the Subsidiary's current and future fixed and floating assets and corporate guarantee by the holding company.

The ranges of interest rates during the financial year for term loans are as follows:

	Group	
	2010 RM %	2009 RM %
Fixed rates	5.47 – 6.50	6.50
Floating rates		
- RM loan at BLR	0.60 – 1.50	0.60 – 1.50
- RM loan at COF	1.15 – 1.50	1.15 – 1.50
- RM loan at ECOF	1.50	1.50
- USD loan at COF	1.00 – 1.25	1.00 – 1.25
- USD loan at SIBOR	-	2.00

24. Trade and other payables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Trade payables				
Third parties	22,733,696	34,846,619	78,219	-
Other payables				
Accrued operating expenses	8,943,510	6,025,020	415,615	392,819
Deposits	1,627,120	5,575,709	-	-
Other payables	32,781,103	25,943,549	94,334	19,475
Amount due to directors	-	1,674,885	-	-
Amount due to holding company	33,999	182,717	-	-
Amounts due to subsidiaries	-	-	10,770,422	7,084,737
Land premium payables	612,332	889,386	-	-
	43,998,064	40,291,266	11,280,371	7,497,031
	66,731,760	75,137,885	11,358,590	7,497,031
Non-current				
Other payables				
Land premium payables	-	414,996	-	-
Total trade and other payables	66,731,760	75,552,881	11,358,590	7,497,031
Add: Loans and borrowings (Note 23)	322,326,413	279,776,323	45,335,000	-
Total finance liabilities carried at amortised cost	389,058,173	355,329,204	56,693,590	7,497,031

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2009: 30 to 90 days) terms. Included in trade payables of the Group is an amount of RM1,860,509 (2009: RM1,899,812) due to companies in which certain Directors have substantial financial interests.

b) Other payables

These amounts are non-interest bearing. Included in other payables is an amount of RM13,009,522 (2009: RM14,080,363) due to companies in which certain Directors of the Company have substantial financial interests.

c) Amount due to holding company

This amount is unsecured, non-interest bearing and is repayable on demand.

d) Amounts due to subsidiaries

These amounts are unsecured and are repayable on demand.

Included in the amounts due to subsidiaries is an amount of RM3,809,812 (2009: Nil) which bears interest at COF + 0.50% (2009: Nil) p.a.

25. Other current liabilities

	Group 2010 RM	Group 2009 RM
Amount due to customers for contract work (Note 19)	4,860,524	9,766,835

26. Deferred tax liabilities

	As at 1 January 2009 RM	Recognised in profit or loss RM	Write back of impairment loss RM	As at 31 December 2009 RM	Recognised in profit or loss RM	As at 31 December 2010 RM
Group						
Deferred tax liabilities:						
Property, plant and equipment	49,980,128	2,968,076	(135,598)	52,812,606	9,976,557	62,789,163
Deferred tax assets:						
Unutilised tax losses	(121,460)	(45,432)	-	(166,892)	(163,230)	(330,122)
Unabsorbed capital allowances	(4,443,231)	1,514,418	-	(2,928,813)	(6,916,748)	(9,845,561)
	(4,564,691)	1,468,986	-	(3,095,705)	(7,079,978)	(10,175,683)
	45,415,437	4,437,062	(135,598)	49,716,901	2,896,579	52,613,480

27. Share capital and share premium

	Number of Ordinary Shares of RM0.50 Each	Amount		
			Total	
	Share Capital (Issued and Fully Paid)	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Share Capital and Share Premium RM
Group/Company				
At 1 January 2009 and at 31 December 2009	500,000,000	250,000,000	79,086,883	329,086,883
At 1 January 2010 and at 31 December 2010	500,000,000	250,000,000	79,086,883	329,086,883

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised share capital				
At 1 January and at 31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

28. Retained earnings

As at 31 December 2010, the Company did not have any tax credits to frank tax-paid dividends. The Company may distribute dividends out of its entire retained earnings under Section 108 of the Income Tax Act, 1967 as single tier tax exempt dividends.

