SEALINK INTERNATIONAL BERHAD
(800981-X)

Annual Report 2012

Contents

The Sealink Group

We are a Malaysia-based Integrated Service Provider, being a Ship Owner / Charterer and Shipbuilder. Our products and services are geographically spread over 20 countries across the world. Sealink Group builds, owns and operates a diverse fleet of offshore marine support vessels, serving mainly the global offshore oil and gas exploration and production industry.

We are listed on the Main Market of Bursa Malaysia.

Our Vision

Leading Integrated Service Provider for the offshore oil and gas industry

Our Missions

Constructing High Performance Global Class Vessels
Establishing, Maintaining and Serving a Network of Global Customers
Continuously Achieving International Accreditation in Maritime Safety Standards
Continuously Improving Management and Operational Efficiency and Optimisation of Systems

Our Goals

Satisfying our Customers
Improving and sustaining our Growth in the Market Share
Creating an Intelligent and Vibrant Workforce
Sustaining Profitability

Our Values

Quality Excellence without Compromising Integrity
Customers and Employees are our Company's Assets
Competitiveness
Environmental Friendliness
Social Consciousness

Sealink International Berhad
(Company No. 800981-X)
Lot 1035, Block 4, MCLD
Piasau Industrial Area
98000 Miri, Sarawak
Tel: 085-651 778 Fax: 085-652 480
Email: sealink@asiasealink.com
Website: www.asiasealink.com

Corporate Information

Board of Directors

Name	Position
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 of Audit Committee

Toh Kian Sing
Member of Audit Committee

Eric Khoo Chuan Syn
@ Khoo Chuan Syn
Member of Audit Committee

Nominating Commitee
Wong Chie Bin
Chairman of Nominating Committee

Eric Khoo Chuan Syn
@ Khoo Chuan Syn
Member of Nominating Committee

Toh Kian Sing
Member of Nominating Committee

Remuneration Committee
Wong Chie Bin
Chairman of Remuneration Committee

Eric Khoo Chuan Syn
@ Khoo Chuan Syn
Member of Remuneration Committee

Toh Kian Sing
Member of Remuneration Committee

Company Secretary
Yeo Puay Huang (f) (LS0000577)
Company Secretary

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: www.asiasealink.com

Registrar
Securities Services (Holdings) Sdn Bhd
(36869-T)
Level 7, Menara Milenium, Jalan
Damanlela
Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala
Lumpur
Telephone No. : 03-20849000
Facsimile No : 03-20949940

Auditors
Ernst & Young (AF: 0039)
4th Floor, Unit 4.1, Lot 698
Wisma Yong Lung
Pelita Commercial Centre,
98000 Miri, Sarawak
Telephone No. : 085-423881
Facsimile No : 085-413921

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

Principal Bankers
Malayan Banking Berhad (3813-K)
Miri Business Centre,
1st Floor, Lot 939 & 940, Jalan Asmara
MCLD, 98000 Miri, Sarawak
Telephone No. : 085-428766
Facsimile No : 085- 415766

CIMB Bank Berhad (13491-P)
2nd Floor, Lots 2691-2,
Block 10, KCLD, 3rd Mile, Rock Road
93250 Kuching, Sarawak
Telephone No. : 082-422025
Facsimile No : 082-422057

AmBank (M) Berhad (8515-D)
Regional Business Centre- Sarawak
No.164, 166 & 168, 1st Floor
Jalan Abell, 93100 Kuching Sarawak
Telephone No. : 082-244791
Facsimile No : 082-244718

Hong Leong Bank Berhad (97141-X)
Business Centre – Miri,
1st Floor, Lot 715, Merbau Road,
98000 Miri,
Sarawak, Malaysia
Telephone No : 085-434510
Facsimile No: : 085-420588

Standard Chartered Saadiq Berhad
(823437-K)
Level 15, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : 1 300 88 33 99
Facsimile No : 03-21428933

DBS Bank Ltd (196800306E)
12 Marina Boulevard #46-04
DBS Asia Central @ Marina Bay Financial
Centre Tower 3
Singapore 018982
Telephone No : +65 6878 8888
Facsimile No : +65 6227 9183

Details of the Group - Places of Operations/Offices

Sealink International Berhad (800981-X)

A. Head quarters

Lot 1035, Block 4, MCLD, Piasau Industrial
Area, 98000 Miri, Sarawak
Telephone No : 085-651778
Facsimile No : 085-652480

B. Other Places of Operations for SIB Group

Lot 816, Block 1, Kuala Baram Land District,
98100 Kuala Baram Miri, Sarawak
Telephone No : 085- 605767
Facsimile No : 085- 605428

Lot 1339, Jalan Cattleya 1, MCLD, Krokop,
98000 Miri, Sarawak
Telephone No : 085- 605280
Facsimile No : 085- 604767

545 Orchard Road #09-07, Far East
Shopping Centre, 238882 Singapore
Telephone No : 02 67377911
Facsimile No : 02 67374889

IR 7/20, Manmohan Warehouse,
87008 Wilayah Persekutuan Labuan
Telephone No.: 087-581686
Facsimile No.: 087-582686

Lot 18234 Ground Floor & First Floor,
Jalan Air Puteh, Kg. Jaya,
24000 Chukai Kemaman,
Terengganu

Group Structure (As at 1st April 2013)

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

SEALINK INTERNATIONAL BERHAD

Authorised Capital: RM500,000,000.00
Paid-up Capital: RM250,000,000.00

SEA-GOOD PTE LTD	GODRIMAJU SDN BHD	CERGAS MAJUSAMA SDN BHD	EUROEDGE SDN BHD	ERA SURPLUS SDN BHD	ERA SUREWAY SDN BHD
100%	100%	100%	100%	100%	100%

SUTHERFIELD RESOURCES SDN BHD	SEABRIGHT SDN BHD	SEALINK SDN BHD	NAVITEX SHIPPING SDN BHD	SEALINK MARINE SDN BHD	SEALINK MANAGEMENT SDN BHD
100%	100%	100%	100%	100%	100%

MIDAS CHOICE SDN BHD	SEALINK ENGINEERING & SLIPWAY SDN BHD	SEA ALPHA SDN BHD (formerly known as Sealink Dockyard Sdn Bhd)	SEALINK OFFSHORE (L) LIMITED	SEABRIGHT (SINGAPORE) PTE LTD	SEALINK SHIPYARD SDN BHD	SEALINK PACIFIC SDN BHD
100%	100%	100%	100%	100%	100%	100%

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
100%	100%	100%	100%	100%	100%

LOGISTINE SDN BHD	SEALINK ANTARABANGSA LTD	PERKASA ASIA CORPORATION LTD
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	22,146	43,552	28,731	27,001	121,430
Profit/(loss) before tax	6,143	5,605	5,663	(22,384)	(4,973)
Profit/(loss) after tax	4,784	3,643	3,748	(21,268)	(9,093)
Attributable to ordinary equity holders of the Company	4,784	3,643	3,748	(21,268)	(9,093)

(B) Segmental performance - Revenue

Revenue	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Chartering	72,406	62,121	69,355	86,987	98,557
Shipbuilding	163,816	131,105	155,483	114,924	22,765
Rental income	40	-	54	108	108
Total	236,262	193,226	224,892	202,019	**121,430**

(C) Segmental performance – Net Profit/(loss) before tax

Net profit/(Loss) before tax	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Chartering	26,340	40,146	19,601	21,217	26,013
Shipbuilding	38,244	20,433	19,616	(4,135)	(27,454)
Others **	(76)	(2,345)	(1,760)	4,715	(3,532)
Total	64,508	58,234	37,457	21,797	**(4,973)**

** Year 2008 exclude excess of fair value of assets and liabilities over the purchase consideration.

(D) Financial Statistics

	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Basic earnings/(Loss) per share (Sen)	20.79	10.45	6.67	3.54	(1.82)
Net dividend per share (Sen)	4.00	4.00	2.70	1.00	-
Operating profit margin (%)	33.02	25.41	19.84	16.85	12.58
Net assets per share attributable to ordinary holders of the Company (RM)	0.79	0.85	0.88	0.89	0.87
Return on average shareholders' equity (%)	15.84	12.70	7.70	4.01	(2.07)

Calendar of events 2012

Month	Date	Events
January		
February	4	Transfer of 1 Landing Craft to chartering
	24	New contract secured for 1 Seismic Supply Vessel, 1.5 year
	27	Delivery of 1 Anchor Handling Tug and Supply Vessel to customer
March	31	Delivery of 1 Anchor Handling Tug and Supply Vessel to customer
April	19	Sealink Engineering and Slipway Sdn Bhd obtained ISO9001:2008 for construction of ships
	24	Sealink Shipyard Sdn Bhd obtained ISO9001:2008 for construction of ships
May	3	New contract secured for 1 Landing Craft, 5 years
	28	New contract secured for 1 Anchor Handling Tug, 1 year
June	15	Transfer of 1 Anchor Handling Tug to chartering
	22	Sale of 1 Landing Craft
July		
August	26	New contract secured for 1 Utility Vessel, 5 years
September	7	Delivery of 1 Landing Craft
	19	Blood Donation Drive
	28	Health and Safety Day 2012
October	20	Walk for the Cure, Run for the Cause (Charity Run)
	25	New contracts secured for 2 Utility Vessels, 5 years
November	8	Extension of contract for 1 Straight Supply Vessel, 1 year
	29	Sale of 1 Landing Craft
December	31	Commencement of Arbitration with Boustead

Key

- **Chartering division**
- **Shipbuilding division**
- **Corporate social responsibility**
- **Corporate information**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Sealink International Berhad will be held at the Meeting Room, 1st floor, Admin Block, Sealink Engineering and Slipway Sdn Bhd, Lot 816, Block 1, Kuala Baram Land District, 98100 Kuala Baram Miri, Sarawak on Thursday, 20 June 2013 at 11:00 a.m. to transact the following businesses :-

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.

2. To approve Directors' Fees for the financial year ending 31 December 2013. **(Resolution No. 1)**

3. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "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." **(Resolution No. 2)**

4. To re-elect Mr Wong Chie Bin, who retires in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. **(Resolution No. 3)**

5. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution No. 4)**

Special Business

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

6. **Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **(Resolution No. 5)**

   "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."

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

By order of the Board,

Yeo Puay Huang (f)
Company Secretary
(LS 0000577)

Dated : 29 May 2013

Explanatory Notes to Special Business

1. **Ordinary Resolution No. 5**

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

   The Ordinary Resolution proposed under Resolution 5 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 5, 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 shares 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 Fourth Annual General Meeting held on 20 June 2012 and which will lapse at the conclusion of the Fifth Annual General Meeting to be held on 20 June 2013.

   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).

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 or under the hand of an officer or attorney duly authorized.

Only Depositors whose names appear in the General Meeting Record of Depositors as at 14 June 2013 be regarded as Members and shall be entitled to attend, speak and vote at the Fifth Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the Fifth Annual General Meeting of the Company.

Profile of Directors

In Memory of our Chairman,
Datuk Michael Hardin,

It is with great sadness that we announce the passing of the late **Datuk Michael Hardin**, who passed away on 28 November 2012.

Sealink Group had lost one of its most loyal, hardworking and long serving Chairman and Director with his passing.

Throughout his career with the Sealink Group, the late Datuk had provided valuable support and guidance to Sealink Group for the last 23 years. The late Datuk was instrumental to the growth of Sealink Group and its eventual listing in 2008. The late Datuk had always been high spirited and cheerful.

The late Datuk's dedication to the Group is inspiring. He had always been placing work above himself and his unwavering commitment to his work and community was remarkable and inspirational. He had a very friendly and humble personality and there is a great bond between the late Datuk and all the staff in Sealink Group. The late Datuk will be dearly missed.

YONG FOH CHOI

Managing Director
Non-Independent Executive Director
Malaysian

Yong Foh Choi, aged 74, 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 from 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.

Profile of Directors

YONG KIAM SAM
Chief Executive Officer cum Deputy Managing Director
Non-Independent Executive Director
Malaysian

Yong Kiam Sam aged 42, 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 with 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 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 57, 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 30 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 a member of the Audit Committee, Remuneration Committee and also the Nominating Committee of the Company.

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

Profile of Directors

TOH KIAN SING
Independent Non-Executive Director
Singaporean

Toh Kian Sing, aged 47, 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 the Audit Committee, Remuneration Committee and also the Nominating Committee of the Company.

