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

www.asiasealink.com

Sealink International Berhad (800981-X)

Annual Report 2013

SEALINK INTERNATIONAL BERHAD
(800981-X)

ANNUAL REPORT 2013

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SEALINK INTERNATIONAL BERHAD
(800981-X)

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	Independent Non-Executive Director (Redesignated from Non-Independent Non-Executive Director on 21 May 2014)
Toh Kian Sing	Independent Non Executive Director
Wong Chie Bin	Independent Non Executive Director
Dato' Sebastian Ting Chiew Yew (Appointed on 20 August 2013)	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

Dato' Sebastian Ting Chiew Yew
Member of Audit Committee
(Appointed on 25 February 2014)

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

Dato' Sebastian Ting Chiew Yew
Member of Nominating Committee
(Appointed on 25 February 2014)

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

Dato' Sebastian Ting Chiew Yew
Member of Remuneration Committee
(Appointed on 25 February 2014)

Company Secretary

Yeo Puay Huang (LS0000577)
Company Secretary

Registered Office and Corporate Office

Lot 1035, Block 4, MCLD,
Piasau Industrial Area
98000 Miri, Sarawak
Telephone No. : 085 651 778
Facsimile No. : 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 Listings

Listed on Main Board 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

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. : +65 7377911
Facsimile No. : +65 7374889

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
Telephone No. : 09-8504012

Group Structure

PLACE AND DATE OF INCORPORATION:

Sealink International Berhad was incorporated in Malaysia on 28th December, 2007

Effective Equity Interest 100%

Principal Activities: Holding and Investment Company

SEALINK INTERNATIONAL BERHAD
(800981-X)

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

SEA-GOOD PTE LTD (199707263C)	SEABRIGHT (SINGAPORE) PTE LTD (201001447E)	CERGAS MAJUSAMA SDN BHD (635714-U)	NAVITEX SHIPPING SDN BHD (620404-K)	SUTHERFIELD RESOURCES SDN BHD (467227-T)	SEALINK MANAGEMENT SDN BHD (250551-H)
100 %	100 %	100 %	100 %	100 %	100 %

SEALINK MARINE SDN BHD (226309-A)	GODRIMAJU SDN BHD (535404-U)	SEABRIGHT SDN BHD (30204-K)	SEALINK SDN BHD (20471-D)	EUROEDGE SDN BHD (571944-T)	ERA SURPLUS SDN BHD (648806-D)	ERA SUREWAY SDN BHD (687555-V)	SEA ALPHA SDN BHD (886816-V)
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

MIDAS CHOICE SDN BHD (646673-H)	SEALINK ENGINEERING AND SLIPWAY SDN BHD (653820-H)	SEALINK OFFSHORE (L) LTD (LL06872)	SEASTEN SDN BHD (1054955-A)	SEALINK SHIPYARD SDN BHD (195853-D)	SEALINK PACIFIC SDN BHD (191968-H)
100 %	100 %	100 %	100 %	100 %	100 %

SEA LEGEND SHIPPING SDN BHD (703278-W)	BARAM MOULDING INDUSTRIES SDN BHD (200873-D)	SEALINK RESOURCES (L) LTD (LL06873)	SEALINK MARINE (L) LTD (LL06874)	ALIRAN SAKSAMA SDN BHD (473205-H)	BRISTAL VIEW SDN BHD (253385-T)
100 %	100 %	100 %	100 %	100 %	100 %

LOGISTINE SDN BHD (896190-T)	MITRA ANGKASA SDN BHD (974404-T)
25%	50.0001%

SEALINK ANTARABANGSA LTD (LL07806)	HANVOIR (L) LTD (LL09810)	PERKASA ASIA CORPORATION LTD (LL07807)
100 %	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	50,515	46,599	37,326	74,310	208,750
Profit before tax	5,695	5,042	5,244	930	16,911
Profit after tax	4,312	3,390	3,463	2,393	13,558
Attributable to ordinary equity holders of the Company	4,312	3,390	3,463	2,393	13,558

B) Segmental performance - Revenue

Revenue	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Chartering	62,121	69,355	86,987	98,557	115,740
Shipbuilding	131,105	155,483	114,924	22,765	92,902
Rental income	-	54	108	108	108
Total	193,226	224,892	202,019	121,430	208,750

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

Net profit/(loss) before tax	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Chartering	40,146	19,601	21,217	26,013	20,832
Shipbuilding	20,433	19,616	(4,135)	(27,454)	(4,373)
Others	(2,345)	(1,760)	4,715	(3,532)	452
Total	58,234	37,457	21,797	(4,973)	16,911