29. Other reserves

Group	Foreign Currency Translation Reserve RM	Total RM
At 1 January 2009	624,345	624,345
Other comprehensive income:		
Foreign currency translation	526,867	526,867
At 31 December 2009 and at 1 January 2010	1,151,212	1,151,212
Other comprehensive income:		
Foreign currency translation	(1,107,729)	(1,107,729)
At 31 December 2010	43,483	43,483

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Transactions with holding company				
Dividend paid	10,363,232	10,363,232	10,363,232	10,363,232
Transactions with subsidiaries				
Dividend income	-	-	(15,500,000)	(22,341,078)
Management fee	-	-	(2,116,633)	(1,778,205)
Interest income	-	-	(183,702)	-
Revolving credit recharged	-	-	(1,449,171)	-
Interest expense	-	-	9,812	-
Transaction with related company				
Rental expense	105,600	100,200	7,200	-
Transactions with companies in which certain Directors have substantial interests				
Contract for sandblasting and painting	-	255,999	-	-
Rental paid	145,499	207,713	-	-
Hiring charges	210,000	131,500	-	-
Legal and professional fees	498,502	160,660	-	-

30. Related party transactions (Continued)

Related companies:

Related companies are companies within Sealink Holdings Sdn Bhd. group.

(b) Compensation of key management personnel

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits	3,092,318	2,880,669	1,250,872	1,214,985
Defined contribution plan	312,363	265,266	150,001	115,589
	3,404,681	3,145,935	1,400,873	1,330,574

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2010 RM	2009 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	20,176,557	32,387,830
Approved but not contracted for:		
Property, plant and equipment	114,461,000	88,000,000
	134,637,557	120,387,830

(b) Finance lease commitments

The Group has finance leases for certain items of plant and machinery and yard equipment, and motor vehicles (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2010 RM	2009 RM
Minimum lease payments:		
Not later than 1 year	464,371	2,499,638
Later than 1 year but not later than 2 years	41,664	464,371
Later than 2 years but not later than 5 years	-	41,664
Total minimum lease payments	506,035	3,005,673
Less: Amounts representing finance charges	(8,745)	(118,796)
Present value of minimum lease payments	497,290	2,886,877

31. Commitments (Continued)

(b) Finance lease commitments (Continued)

	Group 2010 RM	Group 2009 RM
Present value of payments:		
Not later than 1 year	456,250	2,389,300
Later than 1 year but not later than 2 years	41,040	456,537
Later than 2 years but not later than 5 years	-	41,040
Present value of minimum lease payments	497,290	2,886,877
Less: Amount due within 12 months (Note 23)	(456,250)	(2,389,300)
Amount due after 12 months (Note 23)	41,040	497,577

32. Derivatives

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts were used to hedge the Group's sales denominated in USD during the year (Note 34(d)). There were no balances outstanding at year end.

During the financial year, the Group recognised a gain of RM385,485 (2009: Nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33.

33. Fair value of financial instruments

Determination of fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

(a) Cash and bank deposits, other receivables and other payables

The carrying amounts of these balances approximate fair value due to their short term nature.

(b) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate fair value because they are subject to normal trade credit terms.

(c) Amounts due from/to related companies, subsidiaries, holding and ultimate holding companies

The carrying values of amounts due from/to related companies, subsidiaries, holding and ultimate holding companies in current assets and current liabilities approximate fair value due to their short term nature.

(d) Loans and borrowings

The carrying values of loans and borrowings approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

33. Fair value of financial instruments (Continued)

(e) Derivatives

Forward currency contracts are valued using a valuation technique with market observation inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates.

(f) Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;

- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;

- The estimated loss exposure if the party guaranteed were to default.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's overall financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Financial risk management policies are periodically reviewed and approved by the Board of Directors and executed by the management. The Group Risk Committee of the Company provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

34. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
At 31 December 2010				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	66,731,760	-	-	66,731,760
Loans and borrowings	203,140,331	98,610,337	20,575,745	322,326,413
Total undiscounted financial liabilities	269,872,091	98,610,337	20,575,745	389,058,173
Company				
At 31 December 2010				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	11,358,590	-	-	11,358,590
Loans and borrowings	6,140,000	24,560,000	14,635,000	45,335,000
Total undiscounted financial liabilities	17,498,590	24,560,000	14,635,000	56,693,590

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as no default has occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to market risk for changes in interest rates arise primarily from their loans and borrowings.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM318,348 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily RM, Singapore Dollar (SGD) and United States Dollars (USD). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group uses forward currency contracts to minimise the exposures arising from sales after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. No changes were made in the objective, policies and processes during the years ended 31 December 2010 and 2009.