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

WONG CHIE BIN
Independent Non-Executive Director
Malaysian

Wong Chie Bin, aged 57, was appointed to the Board of Sealink International Berhad on 20 May 2008. He is currently a Senior 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. He has over thirty years of working experience in accounting, auditing, taxation and management consultancy services.

He is the Chairman of the Audit Committee, Remuneration Committee and also the Nominating Committee of the Company.

He has no family relationship with any other Director and/or major shareholder and has 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 24 of the Annual Report.

Dear Valued Shareholders,

Due to the passing of our beloved Chairman, the late Datuk Michael Hardin, on behalf of the Board of Directors of Sealink International Berhad and its subsidiaries ("SIB Group"), it is my great honour to present the Fifth Annual Report and Audited Financial Statements for the financial year ended 31 December 2012 ("FYE2012"). Before I start, I would like to take this opportunity to convey my utmost appreciation to the late Datuk Michael Hardin for his invaluable contribution to the SIB Group for over 20 years. He was with us when SIB Group started operations with only one vessel. SIB Group was subsequently restructured and listed on the Main Market in 2008 and currently owns over 40 vessels.

Performance and Review

This year started off well and we posted reasonable results, especially for the chartering division despite the slow recovery in the global maritime sector. The effects from the European Union crisis and uncertainty in the US market were still felt in the maritime sector in FYE 2012. SIB Group was able to deliver a modest gross profit of RM 36.4 million, 30 per cent lower than FYE 2011. The SIB Group reported revenue of RM121 million for FYE2012, a decline of 40 percent or RM81 million as compared to the financial year ended 31 December 2011 ("FYE2011"). During the same period, the profit after taxation declined from RM17 million for FYE 2011 to a loss of RM9 million for FYE2012.

The Chartering division showed an increased profit of 23% for FYE2012 as compared to 2011. This increase is due to more vessels being acquired, higher utilisation of our vessels and lower maintenance costs arising from the utilisation of our in-house slipway.

The adverse results of SIB Group for the FYE 2012 was primarily due to lower contribution from the shipbuilding division, which recorded a lower revenue of RM23 million (2011: RM 115 million) and registered a loss of RM 27 million for FYE2012 as compared to a loss before tax of RM4 million in FYE 2011. This decrease in the results is attributed to SIB Group's shipbuilding division which was operating at a slower pace.

The slower pace of the shipbuilding division since the end of 2010 was due to two reasons. Foremost, the new rules and regulations imposed by the International Maritime Organisation which is in line with the world environmental protection of air and water / sea and international association of classification societies have affected the commencement of our new projects. The second reason is that SIB Group has invested in two ultra-sophisticated hybrid diesel electric and diesel mechanical propulsion multipurpose platform supply vessels cum anchor handling tugs ("hybrid vessels"). SIB Group has committed a lot of resources into the two hybrid vessels since 2010 and due to this commitment, SIB Group has reduced the number of other vessels constructed.

For the FYE 2012, SIB Group undertook an impairment on certain projects amounting to RM16.8 million due to the on-going disputes on work undertaken by a third party. As a result of the impairment losses recognised, SIB Group suffered a loss after taxation of RM9.0 million for FYE 2012.

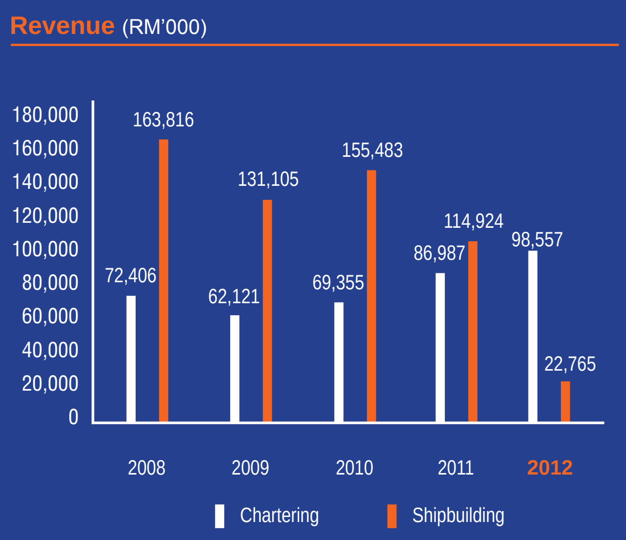
Dividend

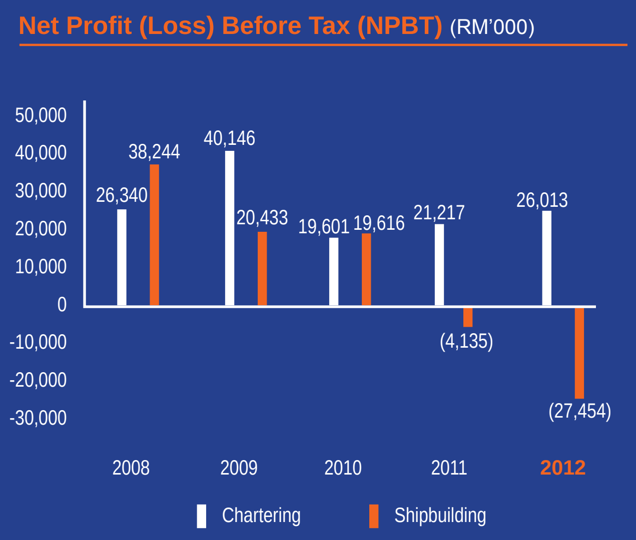
Due to the aforesaid losses incurred for the FYE 2012, the Board is not recommending any dividend for SIB Group for the FYE2012.

The Oil and Gas Industry

The oil and gas sector has recovered from the lows experienced in 2008 / 2009 and the crude oil price has stabilised around USD100 per barrel for the most part of FYE 2012. The International Oil Companies ("IOCs"), Independents and National Oil Companies ("NOCs") have been actively exploring new oil and gas oil fields to replenish their oil and gas reserves as anticipated.

Message to Shareholders





Currently, due to the advances in exploration and production technologies, the new areas with the highest potential are the deepwater and the marginal fields. Both of these areas were not viable as recently as ten years ago.

Under the Economic Transformation Program ("ETP") initiated by the Malaysian government on 21 September 2010 to turn Malaysia into a high income economy by the year of 2020 and overseen by the Performance Management and Delivery Unit ("PEMANDU"), the Malaysian government plans to increase diversification of the energy industry, increase exploration for new oil and gas resources, enhance production from known reserves and encourage the use of alternative energy sources such as nuclear, solar, and hydro-electric.

Petronas is anticipated to commit RM300 billion between 2011 to 2015 to develop and maintain its production levels. Given Petronas's capital expenditure in 2012 at RM63 billion (CIMB Research), we believe that there would be more contracts to be awarded over the remaining three years. Domestically, in Malaysia, there has been an increasing interest among the oil majors to venture beyond the shallow waters to build up their oil reserves so as to maintain their reserve replacement ratios in view of the high crude oil prices. Another reason for the huge Petronas capital expenditure is that 60% of Petronas major producing fields are aged between 19-28 years. Sealink stands potentially to benefit from these developments.

Outlook for 2013

Petronas and several other oil majors have started their exploration and production activities in the deeper waters, marginal oil fields and enhanced oil recovery projects as a result of the continual high crude oil price.

Petronas has indicated that it plans to develop 25% of the 106 domestic marginal fields but did not disclose the timeline. We believe that the news flow relating to the marginal fields is likely to accelerate this year after the general election and following the successful delivery of first gas at the Berantai field (CIMB Research).

It is further expected that there will be more contracts to be announced over the next few months from Petronas' RM15 billion fast-tracked programme to develop gas reserves from a cluster of fields in the North Malay basin, off Peninsular Malaysia as well as other enhanced oil recovery jobs in East Malaysia.

Petronas is also expected to be offering ten more marginal fields under its third licensing round for the Risk Sharing Contracts (RSC). Six of the fields are off the coast of Sarawak (Bunga Pelaga, Rompin, Endau, Lada Hitam, D41 and A21), three fields are in Sabah waters (Rusa Timur, Mutiara Hitam and Kuda Terbang) and one field is off Peninsular Malaysia (Ophir) (CIMB Research). The awards of the RSC contracts are highly positive for the Malaysian oil and gas industry.

The oil majors are also expected to soon announce the award of the 3 blocks of RM8 billion-RM10 billion umbrella tender for hook-up, construction and commissioning works, delayed from 2012 (AmResearch).

For the first half of 2013, awards of contracts to local companies totalled RM10.1 billion. Contracts for the first quarter of 2013 (worth RM2.1 billion, RM2.3 billion and RM2.4 billion respectively) went for the supply of Drilling Fluids and Barites Materials, Equipment and Services for the Malikai Tension-Leg- Platform and for the C7 FPSO project whilst the contracts for Offshore Support Vessel ("OSV") for the same period amounted to RM1.7 billion (Kenanga Research).

Perhaps in connection with this development, our chartering division has been constantly receiving a lot of enquiries. We believe that this is due to the increased oil and gas activities and demand for offshore marine support vessels in Malaysia and the region. Despite the expected increase

Message to Shareholders

in vessel utilisation, charter rates may still remain relatively flat due to a current oversupply of offshore support vessels in the market. If the demand for the offshore marine support vessels can be sustained in the near term, we expect an upward pressure on charter rates, which would then have a positive impact for SIB Group. To further bolster our ship charter sector, SIB Group is currently working with several parties in the oil and gas sector to form strategic business alliances. This would enable SIB Group to capture a higher share of the chartering business of offshore marine support vessels in Malaysia. This alliance would also positively benefit SIB Group in 2013 and beyond.

Following that, our shipbuilding division has also embarked into building newer and larger vessels which are in compliance with the new requirements, rules and regulations. This shift by the shipbuilding division since the end of 2010, was drastic as it resulted in lower numbers of vessels built by SIB Group in the last few years. This change was vital for the Group to remain ahead of our competitors and to keep abreast with the shift to larger vessels for the deep water operations. We believe that this change will augur well for the SIB Group and will increase our profitability in the future. Construction of these new designs has started and will keep our shipbuilding division busy for the next few years.

SIB Group is currently constructing two high value hybrid vessels to cater for the strong demand for shallow, deep and ultra deep water operations. We are taking delivery of the first vessel in May 2013 whilst the second vessel will be delivered later this year.

With the addition of these two hybrid vessels into Sealink's fleet, the revenue for the chartering division would be further enhanced in 2013 and beyond.

For our shipbuilding division, we anticipate that the results for 2013 may remain flat, partly due to increased equipment and material costs, and also depressed vessel prices.
SIB Group also has a ship repair facility which is equipped with a slipway that can accommodate vessels of approximately 100 metres. We have repaired more than ten vessels within the SIB Group in FYE 2012 and this in-house facility has reduced the vessel repair and maintenance costs for SIB Group.

The results of the SIB Group for 2013 would be flat as the operating environment would continue to be challenging and the improved performance from our chartering division would be offset by the mediocre results from the shipbuilding and ship repair divisions.

Corporate Development

There was no other corporate development during the year other than the proposed investment in a new subsidiary.

Message to Shareholders

Corporate Social Responsibility

We are continuously committed to fulfilling our part in achieving a good corporate social responsibility. Our main focuses are our Employees, the Environment and a sustainable value for SIB Group and its shareholders.

We always strive to engage and motivate our employees by encouraging their involvement in our corporate social responsibility initiatives. SIB Group had organised various events to create a cohesive working environment amongst the staff. We have set up a gymnasium at the office and have organised regular games and competition amongst staff and with external parties to create a balanced working environment. We have in 2012 organised a group wide futsal and badminton competition.

We also value the comments and feedback from our employees to enable SIB Group to continuously improve our corporate social responsibility.

In many other countries like China in particular, incentives and subsidies are given to the shipbuilding industry. However, in Malaysia, the authorities do not provide such incentives or subsidies to the industry players. As such, shipbuilders in Malaysia may find themselves to be less competitive.

Notwithstanding the above disadvantage and despite the less than favourable conditions afforded to the shipbuilding industry in Malaysia, SIB Group will still continue to maintain a major shipbuilding presence in Malaysia as we are committed to maintain employment for our staff.

Corporate Governance

The Board believes in the maintenance of the highest standards of corporate governance practices within the SIB Group as a fundamental part of upholding our responsibilities to protect and maximize shareholders' value and in enhancing the continued business prosperity of the SIB Group. The positive measures implemented with the advice of our external auditor, have been highlighted in our 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 to 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 contributed significantly to the SIB Group's performance for FYE2012 amidst the adverse market situation.

We would also like to take this opportunity to thank our valued institutional and individual shareholders for their 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 the 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.

YONG KIAM SAM
Chief Executive Officer cum Deputy Managing Director

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee members and details of attendance of each member at the Audit Committee meetings during 2012 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)*	5/5	100
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 some of the meetings. The meetings were held on 29 February 2012, 20 April 2012, 21 May 2012, 28 August 2012 and 23 November 2012, respectively.

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; and
(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; and
- 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 SIB 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 SIB 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 SIB 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 SIB 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 SIB 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 SIB Group fo 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 SIB 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 SIB 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 SIB 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 SIB 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 2012 included the following:

a) Reviewed the quarterly unaudited financial statements and annual audited financial statements of the SIB 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 SIB Group for the financial year ended 31 December 2012;
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 SIB Group's system of internal control;
g) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the SIB 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 resolution dated 22 April 2013.

Statement on Risk Management and 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 justification 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 SIB Group for the financial year ended 31 December 2012.

Control Environment

The SIB 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.

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 total cost incurred on internal audit for the financial year ended 31 December 2012 was RM89,600.

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.

Risk Management

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

Assurance From The Management

The Board has also received reasonable assurance from the Deputy Managing Director/Chief Executive Officer ("CEO") and the Head of Finance, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the SIB Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance with the Paragraph 15.23 of the MMLR of Bursa Malaysia, and code of corporate governance the external auditors have reviewed this Statement on Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Company.

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 SIB 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 SIB Group has applied the principles laid down in the Code. Save where otherwise identified specifically, the SIB 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 SIB 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 SIB Group and overseeing the business operations of the SIB Group, evaluating whether these are being properly managed.

COMPOSITION

The Board consists of five (5) comprising two (2) Non – Independent Executive Directors, one (1) 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 11 to 13 of this Annual Report.

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

Generally, the Managing Director and CEO 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 SIB Group.

The Board is of the opinion that the appointment of 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 SIB Group. This includes responsibility for determining the Company's and the SIB Group's development and overall strategies direction which are as follows:

a. Reviewing and providing guidance on the Company's and SIB 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 SIB 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 SIB Group's financial system, internal control systems and management information system are in compliance with the applicable standards and laws and regulations; and

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.

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 times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	No. of Meetings Attended	Percentage of Attendance (%)
The late Datuk Michael Hardin	5/5	100%
Yong Foh Choi	5/5	100%
Yong Kiam Sam	5/5	100%
Wong Chie Bin	5/5	100%
Toh Kian Sing	5/5	100%
Eric Khoo Chuan Syn @ Khoo Chuan Syn	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' resolutions passed at subsidiary levels 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 and 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 Nominating Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Director(s). 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
- Nominating 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 18 to 21 of this Annual Report.

NOMINATING COMMITTEE

The Nominating 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 Nominating Committee are as follows:-

Chairman:	Wong Chie Bin	*Independent Non Executive Director*
Members:	Toh Kian Sing	*Independent Non Executive Director*
	Eric Khoo Chuan Syn @ Khoo Chuan Syn	*Non Independent Non Executive Director*

The Nominating 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 Nominating 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:	Wong Chie Bin	*Independent Non Executive Director*
Members:	Toh Kian Sing	*Independent Non Executive Director*
	Eric Khoo Chuan Syn @ Khoo Chuan Syn	*Non Independent Non Executive Director*

Statement on Corporate Governance

DIRECTORS' TRAINING AND EDUCATION

All the Directors have attended the Mandatory Accreditation Program (MAP) prescribed by Bursa Malaysia. Directors are regularly updated on the SIB 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 SIB Group. During the financial 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/ Seminar / Conference/ Workshop attended by the Directors are as follows:

Directors	Seminar / Conference / Workshop	Date
The late Datuk Michael Hardin	• Malaysian Financial Reporting Standards 2012 Convergence and Updates	24 November 2012
Yong Foh Choi	• Malaysian Financial Reporting Standards 2012 Convergence and Updates	24 November 2012
Yong Kiam Sam	• 4th Annual Offshore Support Vessel Conference • Trade Winds Offshore Marine 2012 • Malaysian Financial Reporting Standards 2012 Convergence and Updates	23-26 April 2012 30-31 October 2012 24 November 2012
Wong Chie Bin	• National Tax Conference 2012 • Appeal of income Tax cases before the Special Commissioners • Forensic Accounting and Fraud Investigation • Crowe Horwath In House Training on Audit Methody, MFRS and Interim Audit • National Tax Seminar • Malaysian Financial Reporting Standards 2012 Convergence and Updates	17-18 July 2012 12 September 2012 19-20 September 2012 8-10 October 2012 11 October 2012 24 November 2012
Eric Khoo Chuan Syn @ Khoo Chuan Syn	• Governance, Risk Management and Compliance: What Director Should know, organized by Bursa • Malaysian Financial Reporting Standards 2012 Convergence and Updates	8 August 2012 24 November 2012
Toh Kian Sing	• Talk on "Managing Major Potential and On-going Litigation" for PSA • Talk on "UN Sanctions against Iran: A Singapore Insurer's Perspective" at the QBE Asia Marine Regional Conference. • Talk on "Ship Mortgage and Liens" for East Horizon Limited / International Far Eastern Leasing Co. Ltd • Talk on " Judicial Assistance for Foreign Maritime Arbitration" for Hanjin Shipping • Talk on "Letter of Credit Litigation – An Overview" for Bank of China • Talk on "Asian Cultural Influences on Maritime Arbitration – A Singapore Perspective at the CMI 2012 • Malaysian Financial Reporting Standards 2012 Convergence and Updates • Talk on " Oil Voyage Charterparty" for Zhenhua Co. Ltd	24 February 2012 21 March 2012 22 May 2012 30 May 2012 27 August 2012 17 October 2012 24 November 2012 14 December 2012

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 SIB 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 2012 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees (RM)	Salaries, allowances and other emoluments inclusive of EPF contributions (RM)	Bonus (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	40,000	1,013,252	103,781	14,925	1,171,958
Non-Executive Directors	307,500	10,500	-	3,208	321,208
Total	347,500	1,023,752	103,781	18,133	1,493,166

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	-	-	-
RM50,001-RM100,000	-	3	3
RM101,000-RM150,000	-	1	1
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	-	-	-
RM500,001-RM550,000	1	-	1
RM550,001-RM600,000	-	-	-
RM600,001-RM650,000	-	-	-
RM650,001-RM700,000	1	-	1
Total	2	4	6

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

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 SIB 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 SIB Group's financial statements for the financial year ended 31 December 2012 can be found on pages 31 to 85 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 Risk Management and Internal Control on page 22.

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 SIB 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 SIB 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 18 to 21 of this Annual Report.

Statement on Corporate Governance

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 is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the SIB 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 SIB Group and the Company for the year ended 31 December 2012, 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 SIB Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the SIB 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 was tabled and approved at the Board Meeting on 22 April 2013.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

SIB is a company that cares. As stated in our commitments and as demonstrated through our actions, we take seriously our obligation to best serve our stakeholders and to improve the social, economic and environmental well-being of the communities in which we live and work. Corporate social responsibility is part of the essence of who we are and is built into the SIB Group dream on which we were founded, and sustained through our values and local operating model. We have a culture of giving and we strategically manage our resources to best benefit our professionals, clients, shareholders, communities and the environment.

SIB's Group CSR commitments

- To provide our professionals with health, wellness and ownership programs that positively influence their well-being and satisfaction;
- To partner with our clients to deliver energy and environmental sustainability solutions and to collectively support charitable causes;
- To provide job opportunities and support our communities through causes that improve their social, economic and environmental well-being;
- To improve the environment through environmentally-friendly operating practices and community service activities;
- To operate ethically through a strong code of ethics and good corporate governance;
- To ensure that staff are constantly equipped with the necessary knowledge and tools to effectively and safely undertake their work; and
- To ensure that staff work in a healthy and safe environment.

The SIB Group have organized several events to foster the ties amongst the staff during 2012. An annual HSE Safety day in Borneo Tropical Rainforest entitled "I'm Here Because I Care- Safety" was organized to instill awareness of HSE compliance and to foster a closer working relationship and increase team cohesion amongst the staff in SIB Group.

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 2012 amounted to RM65,441.00.

Variation in Results

There is no material variance between the financial results and the unaudited results previously made for the financial year ended 31 December 2012.

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 2012.

Recurrent related Party Transactions

The related party transactions are disclosed in page 75 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 2012.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
(Loss)/Profit net of tax	(9,092,698)	5,126,353
(Loss)/Profit attributable to:		
Owners of the Company	(9,092,698)	5,126,353

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 other than as disclosed in Note 39 to the financial statements.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2011 was as follows:

	RM
In respect of the financial year ended 31 December 2011 as reported in the Directors' report of that year	
Final single tier tax exempt dividend of RM0.01 per share, paid on 18 September 2012	5,000,000

The Directors do not recommend a final dividend.

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 (See below)
Yong Foh Choi
Yong Kiam Sam
Wong Chie Bin
Eric Khoo Chuan Syn @ Khoo Chuan Syn
Toh Kian Sing

It is noted with great sadness that Datuk Michael Hardin passed away on 28 November 2012.

In accordance with the Company's Articles of Association, Wong Chie Bin retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

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 his re-appointment as a 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 31 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 2012	Acquired	Sold	At 31 December 2012
The Company:				
Direct interest				
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	60,000	-	-	60,000
Deemed interest through holding company				
Yong Foh Choi	259,080,800	-	-	259,080,800
Yong Kiam Sam	-	259,080,800	-	259,080,800
Holding company:				
Direct interest				
Yong Foh Choi	974,999	262,501	-	1,237,500
Yong Kiam Sam	-	262,500	-	262,500

Yong Foh Choi and Yong Kiam Sam by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent 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.

OTHER STATUTORY INFORMATION (Continued)

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.

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.

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 24 April 2013

Yong Kiam Sam **Yong Foh Choi**

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

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

We, **Yong Kiam Sam** and **Yong Foh Choi**, 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 37 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 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 24 April 2013

Yong Kiam Sam

Yong Foh Choi

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 37 to 84 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
24 April 2013

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

Report on the financial statements

We have audited the financial statements of Sealink International Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and 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 information, as set out on pages 37 to 84.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 41 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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
2708/04/14 (J)
Chartered Accountant

Miri, Malaysia
24 April 2013

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	4	121,430,236	202,019,177	7,248,069	8,100,462
Cost of sales	5	(85,016,737)	(150,146,244)	-	-
Gross profit		36,413,499	51,872,933	7,248,069	8,100,462
Other items of income					
Interest income	6	3,866,854	3,508,668	3,669,403	1,350,304
Other income	7	15,626,512	12,667,515	2,783	48
Other items of expense					
Administrative expenses		(26,528,809)	(24,743,835)	(3,732,982)	(3,639,480)
Finance costs	8	(12,294,199)	(16,677,446)	(1,448,944)	(184,963)
Other expenses		(23,856,714)	(5,798,455)	-	-
Share of results of an associate		1,800,252	967,656	-	-
(Loss)/Profit before tax	9	(4,972,605)	21,797,036	5,738,329	5,626,371
Income tax expense	12	(4,120,093)	(4,077,373)	(611,976)	(43,212)
(Loss)/Profit net of tax		(9,092,698)	17,719,663	5,126,353	5,583,159
Other comprehensive income					
Foreign currency translation		1,627,654	1,130,967	-	-
Other comprehensive income for the year, net of tax		1,627,654	1,130,967	-	-
Total comprehensive income for the year, net of tax		(7,465,044)	18,850,630	5,126,353	5,583,159
(Loss)/Profit attributable to:					
Owners of the Company		(9,092,698)	17,719,663	5,126,353	5,583,159
Total comprehensive income attributable to:					
Owners of the Company		(7,465,044)	18,850,630	5,126,353	5,583,159
(Loss)/Earnings per share attributable to owners of the Company (sen per share):					
Basic	13	(1.82)	3.54		