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

I. Shipbuilding

II. Chartering of vessels

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. Segment information (Continued)

	Shipbuilding		Chartering		Others		Adjustments and Eliminations			Per Consolidated Financial Statements	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM	Notes	2010 RM	2009 RM
Revenue:											
External customers	155,482,636	131,104,619	69,409,221	62,121,119	-	-	-	-		224,891,857	193,225,738
Inter-segment	187,446,023	114,727,854	8,572,827	28,320,680	-	-	(196,018,850)	(143,048,534)	A	-	-
Total revenue	342,928,659	245,832,473	77,982,048	90,441,799	-	-	(196,018,850)	(143,048,534)		224,891,857	193,225,738
Results:											
Interest income	256,454	100,013	261,629	127,027	283,305	6,198	(250,970)	-		550,418	233,238
Depreciation and amortisation	7,280,472	5,789,510	19,789,674	17,811,499	561,670	46,195	(1,315,490)	(633,659)		26,316,326	23,013,545
Other non-cash expenses	-	3,938,181	193,299	3,563,562	-	-	1,744,713	-	B	1,938,012	7,501,743
Segment profit	36,616,505	27,997,475	16,436,201	38,729,953	13,948,246	21,070,134	(31,543,483)	(29,563,956)	C	37,457,469	58,233,606
Assets:											
Additions to non-current assets	2,010,648	11,696,632	80,776,766	34,692,668	60,762,509	67,381,722	(12,777,575)	21,360,248	D	130,772,348	135,131,270
Segment assets	447,796,804	459,392,616	463,837,615	414,488,347	526,517,616	434,901,802	(551,528,264)	(460,150,674)	E	886,623,771	848,632,091
Segment liabilities	329,365,071	378,499,254	230,563,318	195,674,973	194,295,641	79,001,250	(307,302,115)	(231,979,390)	F	446,921,915	421,196,087

36. Segment information (Continued)

A Inter-segment revenues are eliminated on consolidated.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2010 RM	2009 RM
Inventories written down	9	-	5,682
Provision for maintenance warranties	9	-	3,810,695
Property, plant and equipment written off	9	108,940	283,100
Impairment of financial assets	9	1,829,072	3,402,266
		1,938,012	7,501,743

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income:

	2010 RM	2009 RM
Dividend from subsidiaries	(15,500,000)	(22,341,078)
Profit from inter-segment sales	(13,548,100)	(6,703,642)
Finance costs	250,970	(1,210,697)
Unallocated corporate expenses	(2,746,353)	691,461
	(31,543,483)	(29,563,956)

D Additions to non-current assets consist of:

Property, plant and equipment	130,337,817	135,127,541
Land use rights	434,531	3,729
	130,772,348	135,131,270

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Investment in subsidiaries	(216,151,098)	(216,126,916)
Inter-segment assets	(335,377,166)	(244,023,758)
	(551,528,264)	(460,150,674)

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Deferred tax liabilities	1,285,918	1,298,718
Inter-segment liabilities	(308,588,033)	(233,278,108)
	(307,302,115)	(231,979,390)

36. Segment information (Continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	216,749,676	183,432,571	473,697,433	412,973,560
Singapore	8,142,181	9,793,167	31,610,049	34,254,507
	224,891,857	193,225,738	505,307,482	447,228,067

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2010 RM	2009 RM
Property, plant and equipment	450,816,357	395,690,536
Land use rights	50,203,901	51,028,500
Other receivables	4,287,224	509,031
	505,307,482	447,228,067

37. Dividends

	Dividends in respect of Year		Dividends recognised in Year	
	2010 RM	2009 RM	2010 RM	2009 RM
Recognised during the financial year:				
Final single tier tax exempt dividend for 2009: 8% on 500,000,000 ordinary shares of RM0.50 each (4 sen per ordinary share)	-	-	20,000,000	20,000,000
Proposed but not recognised as a liability as at 31 December:				
Final single tier tax exempt dividend for 2010: 5.4% on 500,000,000 ordinary shares of RM0.50 each (2.7 sen per ordinary share)	13,500,000	20,000,000	-	-

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2010, of 5.4% on 500,000,000 ordinary shares, amounting to a dividend payable of RM13,500,000 (2.7 sen per ordinary share) shall be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

38. Event occurring after the reporting date

Subsequent to the financial year end, a subsidiary, Sea Legend Shipping Sdn. Bhd. acquired 25% equity in Logistine Sdn. Bhd. for a total cash consideration of RM2,000,000 and 1,500,000 Redeemable Preference Shares for RM1,500,000.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 29 April 2011.

40. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants.

	Group	
	2010 RM	2009 RM
Recognised during the financial year:		
Total retained profits of the Company and its subsidiaries:		
- Realised	161,281,405	150,162,617
- Unrealised	(50,709,915)	(52,964,708)
	110,571,490	97,197,909
Less: Consolidation adjustments	-	-
Retained profits as per financial statements	110,571,490	97,197,909

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m)	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NBV AS AT 31.12.2010 (RM)
1	No. 156, Block 5 Kuala Baram Land District / No 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Agriculture vacant land / N/A	SEALINK SHIPYARD SDN BHD (195853-D)	8,050 more or less	[N/A] / [60 years] / Lease term expires on 29th April, 2016	200,580
2	Lot 816, Block 1 Kuala Baram Land District (formerly known as Lot 1282, Kuala Baram Land District) / Lot 816, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Industrial land and building/ Shipyard, slipway and warehouse	SEALINK SHIPYARD SDN BHD (195853-D)	116,170 more or less	[3 years] / [60 years] /Lease term expires on 27th February, 2056	24,831,371
3	Lot 1341, Miri Concession Land District / Lot 1341, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building/ Warehouse	SEALINK SHIPYARD SDN BHD (195853-D)	1,971 more or less	[60 years] / Lease term expires on 31st December, 2027	633,998
4	Lot 2142, Block 4, Miri Concession Land District/ Lot 2142, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building/ Shipyard with one (1) detached building (office)	SEALINK SHIPYARD SDN BHD (195853-D)	4,700 more or less	[60 years] / Lease term expires on 24th February, 2052	1,836,222
5	Lot 1340, Miri Concession Land District/ Lot 1340, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building/ utilize as a shipyard with one detached building (office)	SEALINK SENDIRIAN BERHAD (20471-D)	4,039 more or less	[31 years] /[60 years] / Lease term expires on 31st December, 2027	1,970,916

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m)	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NBV AS AT 31.12.2010 (RM)
6	Lot 1359 Block 3 Miri Concession Land District/ Lot 1359, Jalan Piasau Utara 1, Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building / Detached building (office-cum warehouse)	SEALINK SENDIRIAN BERHAD (20471-D)	4,244 more or less	[22 years] /[60 years] / Lease term expires on 20th December, 2047	1,912,708
7	Lot 482 Block 4 Miri Concession Land District/ Lot 482 Block 4 Miri Concession Land District, 98009 Miri, Sarawak	Vacant industrial land / N/A	SEALINK SENDIRIAN BERHAD (20471-D)	19,441 more or less	[N/A] / [60 years] / Lease term expires on 11th June, 2036	8,548,667
8	Lot 1802 Lambir Land District (2/10th undivided right title share & interest)/ 2 1/2 Mile, Riam Road, Miri, Sarawak	Vacant agricultural land / N/A	SEALINK SENDIRIAN BERHAD (20471-D)	23,110 more or less	[N/A] / [60 years] / Lease term expires on 17th August, 2015	94,370
9	Lot 1339 Miri Concession Land District/ Lot 1339, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	Industrial land and building / [One (1) Single Storey Office cum Workshop Building]	SEALINK SHIPYARD SDN BHD (195853-D)	4,059 more or less	[41 years] /[60 years] / Lease term expires on 31st December, 2027	1,894,563
10	Lot 372 Block 1 Kuala Baram Land District/ Lot 372, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Vacant industrial land/ [N/A]	SEALINK SHIPYARD SDN BHD (195853-D)	123,780 more or less	[N/A] /[60 years] / Lease term expires on 7th April, 2057	11,173,478

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m)	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NBV AS AT 31.12.2010 (RM)
11	Lot 323 Block 1 Kuala Baram Land District (formerly known as Provisional Lease Lot 2040 Kuala Baram Land District)/ Lot 323, Kuala Baram Industrial Estate, 98100 Miri, Sarawak	Industrial land and buildings / used for Three (3) detached buildings utilized as office, storage yard & fabrication yard	BARAM MOULDING INDUSTRIES SDN BHD (200873-D)	19,750 more or less	[2 years] / [60 years] / Lease term expires on 17th July, 2058	4,639,092
12	Country Lease 205316669/ CL 205316669, Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan	Vacant land /N/A	BRISTAL VIEW SDN BHD (253385-T)	41,156 more or less	[N/A] / [999 years] / Lease term expires on 2nd August, 2865	4,260,000
13	Lot 288 Block 1 Kuala Baram Land District/ Lot 288, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Industrial land and building / Workers quarters	ALIRAN SAKSAMA SDN BHD (473205-H)	19,647 more or less	[1 year] / [60 years] / Lease term expires on 22nd October, 2067	3,832,499

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 03 May 2011

ANALYSIS OF ORDINARY SHAREHOLDINGS

Class of Equity Security

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

Directors' Shareholdings

	Name Of Directors	No. of Shares Direct	%*	No. of Shares Indirect	%
1	ERIC KHOO CHUAN SYN @ KHOO CHUAN SYN	30,000	0.01	0	0.00
2	DATUK MICHAEL HARDIN	300,001	0.06	259,080,800[a]	51.82
3	TOH KIAN SING	0	0.00	0	0.00
4	WONG CHIE BIN CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG CHIE BIN (M73031)	60,000	0.01	0	0.00
5	YONG FOH CHOI	45,716,800	9.14	326,463,199[b]	65.29
6	YONG KIAM SAM	67,382,399	13.48	304,797,600[c]	60.96
	TOTAL	**113,459,200**	**22.69**	**30,000**	**0.01**

Note:

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

Distribution of Shareholdings

	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
Less than 100	4	0.16	200	0.00
100 to 1,000	759	30.10	187,000	0.04
1,001 to 10,000	923	36.60	5,628,800	1.13
10,001 to 100,000	670	26.57	22,647,700	4.53
100,001 to less than 5% of issued shares	163	6.46	99,356,301	19.87
5% and above of issued shares	3	0.12	372,179,999	74.44
Total	**2,522**	**100.00**	**500,000,000**	**100.00**

REMARK : *-LESS THAN 5% OF ISSUED HOLDINGS
: **-5% AND ABOVE OF ISSUED HOLDINGS

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 03 May 2011

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%*
1	SEALINK HOLDINGS SDN. BHD. LOT 1035, BLOCK 4, MCLD, PIASAU INDUSTRIAL AREA, 98000 MIRI	259,080,800	51.82
2	YONG KIAM SAM LOT 1035,BLK 4,MCLD,PIASAU INDUSTRIAL AREA, CDT 139 98009 MIRI	67,382,399	13.48
3	YONG FOH CHOI LOT 1035 BLK 4 MCLD PIASAU INDUSTRIAL AREA CDT 139 98009 MIRI	45,716,800	9.14
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM) 44TH FLOOR MENARA CITIBANK 165 JALAN AMPANG 50450 KL	8,356,000	1.67
5	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG SING NGUONG (M05) LEVELS 2,3,4,7&8 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	7,732,900	1.55
6	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR) LEVEL 13 MENARA OCBC 18 JALAN TUN PERAK 50050 KUALA LUMPUR	6,990,000	1.40
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF) LEVEL 13 MENARA OCBC 18 JALAN TUN PERAK 50050 KUALA LUMPUR	6,310,000	1.26
8	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF) LEVEL 13 MENARA OCBC 18 JALAN TUN PERAK 50050 KUALA LUMPUR	6,170,500	1.23
9	BANK KERJASAMA RAKYAT MALAYSIA BERHAD AS BENEFICIAL OWNER BAHAGIAN AKAUN DAN PERBENDAHARAAN TINGKAT 1 JLN TANGSI PETI SURAT 11024 50732 KUALA LUMPUR	4,000,000	0.80
10	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH PIK CHAI (M05) LEVELS 2,3,4,7&8 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	3,780,800	0.76
11	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF) LEVEL 13 MENARA OCBC 18 JALAN TUN PERAK 50050 KUALA LUMPUR	2,196,500	0.44
12	BANK KERJASAMA RAKYAT MALAYSIA BERHAD INVESTMENT DEPT 1ST FLOOR BANGUNAN BANK RAKYAT JALAN TANGSI 50732 KUALA LUMPUR	2,000,000	0.40
13	BANK KERJASAMA RAKYAT MALAYSIA BERHAD AS BENEFICIAL OWNER BAHAGIAN AKAUN DAN PERBENDAHARAAN, TINGKAT 1 JLN TANGSI PETI SURAT 11024 50732 KUALA LUMPUR	2,000,000	0.40
14	DATA HASRAT SDN BHD 25TH FLOOR BANGUNAN AMBANK GROUP JALAN RAJA CHULAN 50200 KUALA LUMPUR	2,000,000	0.40
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI BOON KHEE (E-PDG/JPN) 7 8 & 9 JALAN CHAN BEE KIEW OFF JALAN PADUNGAN 93100 KUCHING	1,543,100	0.31