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	Group 2012 RM	Group 2011 RM	Group As at 1.1.2011 RM	Company 2012 RM	Company 2011 RM	Company As at 1.1.2011 RM
Assets							
Non-current assets							
Property, plant and equipment	14	444,675,649	414,834,098	450,816,357	9,344	11,479	6,035
Land use rights	15	13,550,473	49,825,027	50,203,901	-	-	-
Investment in subsidiaries	16	-	-	-	231,327,172	227,327,172	212,132,172
Investment in an associate	17	3,526,081	2,183,792	-	-	-	-
Other receivables	19	37,482,746	47,505,689	4,287,224	-	-	-
		499,234,949	514,348,606	505,307,482	231,336,516	227,338,651	212,138,207
Current assets							
Inventories	18	278,797,068	202,373,717	205,018,915	-	-	-
Trade and other receivables	19	61,295,230	71,519,054	84,825,466	184,903,703	162,833,720	188,577,269
Other current assets	20	721,975	18,282,176	12,646,393	-	17,607	-
Cash and bank balances	22	113,482,328	81,703,139	78,150,871	782,539	1,150,761	1,473,309
Tax recoverable		2,366,160	1,324,263	674,644	-	27,788	87,581
Non-current asset held for sale	23	-	36,912,835	-	-	-	-
		456,662,761	412,115,184	381,316,289	185,686,242	164,029,876	190,138,159
Total assets		955,897,710	926,463,790	886,623,771	417,022,758	391,368,527	402,276,366
Equity and liabilities							
Current liabilities							
Provisions	24	3,198,785	2,000,000	-	-	-	-
Loans and borrowings	25	164,285,179	152,871,755	203,140,331	6,140,000	6,140,000	6,140,000
Trade and other payables	26	62,398,775	73,795,407	66,731,760	45,994,248	14,507,592	11,358,590
Other current liabilities		-	-	4,860,524	-	-	-
Provision for taxation		875,604	538,552	389,738	181,222	-	-
		230,758,343	229,205,714	275,122,353	52,315,470	20,647,592	17,498,590
Net current assets		225,904,418	182,909,470	106,193,936	133,370,772	143,382,284	172,639,569
Non-current liabilities							
Loans and borrowings	25	236,917,550	196,929,216	119,186,082	26,915,000	33,055,000	39,195,000
Deferred tax liabilities	27	55,634,375	55,276,374	52,613,480	-	-	-
		292,551,925	252,205,590	171,799,562	26,915,000	33,055,000	39,195,000
Total liabilities		523,310,268	481,411,304	446,921,915	79,230,470	53,702,592	56,693,590
Net assets		432,587,442	445,052,486	439,701,856	337,792,288	337,665,935	345,582,776
Equity attributable to owners of the Company							
Share capital	28	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Share premium	28	79,086,883	79,086,883	79,086,883	79,086,883	79,086,883	79,086,883
Retained earnings	29	100,698,455	114,791,153	110,571,490	8,705,405	8,579,052	16,495,893
Other reserves	30	2,802,104	1,174,450	43,483	-	-	-
Total equity		432,587,442	445,052,486	439,701,856	337,792,288	337,665,935	345,582,776
Total equity and liabilities		955,897,710	926,463,790	886,623,771	417,022,758	391,368,527	402,276,366

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2012 Group	Note	Equity, total RM	Share capital RM	Non -distributable Share premium RM	Distributable Retained earnings RM	Non -distributable Foreign currency translation reserve RM
		← Attributable to Equity Holders of the Company →				
Opening balance at 1 January 2012		445,052,486	250,000,000	79,086,883	114,791,153	1,174,450
Total comprehensive income		(7,465,044)	-	-	(9,092,698)	1,627,654
Transactions with owners						
Dividend on ordinary shares	38	(5,000,000)	-	-	(5,000,000)	-
Closing balance at 31 December 2012		432,587,442	250,000,000	79,086,883	100,698,455	2,802,104

2011 Group	Note	Equity, total RM	Share capital RM	Share premium RM	Retained earnings RM	Foreign currency translation reserve RM
Opening balance at 1 January 2011		439,701,856	250,000,000	79,086,883	110,571,490	43,483
Total comprehensive income		18,850,630	-	-	17,719,663	1,130,967
Transactions with owners						
Dividend on ordinary shares	38	(13,500,000)	-	-	(13,500,000)	-
Closing balance at 31 December 2011		445,052,486	250,000,000	79,086,883	114,791,153	1,174,450

2012 Company	Note	Equity, total RM	Non-distributable Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM
Opening balance at 1 January 2012		337,665,935	250,000,000	79,086,883	8,579,052
Total comprehensive income		5,126,353	-	-	5,126,353
Transactions with owners					
Dividends on ordinary shares	38	(5,000,000)	-	-	(5,000,000)
Closing balance at 31 December 2012		337,792,288	250,000,000	79,086,883	8,705,405

2011 Company	Note	Equity, total RM	Share capital RM	Share premium RM	Retained earnings RM
Opening balance at 1 January 2011		345,582,776	250,000,000	79,086,883	16,495,893
Total comprehensive income		5,583,159	-	-	5,583,159
Transactions with owners					
Dividends on ordinary shares	38	(13,500,000)	-	-	(13,500,000)
Closing balance at 31 December 2011		337,665,935	250,000,000	79,086,883	8,579,052

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Operating activities					
(Loss)/Profit before tax		(4,972,605)	21,797,036	5,738,329	5,626,371
Adjustments for:					
Interest income	6	(3,866,854)	(3,508,668)	(3,669,403)	(1,350,304)
Dividend income	4	-	-	(4,775,400)	(5,600,000)
Amortisation of land use rights	15	578,754	1,282,376	-	-
Bad debts recovered	7	-	(803)	-	-
Deposits written off	9	3,038,223	5,524,706	-	-
Depreciation of property, plant and equipment	14	32,353,899	30,018,776	2,135	1,537
Gain on disposal of non-current asset held for sale	7	(7,534,570)	(447,295)	-	-
Impairment loss on trade receivables	9	3,000,000	260,096	-	-
Impairment loss on capital work-in-progress	14	12,416,046	-	-	-
Interest expenses	8	13,177,766	14,092,236	1,448,944	184,963
Inventories written off	9	3,899,596	-	-	-
Net gain on disposal of property, plant and equipment	7,9	-	(637,473)	-	-
Property, plant and equipment written off	9	571,582	21,983	-	-
Provision for maintenance warranties	9	1,198,785	2,000,000	-	-
Reversal of impairment loss on trade receivables	7	(4,281,309)	(195,451)	-	-
Share of results of an associate		(1,800,252)	(967,656)	-	-
Unrealised loss/(gain) on foreign exchange	7,8,9	1,342,439	3,068,775	(2,783)	28,021
Total adjustments		54,094,105	50,511,602	(6,996,507)	(6,735,783)
Operating cash flows before changes in working capital carried forward		49,121,500	72,308,638	(1,258,178)	(1,109,412)
<u>Changes in working capital</u>					
(Increase)/Decrease in inventories		(73,552,591)	5,709,340	-	-
Decrease/(Increase) in trade and other receivables		7,487,561	19,524,780	(271)	27,429
Decrease/(Increase) in other current assets		17,585,998	(5,635,783)	17,607	(17,607)
(Decrease)/Increase in trade and other payables		(10,866,855)	6,062,155	189,985	(161,090)
Decrease in other current liabilities		-	(4,860,524)	-	-
Net change in associate balances		10,517,762	(56,503,502)	-	-
Net change in holding company balances		(129,112)	95,113	-	-
Net change in subsidiaries balances		-	-	9,229,742	28,998,191
Total changes in working capital		(48,957,237)	(35,608,421)	9,437,063	28,846,923
Cash flows from operations		164,263	36,700,217	8,178,885	27,737,511
Interest received		-	-	3,577,486	1,260,060
Interest paid		(19,020,105)	(16,857,813)	(1,448,944)	(184,963)
Income tax paid		(4,956,748)	(2,623,192)	(237,141)	(73,445)
Income tax refunded		493,595	707,081	28,025	90,026
Net cash flows (used in)/from operating activities		(23,318,995)	17,926,293	10,098,311	28,829,189

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Investing activities					
Interest received		4,719,934	3,770,352	91,917	90,244
Decrease in other receivable		-	3,500,000	-	-
Increase in non-current asset held for sale		(13,013,705)	(50,213,453)	-	-
Purchase of property, plant and equipment		(40,273,044)	(42,600,072)	-	(6,981)
Increase in land use rights		-	(903,502)	-	-
Proceeds from disposal of property, plant and equipment		514,330	11,327,675	-	-
Proceeds from disposal of non-current asset held for sale		54,458,370	52,449,081	-	-
Additional investment in an associate		(50,000)	-	-	-
Acquisition of investment in an associate		-	(3,450,000)	-	-
Acquisition of additional investment in subsidiaries		-	-	(4,000,000)	(15,195,000)
Dividend received		600,000	-	4,581,550	5,600,000
Waiver of land premium		434,531	-	-	-
Net cash flows from/(used in) investing activities		7,390,416	(26,119,919)	673,467	(9,511,737)
Financing activities					
Dividend paid on ordinary shares		(5,000,000)	(13,500,000)	(5,000,000)	(13,500,000)
Proceeds from loans and borrowings		113,568,695	128,839,700	-	-
Repayments of loans and borrowings		(54,827,485)	(37,637,671)	(6,140,000)	(6,140,000)
Repayment of obligations under finance leases		(41,040)	(456,250)	-	-
Net movement in trade financing		(18,792,002)	(69,817,192)	-	-
Net movement in fixed deposit pledged		20,506,587	(6,859,601)	-	-
Net movement in cash at bank restricted in use		(23,269,463)	(921,512)	-	-
Net cash flows from/(used in) financing activities		32,145,292	(352,526)	(11,140,000)	(19,640,000)
Net increase/(decrease) in cash and cash equivalents		16,216,713	(8,546,152)	(368,222)	(322,548)
Effect of exchange rate changes on cash and cash equivalents		(708,270)	1,084,519	-	-
Cash and cash equivalents at 1 January		38,419,112	45,880,745	1,150,761	1,473,309
Cash and cash equivalents at 31 December	22	53,927,555	38,419,112	782,539	1,150,761

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

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. 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, letting of properties and trading of vessels.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. These are the Group's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS").

The financial statements of the Group and of the Company for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company's registered office.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these consolidated financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

a) Business combinations

MFRS 1 provides the option to apply MFRS 3, Business Combinations, prospectively from 1 January 2011. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

<u>Acquisitions before date of transition</u>
The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

Accordingly, the notes to the financial statements of the Group and of the Company as at date of transition to MFRS remain unchanged from that previously reported.

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

b) Property, plant and equipment

Upon transition to MFRS, the Group have elected to measure all their property, plant and equipment using the cost model under MFRS 116, Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amount of vessel during the year 2008 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. There are no effects to the financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except for the impact as disclosed below:

- **MFRS 10 Consolidated Financial Statements**

  MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

  Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

  MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

  The Group is in the process of assessing the effect of the new requirements.

- **MFRS 12 Disclosures of Interests in Other Entities**

  MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

- **MFRS 127 Separate Financial Statements**

  As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

- **MFRS 128 Investments in Associates and Joint Ventures**

  As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

- **MFRS 9 Financial Instruments: Classification and Measurement**

  MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

(i) Business combinations (Continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRS, i.e. 1 January 2011. Goodwill arising from acquisition before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(ii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Summary of significant accounting policies (Continued)

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.

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 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.

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

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

Leasehold land	remaining leasehold period
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.

During the year, the Group reassessed the land used rights and recognised certain land held for own use as property, plant and equipment.

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.

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.

2. Summary of significant accounting policies (Continued)

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 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 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 financial assets at fair value through profit or loss and loans and receivables.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(b) 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 reporting date which are classified as non-current.

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.

2.12 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.

2.13 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. Summary of significant accounting policies (Continued)

2.14 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.

2.15 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.

2.16 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.

2.17 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 MFRS 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.

2. Summary of significant accounting policies (Continued)

2.17 Financial liabilities (Continued)

a) Financial liabilities at fair value through profit or loss (Continued)

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.

The Group and the Company have not designated any financial liabilities as at fair value through profit and loss.

b) Other financial liabilities

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

2.18 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.

2.19 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.

2.20 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. Summary of significant accounting policies (Continued)

2.21 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.

2.22 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediate before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.23 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.

b) Construction contracts

Revenue from construction contracts is accounted for by percentage of completion method as described in Note 2.14.

c) Rental income

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

d) Dividend income

Dividend income is recognised when the Group’s right to receive payment is established.

e) Management fees

Management fees are recognised when services are rendered.

2. Summary of significant accounting policies (Continued)

2.24 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.

For Labuan trading activity, its profits would be subject to tax under Labuan Business Activity Tax 1990 under two options:

i) to be taxed at rate of 3% on audited profits; or

ii) upon election, to pay a flat tax of RM20,000.

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)

2.24 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.

2.25 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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.

2.27 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 1.5 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 33.11% (2011: 7.18%) variance in the Group's (loss)/profit for the year.

3. Significant accounting judgements and estimates (Continued)

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 19.

4. Revenue

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Construction revenue	22,764,979	114,923,652	-	-
Charter and hiring charges	98,557,257	86,987,525	-	-
Dividend income from subsidiaries	-	-	4,775,400	5,600,000
Management fee	-	-	2,472,669	2,500,462
Rental income	108,000	108,000	-	-
	121,430,236	202,019,177	7,248,069	8,100,462

5. Cost of sales

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Construction contract costs	29,167,436	100,491,825	-	-
Cost of services rendered	55,849,301	49,654,419	-	-
	85,016,737	150,146,244	-	-

6. Interest income

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income from:				
- Short term deposits	1,252,821	1,033,160	91,917	90,244
- Associate	3,467,113	2,733,437	-	-
- Subsidiaries	-	-	3,577,486	1,260,060
- Others	-	3,755	-	-
	4,719,934	3,770,352	3,669,403	1,350,304
Less: Interest income capitalised in:				
- Vessels work-in-progress (Note 18)	(853,080)	(261,684)	-	-
	3,866,854	3,508,668	3,669,403	1,350,304

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 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Bad debts recovered	-	803	-	-
Charter income	-	726,893	-	-
Gain on foreign exchange				
- Realised	2,605,204	4,850,826	-	48
- Unrealised	92,565	1,187,167	2,783	-
Gain on forward contract	10,100	224,250	-	-
Gain on disposal of property, plant and equipment	-	637,829	-	-
Gain on disposal of non-current asset held for sale	7,534,570	447,295	-	-
Rental income	-	10,500	-	-
Reversal of impairment loss on trade receivables (Note 19)	4,281,309	195,451	-	-
Sundry income	1,102,764	4,386,501	-	-
	15,626,512	12,667,515	2,783	48

8. Finance costs

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest expenses on:				
- Bankers acceptances	250,586	744,628	-	-
- Bank loans	11,877,438	6,621,534	-	-
- Bank overdrafts	946,474	795,671	-	-
- Loan from subsidiaries	-	-	1,614,096	218,915
- Obligations under finance leases	649	8,125	-	-
- Revolving credits	5,930,198	8,664,231	2,105,387	2,344,627
- Revolving credits recharged to subsidiaries	-	-	(2,270,539)	(2,378,579)
- Others	14,760	23,624	-	-
	19,020,105	16,857,813	1,448,944	184,963
Less Interest expense capitalised in:				
- Vessels work-in-progress (Note 18)	(5,827,442)	(2,573,650)	-	-
- Capital work-in-progress (Note 14)	-	(85,345)	-	-
- Non-current asset held for sale (Note 23)	(14,897)	(106,582)	-	-
	13,177,766	14,092,236	1,448,944	184,963
(Gain)/loss on foreign exchange:				
- Realised	(698,049)	(746,990)	-	-
- Unrealised	(185,518)	3,332,200	-	-
	12,294,199	16,677,446	1,448,944	184,963

9. (Loss)/Profit before tax

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
The following items have been included in arriving at (loss)/profit before tax:				
Employee benefits expense (Note 10)	33,258,751	31,122,036	2,971,676	2,843,280
Amortisation of land use rights (Note 15)	578,754	1,282,376	-	-
Auditors' remuneration				
- Current year	212,274	226,058	40,000	40,000
- (Over)/Underprovision in previous years	(17,065)	12,891	-	5,000
Depreciation of property, plant and equipment (Note 14)	32,353,899	30,018,776	2,135	1,537
Deposits written off	3,038,223	5,524,706	-	-
Hiring charges	4,052,751	-	-	-
Impairment loss on trade receivables (Note 19)	3,000,000	260,096	-	-
Impairment loss on capital work-in-progress (Note 14)	12,416,046	-	-	-
Inventories written off	3,899,596	-	-	-
Loss on disposal of property, plant and equipment	-	356	-	-
Loss on foreign exchange:				
- Realised	1,092,050	2,077,870	585	-
- Unrealised	1,620,522	923,742	-	28,021
Loss on forward contract	-	36,240	-	-
Non-executive Directors (Note 11)				
- Fees	307,500	291,000	307,500	291,000
- Other emoluments	10,500	-	10,500	-
Office rental expenses	-	-	7,500	7,200
Rental of machinery	113	23,041	-	-
Rental of premises	359,992	354,323	-	-
Property, plant and equipment written off	571,582	21,983	-	-
Provision for maintenance warranties	1,198,785	2,000,000	-	-

10. Employee benefits expense

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Salaries and wages	30,348,222	28,174,844	2,664,583	2,571,992
Social security contributions	220,688	227,952	8,633	7,519
Contributions to defined contribution plan	2,648,599	2,621,968	298,460	263,769
Other benefits	41,242	97,272	-	-
	33,258,751	31,122,036	2,971,676	2,843,280

Included in employee benefits expense of the Group and of the Company are the Executive Directors' remuneration amounting to RM1,157,033 (2011: RM1,185,103) and RM321,508 (2011: RM312,240) respectively as further disclosed in Note 11.

11. Directors' remuneration

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	929,580	924,696	199,656	199,656
Fees	40,000	36,000	40,000	36,000
Bonus	103,781	140,104	52,634	47,850
Defined contribution plan	83,672	84,303	29,218	28,734
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 10)	1,157,033	1,185,103	321,508	312,240
Estimated money value of benefits-in-kind	14,925	14,925	14,925	14,925
Total Executive Directors'remuneration (including benefits-in-kind)	1,171,958	1,200,028	336,433	327,165
Non-Executive:				
Fees (Note 9)	307,500	291,000	307,500	291,000
Other emoluments (Note 9)	10,500	-	10,500	-
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	318,000	291,000	318,000	291,000
Estimated money value of benefits-in-kind	3,208	3,500	3,208	3,500
Total Non-Executive Directors' remuneration (including benefits-in-kind)	321,208	294,500	321,208	294,500
Total Director's remuneration	1,493,166	1,494,528	657,641	621,665

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

	Number of Directors	
	2012	2011
Executive Directors:		
RM500,001 – RM550,000	1	1
RM650,001 – RM700,000	1	1
Non-Executive Directors:		
RM50,001 – RM100,000	3	3
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 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Statement of comprehensive income:				
Current income tax:				
Labuan business activity tax	60,000	40,000	-	-
Malaysian income tax	3,315,285	1,229,506	485,403	43,212
Underprovision in respect of previous years	386,807	144,973	126,573	-
	3,762,092	1,414,479	611,976	43,212
Deferred income tax (Note 27):				
Origination or reversal of temporary differences	506,530	3,106,227	-	-
Overprovision in respect of previous years	(148,529)	(443,333)	-	-
	358,001	2,662,894	-	-
Income tax expense recognised in profit and loss	4,120,093	4,077,373	611,976	43,212

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(Loss)/Profit before tax	(4,972,605)	21,797,036	5,738,329	5,626,371
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	(1,243,151)	5,449,259	1,434,582	1,406,593
Adjustments:				
Non-deductible expenses	5,228,691	2,856,279	162,760	36,593
Income not subject to taxation	(3,673,250)	(4,161,521)	(1,105,159)	(1,399,992)
Utilisation of unabsorbed tax losses not recognised in previous year	(6,780)	-	(6,780)	-
Deferred tax assets not recognised during the years	1,024,309	273,153	-	18
Overprovision of deferred tax in previous years	(148,529)	(443,333)	-	-
Underprovision of tax expense in previous years	386,807	144,973	126,573	-
Others	2,551,996	(41,437)	-	-
Income tax expense recognised in profit and loss	4,120,093	4,077,373	611,976	43,212

Income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable (loss)/profit for the year.

For Labuan Trading Activity, the Company elects to pay RM20,000 of income tax in accordance with Section 7(1) of the Labuan Business Activity Tax Act 1990.

12. Income tax expense (Continued)

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	
	2012 RM	2011 RM
Unutilised tax losses	16,525,749	4,068,200
Unabsorbed capital allowances	49,617,543	59,530,366
	66,143,292	63,598,566

The availability of the unutilised 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. (Loss)/Earnings per share

Continuing operations

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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 (loss)/profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	2012 RM	2011 RM
(Loss)/Profit attributable to ordinary equity holders of the Company	(9,092,698)	17,719,663

	2012	2011
Number of ordinary shares in issue during the year	500,000,000	500,000,000

	2012 Sen	2011 Sen
Basic (loss)/earnings per share for profit for the year	(1.82)	3.54

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	Land, buildings and wharf* RM	Vessels and vessel equipment RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost:						
At 1.1.2011	33,041,233	363,093,506	7,891,055	40,010,500	4,451,534	448,487,828
Additions	67,728	29,094,940	628,793	2,543,296	4,500	32,339,257
Disposals	(58,373)	(8,701,538)	(4,618)	-	(66,534)	(8,831,063)
Reclassification	(34,300)	-	-	34,300	-	-
Written off	-	(2,080)	(30,901)	(2,135)	-	(35,116)
Exchange rate difference	-	1,460,579	1,077	-	-	1,461,656
At 31.12.2011 and 1.1.2012	33,016,288	384,945,407	8,485,406	42,585,961	4,389,500	473,422,562
Transfer from capital work in progress	-	8,819,607	-	-	-	8,819,607
Additions	111,023	36,388,417	344,870	1,181,890	100,204	38,126,404
Reclassified from land use rights	39,650,980	-	-	-	-	39,650,980
Waiver of land premium	(434,531)	-	-	-	-	(434,531)
Written off	-	(2,328)	(234,841)	(1,210,771)	-	(1,447,940)
Exchange rate difference	-	299,121	1,416	-	-	300,537
At 31.12.2012	72,343,760	430,450,224	8,596,851	42,557,080	4,489,704	558,437,619
Accumulated depreciation and impairment loss:						
At 1.1.2011	7,191,200	39,817,128	3,519,088	15,051,346	3,125,668	68,704,430
Charge for the year (Note 9)	1,846,580	22,823,685	819,204	4,140,157	389,150	30,018,776
Disposals	-	(585,397)	(807)	-	(56,554)	(642,758)
Written off	-	(568)	(10,430)	(2,135)	-	(13,133)
Exchange rate difference	-	101,800	712	-	-	102,512
At 31.12.2011 and 1.1.2012	9,037,780	62,156,648	4,327,767	19,189,368	3,458,264	98,169,827
Charge for the year (Note 9)	2,517,396	24,338,641	849,871	4,306,848	341,143	32,353,899
Reclassified from land use rights	3,955,180	-	-	-	-	3,955,180
Written off	-	(1,261)	(140,898)	(871,806)	-	(1,013,965)
Exchange rate difference	-	136,337	1,105	-	-	137,442
At 31.12.2012	15,510,356	86,630,365	5,037,845	22,624,410	3,799,407	133,602,383
Net carrying amount:						
At 31.12.2011	23,978,508	322,788,759	4,157,639	23,396,593	931,236	375,252,735
Capital Work-In-Progress						
At 1.1.2011						71,032,959
Additions						10,346,160
Disposals						(2,501,897)
Reclassification to non-current asset held for sale (Note 23)						(38,594,586)
Reclassified to vessels work-in-progress						(746,776)
Exchange rate difference						45,503
At 31.12.2011						39,581,363
						414,834,098
At 31.12.2012	56,833,404	343,819,859	3,559,006	19,932,670	690,297	424,835,236

14. Property, plant and equipment (Continued)

Group	Land, buildings and wharf* RM	Vessels and vessel equipment RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Capital Work-In-Progress						
At 1.1.2012						39,581,363
Additions						2,146,640
Disposals						(514,330)
Transfer to property, plant and equipment						(8,819,607)
Impairment loss recognised in profit or loss (Note 9)						(12,416,046)
Written off						(137,607)
At 31.12.2012						19,840,413
						444,675,649

*Land, buildings and wharf

Group	Leasehold land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Cost:				
At 1 January 2011	-	2,070,161	30,971,072	33,041,233
Additions	-	62,128	5,600	67,728
Disposals	-	-	(58,373)	(58,373)
Reclassification	-	-	(34,300)	(34,300)
At 31 December 2011 and 1 January 2012	-	2,132,289	30,883,999	33,016,288
Additions	-	3,504	107,519	111,023
Reclassified from land use rights	39,650,980	-	-	39,650,980
Waiver of land premium	(434,531)	-	-	(434,531)
At 31 December 2012	39,216,449	2,135,793	30,991,518	72,343,760
Accumulated depreciation and impairment loss:				
At 1 January 2011	-	1,161,046	6,030,154	7,191,200
Charge for the year	-	201,725	1,644,855	1,846,580
At 31 December 2011 and 1 January 2012	-	1,362,771	7,675,009	9,037,780
Charge for the year	688,943	174,323	1,654,130	2,517,396
Reclassified from land use rights	3,955,180	-	-	3,955,180
At 31 December 2012	4,644,123	1,537,094	9,329,139	15,510,356
Net carrying amount:				
At 31 December 2011	-	769,518	23,208,990	23,978,508
At 31 December 2012	34,572,326	598,699	21,662,379	56,833,404

14. Property, plant and equipment (Continued)

Company	Signboard RM	Office equipment RM	Total RM
Cost:			
At 1 January 2011 and 31 December 2012	7,390	6,981	14,371
Accumulated depreciation:			
At 1 January 2011	1,355	-	1,355
Charge for the year (Note 9)	739	798	1,537
At 31 December 2011 and 1 January 2012	2,094	798	2,892
Charge for the year (Note 9)	739	1,396	2,135
At 31 December 2012	2,833	2,194	5,027
Net carrying amount:			
At 31 December 2011	5,296	6,183	11,479
At 31 December 2012	4,557	4,787	9,344

In 2011, included in capital work-in-progress incurred was interest expense amounting to RM85,345.