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 03 May 2011

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%*
16	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HWANG AI MOR (M05) LEVELS 2,3,4,7 & 8 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	1,194,000	0.24
17	TENGKU AB MALEK BIN TENGKU MOHAMED NO 46 JALAN BUNGA MELATI 2/2 40000 SHAH ALAM	1,100,000	0.22
18	LAI CHUN LIAN NO 77 PASAR BATU 7 JALAN PENRISSEN 93250 KUCHING	1,000,100	0.20
19	AMANAH SAHAM MARA BERHAD TINGKAT 3 & 5 WISMA ASMB NO 1A JALAN LUMUT PETI SURAT 10701 50722 KUALA LUMPUR	1,000,000	0.20
20	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD BLOK J ANJUNG FELDA JALAN MAKTAB 54000 KUALA LUMPUR	900,000	0.18
21	BAHTERA OFFSHORE (M) SDN BHD NO 39A JALAN USJ 21/11 UEP SUBANG JAYA 47600 PETALING	800,000	0.16
22	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR AGROSEGAR SDN. BHD. (SFC) 25TH FLOOR MENARA EON BANK 288 JALAN RAJA LAUT 50350 KUALA LUMPUR	800,000	0.16
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (DANA SURIA EKT) LEVEL 44, MENARA CITIBANK 165, JALAN AMPANG 50450 KUALA LUMPUR	790,300	0.16
24	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIANG CHING KOK 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	750,000	0.15
25	AMANAHRAYA TRUSTEES BERHAD DANA BESTARI TINGKAT 2 WISMA TAS NO 21 JALAN MELAKA 50100 KUALA LUMPUR	720,200	0.14
26	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG SING NGUONG 15TH FLOOR BANGUNAN AMBANK GROUP 55 JALAN RAJA CHULAN 50200 KUALA LUMPUR	700,000	0.14
27	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB TRUSTEE BERHAD FOR AMANAH SAHAM PEKERJA-PEKERJA TNB (50148 TR01) LEVEL 7 WISMA AMANAH RAYA BERHAD JALAN SEMANTAN DAMANSARA HEIGHTS 50490 KUALA LUMPUR	680,000	0.14
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ML MARKETING SDN. BHD. 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	675,500	0.14
29	LEE CHOON HOOI 13 JALAN 5/39 46000 PETALING JAYA	661,800	0.13
30	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT) 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	650,000	0.13
	TOTAL	**437,681,699**	**87.54**

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SEALINK INTERNATIONAL BERHAD

(Company No. 800981-X)

No. of Shares Held :

FORM OF PROXY

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

of ....
(Full Address in Capital Letter)

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

I/C No. .... of ....

....
(Full Address in Capital Letter)

or Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 29th June, 2011 and, at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a Final Single Tier Dividend of 2.7 cents per share for the financial year ended 31 December 2010.		
3.	To approve Directors' Fees for the financial year ending 31 December 2011.		
4.	To re-elect Datuk Michael Hardin, who shall retire pursuant to Section 129(6) of the Companies Act, 1965.		
5.	To re-elect Mr. Yong Foh Choi, who shall retire pursuant to Section 129(6) of The Companies Act, 1965.		
6.	To re-elect Mr. Yong Kiam Sam who shall retire in accordance with Article 89 of the Company's Articles of Association.		
7.	To re-elect Mr. Toh Kian Sing who shall retire in accordance with Article 89 of the Company's Articles of Association.		
8.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration.		
NO.	**SPECIAL BUSINESS**	**FOR**	**AGAINST**
9.	To authorise Directors to allot and issue shares pursuant to Section 132D of The Companies Act, 1965.		
10.	Proposed Shareholders' Mandate On Recurrent Related Party Transactions of A Revenue Or Trading Nature.		

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

Dated this

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

NOTES:

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

To be valid, this form, duly completed must be deposit6ed at the registered office of the Company not less than 48 hours before the time for holding the meeting.

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

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

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

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AFFIX
STAMP

REGISTERED OFFICE/
PRINCIPAL PLACE OF BUSINESS

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

1st fold here