Assets held under finance leases

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

Group	Motor vehicles RM	Total RM
Net carrying amount		
At 31 December 2011	1	1
At 31 December 2012	-	-

Assets pledged as security

In addition to assets held under finance leases, the Group's vessels and plant and machinery with a carrying amount of RM257,946,288 (2011: RM260,961,495) and RM3,521,967 (2011: RM4,031,167) respectively are mortgaged to secure the Group's bank loans (Note 25).

The Group's vessels with a carrying amount of RM27,522,000 (2011: Nil) is mortgaged to secure the Group's bank loan which is released on 22 February 2013.

The Group's leasehold land with carrying amount of RM35,415,214 (2011: Nil) is mortgaged to secure the Group's bank loans (Note 25).

15. Land use rights

	Group 2012 RM	Group 2011 RM
Cost:		
At 1 January	56,337,180	55,433,678
Additions	-	903,502
Reclassified to property, plant and equipment	(39,650,980)	-
At 31 December	16,686,200	56,337,180
Accumulated amortisation:		
At 1 January	6,512,153	5,229,777
Amortisation for the year (Note 9)	578,754	1,282,376
Reclassified to property, plant and equipment	(3,955,180)	-
At 31 December	3,135,727	6,512,153
Net carrying amount	13,550,473	49,825,027
Amount to be amortised:		
- Not later than one year	578,754	1,282,376
- Later than one year but not later than five years	2,315,016	5,129,504
- Later than five years	10,656,703	43,413,147

During the year, the Group reassessed the land use rights and recognised certain land held for own use as property, plant and equipment.

Land use rights pledged as security

Land use rights with an aggregate carrying value of RM8,467,086 (2011: RM45,498,524) are pledged as securities for bank borrowings as referred to in Note 25.

16. Investment in subsidiaries

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	231,327,172	227,327,172

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2012 %	Percentage of equity held 2011 %
Cergas Majusama Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Era Sureway Sdn. Bhd.	Malaysia	Regional and coastal Shipping business	100	100
Era Surplus Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Midas Choice 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 2012 %	2011 %
Godrimaju Sdn. Bhd.	Malaysia	Regional and coastal shipping business	100	100
Euroedge Sdn. Bhd.	Malaysia	Regional and coastal shipping business	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	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	100	100
Sea-Good Pte Ltd*	Singapore	Ship and boat leasing with operator (including chartering)	100	100
Sealink Offshore (L) Ltd.	Federal Territory of Labuan, Malaysia	Investment holding and leasing of vessels	100	100
Sea Alpha Sdn. Bhd. (Formerly known as Sealink Dockyard Sdn. Bhd.)	Malaysia	Inactive	100	100
Seabright (Singapore) Private Limited*	Singapore	Ship owner	100	100
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Letting of properties	100	100
Subsidiary of Sealink Engineering And Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Letting of properties	100	100
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	Investment holding	100	100

16. Investment in subsidiaries (Continued)

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2012 %	2011 %
Subsidiary of Sealink Offshore (L) Ltd.				
Sealink Resources (L) Ltd.	Federal Territory of Labuan, Malaysia	Ship owner and trading of vessels	100	100
Sealink Marine (L) Ltd.	Federal Territory of Labuan, Malaysia	Ship owner and trading of vessels	100	100
Sealink Antarabangsa Ltd.	Federal Territory of Labuan, Malaysia	Ship owner and trading of vessels	100	100
Perkasa Asia Corporation Ltd.	Federal Territory of Labuan, Malaysia	Inactive	100	100

* Audited by a firm other than Ernst & Young.

17. Investment in an associate

	Group 2012 RM	2011 RM
Unquoted shares, at cost	3,500,000	3,450,000
Share of post acquisition reserves	26,081	(1,266,208)
	3,526,081	2,183,792

Details of the associate are as follows:

Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Logistine Sdn. Bhd. *	Malaysia	Regional and coastal shipping business	25	25

* Audited by a firm other than Ernst & Young.

The summarised financial information of the associate not adjusted for the proportion of ownership interest held by the Company is as follows:

	2012 RM	2011 RM
Assets and liabilities:		
Non-current assets	60,452,120	62,551,042
Current assets	8,994,467	9,252,614
Total assets	69,446,587	71,803,656
Non-current liabilities	(49,360,298)	(63,022,369)
Current liabilities	(1,888,908)	(3,913,362)
Total liabilities	(51,249,206)	(66,935,731)
Results:		
Revenue	21,822,109	14,785,306
Profit for the year	7,201,009	3,870,624

18. Inventories

	Group 2012 RM	Group 2011 RM
Cost		
Consumables	969,396	966,413
Machinery and equipment	25,561,397	22,577,565
Raw materials	14,823,953	19,400,300
Vessel parts and materials	387,756	390,131
Vessels work-in-progress	237,054,566	159,039,308
	278,797,068	202,373,717

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

	Group 2012 RM	Group 2011 RM
Interest income (Note 6)	(853,080)	(261,684)
Interest expense (Note 8)	5,827,442	2,573,650

19. Trade and other receivables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current				
Trade receivables				
Third parties	30,096,942	37,839,043	-	-
Less: Allowance for impairment third parties	(4,262,737)	(5,675,086)	-	-
Trade receivables, net	25,834,205	32,163,957	-	-
Other receivables				
Refundable deposits	17,447,917	17,858,415	1,250	-
Other receivables	6,912,504	9,947,929	14,573	15,552
Amount due from an associate	11,100,604	11,548,753	-	-
Amount due from subsidiaries	-	-	184,887,880	162,818,168
	35,461,025	39,355,097	184,903,703	162,833,720
	61,295,230	71,519,054	184,903,703	162,833,720
Non-current				
Other receivables				
Refundable deposits	363,746	317,076	-	-
Amount due from an associate	37,119,000	47,188,613	-	-
	37,482,746	47,505,689	-	-
Total trade and other receivables	98,777,976	119,024,743	184,903,703	162,833,720
Add: Cash and bank balances (Note 22)	113,482,328	81,703,139	782,539	1,150,761
Total loans and receivables	212,260,304	200,727,882	185,686,242	163,984,481

19. Trade and other receivables (Continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 day (2011: 30 to 60 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are partially secured.

Ageing analysis of trade receivables

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

	Group 2012 RM	Group 2011 RM
Neither past due nor impaired	7,907,924	5,478,039
1 to 30 days past due not impaired	5,690,353	5,076,941
31 to 60 days past due not impaired	5,914,363	4,661,715
61 to 90 days past due not impaired	1,953,379	3,542,143
91 to 120 days past due not impaired	88,498	3,063,700
More than 121 days past due not impaired	1,274,314	10,341,419
	14,920,907	26,685,918
Impaired	7,268,111	5,675,086
	30,096,942	37,839,043

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 RM14,920,907 (2011: RM26,685,918) 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 2012 RM	Group 2011 RM
Total receivables	7,268,111	5,675,086
Less: Allowance for impairment	(4,262,737)	(5,675,086)
	3,005,374	-

19. Trade and other receivables (Continued)

(a) Trade receivables (Continued)

Receivables that are impaired

	Group	
	2012	2011
	RM	RM
Movement in allowance accounts:		
At 1 January	5,675,086	5,737,926
Charge for the year (Note 9)	3,000,000	260,096
Reversal of impairment losses (Note 7)	(4,281,309)	(195,451)
Written off	(131,040)	(127,485)
At 31 December	4,262,737	5,675,086

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.

(b) Amount due from subsidiaries

This amount is unsecured and is repayable on demand.

Included in the amount due from subsidiaries is an amount of RM128,023,144 (2011: RM99,146,972) which bears interest ranging from 3.49% - 6.15% (2011: 3.49% - 6.16%) per annum.

(c) Amount due from an associate

This amount is unsecured and is fully repayable by 2017.

Included in the amount due from an associate is an amount of RM47,145,896 (2011: RM56,586,139) which bears interest charge at 6.50% (2011: 6.50%) per annum.

(d) Other receivables

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

20. Other current assets

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Prepaid operating expenses	721,975	1,827,287	-	17,607
Amount due from customers on contracts (Note 21)	-	16,454,889	-	-
	721,975	18,282,176	-	17,607

21. Amount due from customers for contract work-in-progress

	Group 2012 RM	Group 2011 RM
Construction contract costs incurred to date	-	71,586,532
Attributable profits	-	22,709,839
	-	94,296,371
Less: Progressive billings	-	(77,841,482)
	-	16,454,889
Presented as:		
Amount due from customers on contract work (Note 20)	-	16,454,889

22. Cash and bank balances

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash at banks and on hand	86,487,347	40,259,166	782,539	1,150,761
Short term deposits with licensed banks	26,994,981	41,443,973	-	-
Cash and bank balances	113,482,328	81,703,139	782,539	1,150,761

Deposits of the Group with licensed banks amounting to RM9,567,056 (2011: RM35,668,098) 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 RM180,927 (2011: RM835,150) 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.

Included in cash and bank balances is an amount of RM1,612,767 (2011: RM921,512) which is restricted in use as set by a bank in order to maintain the liquidity requirements and RM23,293,993 (2011: Nil) held in escrow.

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

	Interest rate 2012 %	Interest rate 2011 %	Maturity 2012 Days	Maturity 2011 Days
Deposits with licensed banks	2.45 – 3.25	2.10 – 3.15	2 - 365	4 - 365

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

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash and bank balances	113,482,328	81,703,139	782,539	1,150,761
Bank overdrafts (Note 25)	(20,182,378)	(6,694,417)	-	-
	93,299,950	75,008,722	782,539	1,150,761
Cash at bank restricted in use	(24,906,760)	(921,512)	-	-
Fixed deposits pledged as security	(14,465,635)	(35,668,098)	-	-
	53,927,555	38,419,112	782,539	1,150,761

23. Non-current asset held for sale

Included in non-current asset classified as held for sale on the statement of financial position as at 31 December 2011 was a vessel under construction with a carrying amount of RM36,912,835, for which an agreement to dispose of the vessel had been entered into. The disposal was recognised upon delivery of the vessel during the year.

Included in non-current asset held for sale incurred during the year is interest expense capitalised amounting to RM14,897 (2011: RM106,582).

24. 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.

25. Loans and borrowings

		Group		Company	
	Maturity	2012 RM	2011 RM	2012 RM	2011 RM
Current					
Secured:					
Bankers acceptances	2013	3,672,000	6,467,000	-	-
Bank overdrafts(Note 22)	on demand	20,182,378	6,412,028	-	-
Obligations under finance leases (Note 32(b))	2012	-	41,040	-	-
Revolving credits	2013	40,740,000	38,640,000	6,140,000	6,140,000
Term loans	2013	57,787,803	41,029,298	-	-
		122,382,181	92,589,366	6,140,000	6,140,000
Unsecured:					
Bankers acceptances	2012	-	10,000,000	-	-
Bank overdrafts (Note 22)	2012	-	282,389	-	-
Revolving credits	2013	41,902,998	50,000,000	-	-
		41,902,998	60,282,389	-	-
		164,285,179	152,871,755	6,140,000	6,140,000
Non-current					
Secured:					
Revolving credits	2014-2018	26,915,000	33,055,000	26,915,000	33,055,000
Term loans	2014-2021	210,002,550	163,874,216	-	-
		236,917,550	196,929,216	26,915,000	33,055,000
Total loans and borrowings		401,202,729	349,800,971	33,055,000	39,195,000

25. Loans and borrowings (Continued)

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
On demand or within one year	164,285,179	152,871,755	6,140,000	6,140,000
Later than 1 year but not later than 2 years	66,072,469	45,213,430	6,140,000	6,140,000
Later than 2 years but not later than 5 years	147,085,210	106,611,567	18,420,000	18,420,000
Later than 5 years	23,759,871	45,104,219	2,355,000	8,495,000
	401,202,729	349,800,971	33,055,000	39,195,000

Bankers acceptances

Bankers acceptances are secured by charges over the Group's leasehold land and buildings.

Bank overdrafts

Bank overdrafts are secured by charges over leasehold land and buildings of the Group and a company in which the Directors of the Company have substantial financial interests.

Obligations under finance leases

This obligation was secured by a charge over the leased assets (Note 14).

Revolving credits

Revolving credits are secured by corporate guarantee by the holding company, a charge over the Group's leasehold land and buildings, and fixed deposits in the name of the holding company, a charge over a freehold land owned by a subsidiary and the subsidiaries' vessels.

Term loans

These loans are secured by legal charges over certain vessels and leasehold land and buildings of the Group, a mortgage over two vessels which are under construction, corporate guarantee by holding company and a charge over fixed deposits of the Company.

The effective interest rates at 31 December for loans and borrowings are as follows:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Banker acceptances	4.74 - 4.87	3.68 - 5.05	-	-
Bank overdrafts	6.60 - 8.10	6.60 - 8.10	-	-
Obligations under finance leases	-	4.42	-	-
Term loans				
- Fixed rates	5.40	5.40	-	-
- Floating rates	1.98 - 7.75	2.10 - 8.10	-	-
Revolving credits	4.50 - 5.65	4.65 - 5.70	5.64 - 5.65	5.67 - 5.71

26. Trade and other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade payables				
Third parties	12,895,547	20,790,866	-	-
Other payables				
Accrued operating expenses	9,863,432	15,749,721	613,267	423,284
Deposits received	1,010,576	16,541,695	-	-
Land premium payables	-	434,531	-	-
Other payables	38,629,220	20,149,482	7,145	6,788
Amount due to holding company	-	129,112	-	-
Amounts due to subsidiaries	-	-	45,373,836	14,077,520
	49,503,228	53,004,541	45,994,248	14,507,592
Total trade and other payables	62,398,775	73,795,407	45,994,248	14,507,592
Add: Loans and borrowings (Note 25)	401,202,729	349,800,971	33,055,000	39,195,000
Total finance liabilities carried at amortised cost	463,601,504	423,596,378	79,049,248	53,702,592

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2011: 30 to 90 day) terms. Included in trade payables is an amount of RM678,196 (2011: RM661,858) 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 RM12,787,800 (2011: RM13,343,825) 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) Amount due to subsidiaries

This amount is unsecured and is repayable on demand.

Included in the amount due to subsidiaries is an amount of RM30,717,500 (2011: RM7,800,000) which bears interest ranging from 3.49% to 5.38% (2011: 3.49%) per annum.

27. Deferred tax liabilities

Group	Property, plant and equipment RM	Provision for maintenance warranty RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2011	62,789,163	-	(330,122)	(9,845,561)	52,613,480
Recognised in profit or loss (Note 12)	8,763,704	(375,000)	(686,928)	(5,038,882)	2,662,894
At 31 December 2011	71,552,867	(375,000)	(1,017,050)	(14,884,443)	55,276,374
Recognised in profit or loss (Note 12)	(2,009,401)	-	(281,181)	2,648,583	358,001
At 31 December 2012	69,543,466	(375,000)	(1,298,231)	(12,235,860)	55,634,375

28. Share capital and share premium

	Number of ordinary shares of RM0.50 each	← Amount		→
	share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Share premium RM	Total Share capital and share premium RM
Group/Company				
At 1 January 2011 and 31 December 2012	500,000,000	250,000,000	79,086,883	329,086,883

	Number of ordinary shares of RM0.50 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised share capital				
At 1 January and 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.

29. Retained earnings

As at 31 December 2012, 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.

30. Other reserves

Group	Foreign currency translation reserve RM	Total RM
At 1 January 2011	43,483	43,483
Other comprehensive income:		
Foreign currency translation	1,130,967	1,130,967
At 31 December 2011 and 1 January 2012	1,174,450	1,174,450
Other comprehensive income:		
Foreign currency translation	1,627,654	1,627,654
At 31 December 2012	2,802,104	2,802,104

Foreign currency translation reserve

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.

31. 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 Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Transactions with holding company				
Dividend paid	2,590,808	6,995,182	2,590,808	6,995,182
Transactions with subsidiaries				
Dividend income	-	-	(4,775,400)	(5,600,000)
Management fee	-	-	(2,472,669)	(2,500,462)
Interest income	-	-	(3,577,486)	(1,260,060)
Revolving credit recharged	-	-	(2,270,539)	(2,378,579)
Interest expense	-	-	1,614,096	218,915
Transaction with related company				
Rental expense	105,000	105,600	7,500	7,200
Transactions with companies in which certain Directors have substantial interests				
Rental paid	145,622	143,603	-	-
Hiring charges	210,000	210,000	-	-
Legal and professional fees	751,159	250,043	-	55
Transaction with a Director				
Rental paid	6,000	6,000	-	-

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Short-term employee benefits	4,473,462	4,227,038	2,449,753	2,263,297
Defined contribution plan	431,681	411,395	280,957	232,634
	4,905,143	4,638,433	2,730,710	2,495,931

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2012 RM	Group 2011 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	3,896,634	23,515,857
Approved but not contracted for:		
Property, plant and equipment	248,766,450	77,116,450
	252,663,084	100,632,307

(b) Finance lease commitments

In 2011, the Group had finance leases for certain items of motor vehicles (Note 14). These leases did not have terms of renewal, but had 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 were as follows:

	Group 2012 RM	Group 2011 RM
Minimum lease payments:		
Not later than 1 year	-	41,664
Less: Amounts representing finance charges	-	(624)
Present value of minimum lease payments	-	41,040
Present value of payments:		
Not later than 1 year	-	41,040
Less: Amount due within 12 months (Note 25)	-	(41,040)
Amount due after 12 months (Note 25)	-	-

33. 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 35(d)). There were no balances outstanding at year end.

During the financial year, the Group recognised a net gain of RM10,100 (2011: RM188,010) 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 34.

34. 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 associate, subsidiaries and holding companies

The carrying values of amounts due from/to associate, subsidiaries and 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.

(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.

35. 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 audit committee of Sealink International Berhad provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

35. Financial risk management objectives and policies (Continued)

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.

Exposure to credit risk

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 19. 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 19.

(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.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
At 31 December 2012				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	62,398,775	-	-	62,398,775
Loans and borrowings	164,285,179	213,157,679	23,759,871	401,202,729
Total undiscounted financial liabilities	226,683,954	213,157,679	23,759,871	463,601,504
At 31 December 2011				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	73,795,407	-	-	73,795,407
Loans and borrowings	152,871,755	151,824,997	45,104,219	349,800,971
Total undiscounted financial liabilities	226,667,162	151,824,997	45,104,219	423,596,378

35. 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
Company				
At 31 December 2012				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	45,994,248	-	-	45,994,248
Loans and borrowings	6,140,000	24,560,000	2,355,000	33,055,000
Total undiscounted financial liabilities	52,134,248	24,560,000	2,355,000	79,049,248
At 31 December 2011				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	14,507,592	-	-	14,507,592
Loans and borrowings	6,140,000	24,560,000	8,495,000	39,195,000
Total undiscounted financial liabilities	20,647,592	24,560,000	8,495,000	53,702,592

* 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 MFRS 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 lower/higher by 10 basis points with all other variables held constant, the Group's profit net of tax would have been RM228,726 (2011: RM208,000) 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 Ringgit Malaysia (RM), Singapore Dollar (SGD) and United States Dollars (USD). The foreign currencies in which these transactions are denominated are mainly Euro (EURO), Norwegian Krone (NOK), Singapore Dollar (SGD), United States Dollars (USD) and Australian Dollars (AUD).

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.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The Group maintains a natural hedge, whenever possible, by borrowing or holding cash and cash equivalents denominated in foreign currencies.

35. Financial risk management objectives and policies (Continued)

(d) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the EURO, NOK, SGD and USD against RM exchange rate, RM and USD against SGD exchange rate and SGD, RM and AUD against USD exchange rate with all other variables held constant.

	Group Profit net of tax		Company Profit net of tax	
	2012 RM	2012 RM	2012 RM	2011 RM
EURO/RM - strengthen by 5%	(653)	19,872	-	-
EURO/RM - weaken by 5%	653	(19,872)	-	-
NOK/RM - strengthen by 5%	(446,161)	(34,741)	-	-
NOK/RM - weaken by 5%	446,161	34,741	-	-
SGD/RM - strengthen by 5%	238,289	(634,048)	101,590	55,145
SGD/RM - weaken by 5%	(238,289)	634,048	(101,590)	(55,145)
USD/RM - strengthen by 5%	1,033,919	(1,187,967)	-	-
USD/RM - weaken by 5%	(1,033,919)	1,187,967	-	-
RM/SGD - strengthen by 5%	(855,851)	30,187	-	-
RM/SGD - weaken by 5%	855,851	(30,187)	-	-
USD/SGD - strengthen by 5%	(525,583)	95,696	-	-
USD/SGD - weaken by 5%	525,583	(95,696)	-	-
SGD/USD - strengthen by 5%	214,072	148,858	-	-
SGD/USD - weaken by 5%	(214,072)	(148,858)	-	-
RM/USD - strengthen by 5%	13,804	-	-	-
RM/USD - weaken by 5%	(13,804)	-	-	-
AUD/USD - strengthen by 5%	42,790	-	-	-
AUD/USD - weaken by 5%	(42,790)	-	-	-

36. 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 2012 and 2011.

37. 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

III. Others consist of the business of trading of vessels and ship owner, investment holding and letting of properties

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 recognised in profit or loss) 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.

37. Segment information (Continued)

	Shipbuilding		Chartering		Others		Adjustments and Eliminations			Per Consolidated Financial Statements	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	Notes	2012 RM	2011 RM
Revenue:											
External customers	22,764,979	114,923,652	98,665,257	87,095,525	-	-	-	-		121,430,236	202,019,177
Inter-segment	38,147,600	93,270,962	11,915,305	4,534,373	7,926,069	8,178,462	(57,988,974)	(105,983,797)	A	-	-
Total revenue	60,912,579	208,194,614	110,580,562	91,629,898	7,926,069	8,178,462	(57,988,974)	(105,983,797)		121,430,236	202,019,177
Results:											
Interest income	1,298,584	456,228	4,300,605	3,363,681	3,670,399	1,351,180	(5,402,734)	(1,662,421)		3,866,854	3,508,668
Depreciation and amortisation	7,638,555	7,486,964	26,907,910	25,132,621	53,427	55,472	(1,667,239)	(1,373,905)		32,932,653	31,301,152
Other non-cash expenses	7,667,106	7,785,414	16,319,519	21,371	-	-	137,607	-	B	24,124,232	7,806,785
Segment (loss)/profit	(30,226,685)	(2,146,276)	17,319,891	21,299,931	9,127,711	8,855,194	(1,193,522)	(6,211,813)	C	(4,972,605)	21,797,036
Assets:											
Investment in an associate	-	-	-	-	3,526,081	2,183,792	-	-		3,526,081	2,183,792
Additions to non-current assets	2,402,115	3,612,525	41,498,697	33,076,132	-	979,875	(3,627,768)	5,920,387	D	40,273,044	43,588,919
Segment assets	336,964,443	369,412,946	598,884,389	596,716,953	631,356,267	562,725,282	(611,307,389)	(602,391,391)	E	955,897,710	926,463,790
Segment liabilities	264,215,604	269,022,367	324,253,199	335,004,868	290,536,934	222,207,983	(355,695,469)	(344,823,914)	F	523,310,268	481,411,304

37. Segment information (Continued)

A Inter-segment revenues are eliminated on consolidation.

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

	Note	2012 RM	2011 RM
Deposits written off	9	3,038,223	5,524,706
Inventories written off	9	3,899,596	-
Provision for maintenance warranties	9	1,198,785	2,000,000
Property, plant and equipment written off	9	571,582	21,983
Impairment loss on capital work-in-progress	9	12,416,046	-
Impairment loss on trade receivables	9	3,000,000	260,096
		24,124,232	7,806,785

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:

	2012 RM	2011 RM
Dividend from an associate	(600,000)	-
Dividend from subsidiaries	(4,775,400)	(5,600,000)
Profit/(loss) from inter-segment sales	5,243,947	(929,737)
Finance costs	3,952,257	1,058,366
Share of results of an associate	1,800,252	967,656
Unallocated corporate expenses	(6,814,578)	(1,708,098)
	(1,193,522)	(6,211,813)

D Additions to non-current assets consist of:

	2012 RM	2011 RM
Property, plant and equipment	40,273,044	42,685,417
Land use rights	-	903,502
	40,273,044	43,588,919

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

	2012 RM	2011 RM
Investment in subsidiaries	(235,346,099)	(231,346,099)
Investment in an associate	26,081	(1,266,208)
Inter-segment assets	(375,987,371)	(369,779,084)
	(611,307,389)	(602,391,391)

37. Segment information (Continued)

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

	2012 RM	2011 RM
Deferred tax liabilities	1,260,318	1,273,118
Inter-segment liabilities	(356,955,787)	(346,097,032)
	(355,695,469)	(344,823,914)

<u>Geographical information</u>

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

	Revenue		Non-current assets	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	115,252,285	196,479,953	432,076,620	438,803,375
Singapore	6,177,951	5,539,224	24,938,805	25,855,750
	121,430,236	202,019,177	457,015,425	464,659,125

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

	2012 RM	2011 RM
Property, plant and equipment	443,464,952	414,834,098
Land use rights	13,550,473	49,825,027
	457,015,425	464,659,125

38. Dividend

	Dividends in respect of Year		Dividends recognised in Year	
	2012 RM	2011 RM	2012 RM	2011 RM
Recognised during the financial year:				
Dividend on 500,000,000 ordinary shares:				
Final single tier tax exempt dividend for 2011: 2.00% (2010: 5.40%) of RM0.02 (2010: RM0.50) each (1 sen per ordinary share)	-	-	5,000,000	13,500,000
Proposed but not recognised as a liability as at 31 December:				
Final single tier tax exempt dividend for 2011: 2.00% on 500,000,000 ordinary shares of RM0.50 each (1 sen per ordinary share)	-	5,000,000	-	-

39. Significant events

(i) One of the subsidiaries of the Group has initiated arbitration before the Kuala Lumpur Regional Centre for Arbitration ("KLRCA") against Boustead Penang Shipyard Sdn. Bhd. ("BPS") under a shipbuilding contract dated 3 April 2008 to build two units of 7,000 DWT oil carriers/chemical carriers (vessels).

The subsidiary claims against BPS, inter alia, the sum of USD4,935,000 for interest, damages and expenses incurred by the Company for breaches of the contract by BPS on the first vessel.

The solicitors are confident of the results of the arbitration and the recovery of the disputed sum. The Group has provided for impairment loss for RM993,630 for equipment deposits and interest capitalised.

(ii) The Group also provided for impairment loss of RM11,889,409 on property, plant and equipment on the second vessel pending the settlement of dispute on the shipbuilding contract with BPS.

(iii) The Group written off inventory amounting to RM3,899,596 due to the slow progress and non delivery of the vessel by a shipyard in China. The Group has signed a mutual release and settlement with the shipyard whereby, the termination of the contract is subject to the shipyard paying a compensation sum of USD1.38 million to the Group.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 24 April 2013.

41. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 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		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Recognised during the financial year:				
Total retained earnings of the Company and its subsidiaries:				
- Realised	373,769,756	325,161,299	8,702,622	8,607,073
- Unrealised	(47,592,693)	(44,286,327)	2,783	(28,021)
	326,177,063	280,874,972	8,705,405	8,579,052
Less: Consolidation adjustments	(225,478,608)	(166,083,819)	-	-
Total retained earnings	100,698,455	114,791,153	8,705,405	8,579,052

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 31.12.2012 (RM)
1	Lot 156 Block 5 Kuala Baram Land District / No 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	Vacant agriculture land / N/A	SEALINK SHIPYARD SDN BHD (195853-D)	8,050 more or less	[N/A] / [60 years] / Lease term expires on 2nd August, 2071	144,102
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 fabrication yard	SEALINK SHIPYARD SDN BHD (195853-D)	116,170 more or less	[5 years] / [60 years] /Lease term expires on 27th February, 2056	23,250,648
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	559,569
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 (workers quarters)	SEALINK SHIPYARD SDN BHD (195853-D)	4,700 more or less	[60 years] / Lease term expires on 24th February, 2052	1,750,816
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 (1) detached building (office)	SEALINK SENDIRIAN BERHAD (20471-D)	4,039 more or less	[33 years] /[60 years] / Lease term expires on 31st December, 2027	1,763,451

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 31.12.2012 (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	[24 years] /[60 years] / Lease term expires on 20th December, 2047	1,273,033
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	7,907,517
8	Lot 8133 Block 1 Lambir Land District (formerly known as Lot 1802 Lambir Land District) [2/10th undivided right title share & interest]/ [2 ½ 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 2nd October, 2071	85,255
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	[43 years] /[60 years] / Lease term expires on 31st December, 2027	1,538,763
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	10,708,401

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 31.12.2012 (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 & lathe workshop	BARAM MOULDING INDUSTRIES SDN BHD (200873-D)	19,750 more or less	[4 years] / [60 years] / Lease term expires on 17th July, 2058	6,173,006
12	Country Lease 205316669, District of Labuan, Wilayah Persekutuan/ [CL 205316669, Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan, Labuan]	Vacant land /N/A	BRISTAL VIEW SDN BHD (253385-T)	41,171 more or less	[N/A] / [999 years] / Lease term expires on 2nd August, 2865	5,147,549
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	[3 years] / [60 years] / Lease term expires on 22nd October, 2067	3,486,658

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 30 April 2013

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 Nominees	%
1	ERIC KHOO CHUAN SYN @ KHOO CHUAN SYN	30,000	0.01	0	0.00
2	TOH KIAN SING	0	0.00	0	0.00
3	WONG CHIE BIN	30,000	0.01	0	0.00
	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG CHIE BIN (M73031)	0	0.00	30,000	0.01
4	YONG FOH CHOI	45,716,800	9.14	0	0.00
5	YONG KIAM SAM	67,382,399	13.48	0	0.00
	TOTAL	**113,159,199**	**22.63**	**30,000**	**0.01**

Distribution of Shareholdings

	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1 - 99	4	0.15	200	0.00
100 - 1,000	745	27.29	178,700	0.04
1,001 - 10,000	947	34.69	5,905,900	1.18
10,001 - 100,000	846	30.99	29,327,100	5.87
100,001 - 24,999,999 (*)	185	6.78	92,408,101	18.48
25,000,000 AND ABOVE (**)	3	0.11	372,179,999	74.44
TOTAL	**2,730**	**100.00**	**500,000,000**	**100.00**

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

Substantial Shareholders

Name	Direct No. of Shares held	%*	Indirect No. of Shares held	%
Sealink Holdings Sdn Bhd	259,080,800	51.82	-	-
Yong Kiam Sam	67,382,399	13.48	304,797,600	60.96
Yong Foh Choi	45,716,800	9.14	326,463,119	65.29

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 30 April 2013

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	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
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	6,832,900	1.37
6	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
7	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
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LO GA LUNG 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	4,822,600	0.96
9	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	4,493,700	0.90
10	LAI CHUN LIAN NO 77 PASAR BATU 7 JALAN PENRISSEN 93250 KUCHING	2,075,700	0.42

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%
11	DATA HASRAT SDN BHD 25TH FLOOR BANGUNAN AMBANK GROUP JALAN RAJA CHULAN 50200 KUALA LUMPUR	2,000,000	0.40
12	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	1,458,700	0.29
13	TING HUA PING NO 15-B JLN SAWI 96000 SIBU	1,391,400	0.28
14	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF) LEVEL 13 MENARA OCBC 18 JALAN TUN PERAK 50050 KUALA LUMPUR	1,219,500	0.24
15	TENGKU AB MALEK BIN TENGKU MOHAMED NO 46 JALAN BUNGA MELATI 2/2 40000 SHAH ALAM	1,100,000	0.22
16	LEASING CORPORATION SDN BHD NO 18 LORONG YAP KWAN SENG 50450 KUALA LUMPUR	1,009,000	0.20
17	PELABURAN MARA BERHAD TINGKAT 3&5 WISMA PMB NO 1A JALAN LUMUT PETI SURAT 10701 50722 KUALA LUMPUR	1,000,000	0.20
18	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD BLOK J ANJUNG FELDA JALAN MAKTAB 54000 KUALA LUMPUR	871,200	0.17
19	BAHTERA OFFSHORE (M) SDN BHD NO 39A JALAN USJ 21/11 UEP SUBANG JAYA 47600 PETALING	800,000	0.16
20	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR AGROSEGAR SDN. BHD. (SFC) P.O BOX 10326 50710 KUALA LUMPUR	800,000	0.16
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG (E-TWU) TB 304A & 304B BLOCK 34 FAJAR COMPLEX 91000 TAWAU	754,200	0.15

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 30 April 2013

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%
22	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS) 27TH FLOOR BANGUNAN PUBLIC BANK 6 JALAN SULTAN SULAIMAN 50000 KUALA LUMPUR	725,000	0.15
23	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
24	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIENG YOU PING 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	700,000	0.14
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR AMANAH SAHAM PEKERJA-PEKERJATNB (50148 TR01) LEVEL 7 WISMA AMANAH RAYA BERHAD JALAN SEMANTAN DAMANSARA HEIGHTS 50490 KUALA LUMPUR	680,000	0.14
26	LAU KA TEE LOT 320 1ST FLOOR JALAN NAHKODA GAMPAR P O BOX 1665 98008 MIRI	678,000	0.14
27	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
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PHUA KIAP WITE 14TH FLOOR, MENARA MAYBANK 100, JALAN TUN PERAK 50050 KUALA LUMPUR	673,400	0.13
29	LEE CHOON HOOI 13 JALAN 5/39 46000 PETALING JAYA	661,800	0.13
30	WONG ANN PANG @ SEOW TUN SIN 24 PECK SEAH STREET #09-02 NEHSONS BUILDING SINGAPORE 079314	650,000	0.13
	TOTAL	**428,423,099**	**85.68**
	TOTAL ISSUED HOLDINGS	500,000,000	

SEALINK INTERNATIONAL BERHAD

(Company No. 800981-X)

No. of Shares Held :

FORM OF PROXY

I/We .... NRIC No./ Company No. ....

of ....

being a member/members of SEALINK INTERNATIONAL BERHAD hereby appoint ....

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

....

or failing him/her,... I/C No. ....

of ....
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 at the Meeting Room, 1st floor, Admin Block, Sealink Engineering and Slipway Sdn Bhd, Lot 816, Block 1, Kuala Baram Land District, 98100 Kuala Baram Miri, Sarawak on Thursday, 20 June 2013 at 11:00 a.m. and at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' Fees for the financial year ending 31 December 2013.		
2.	To re-appoint Mr Yong Foh Choi, who shall retire pursuant to Section 129(6) of the Companies Act, 1965 as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting.		
3.	To re-elect Mr Wong Chie Bin, who shall retire in accordance with Article 89 of the Company's Articles of Association as a Director of the Company.		
4.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration.		
5.	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

(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 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.

Only Depositors whose names appear in the General Meeting Record of Depositors as at 14 June 2013 be regarded as Members and shall be entitled to attend, speak and vote at the Fifth Annual General Meeting.

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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

SEALINK INTERNATIONAL BERHAD
(800981-X)

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

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