D) Financial Statistics

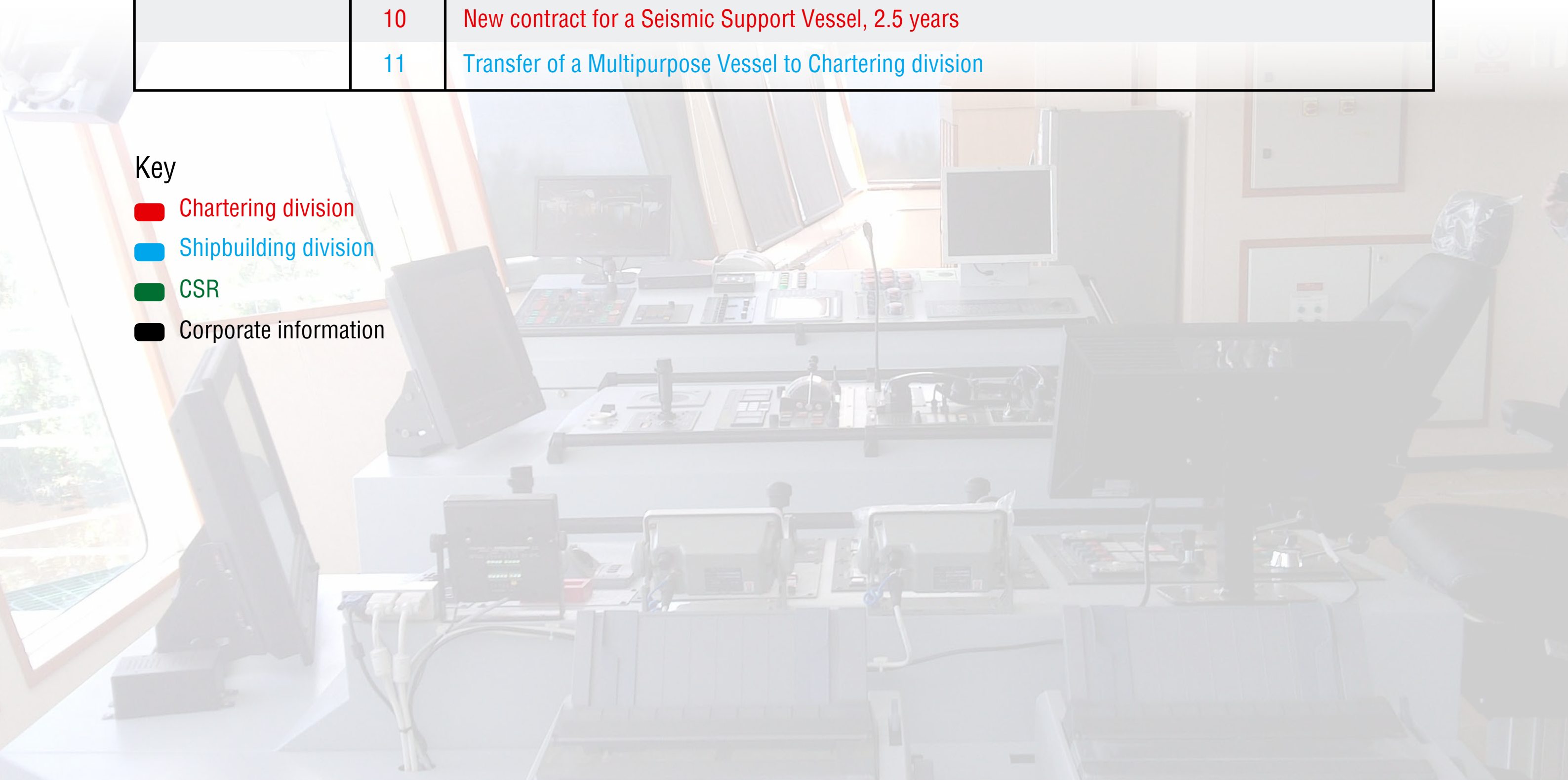
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Basic earnings/(loss) per share (Sen)	10.45	6.67	3.54	(1.82)	2.71
Net dividend per share (Sen)	4.00	2.70	1.00	-	1.00
Operating profit margin (%)	25.41	19.84	16.85	12.58	16.94
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.85	0.88	0.89	0.87	0.90
Return on average shareholders' equity (%)	12.70	7.70	4.01	(2.07)	3.07

Calendar of Events in 2013

Month	Date	Event
January 2013		
February	5	Sale of a Landing Craft
March	1	New charter of a Utility Vessel, 5 years
April	5	Receipt of first hybrid vessel
	11	Visitation and Donation to Palliative Care Association, Miri
May		
June	14	Sale of landed property
	21	Extension of a Utility Vessel, 2 years
July		
August	28	Receipt of second hybrid vessel
	30	Investment in Mitra Angkasa Sdn Bhd
September	20	Sale of a Seismographic Support Vessel
October	3	B-Safe Photography Competition
	3	Best Intervener of the Week
	7	Health Talk
	7	Sale of a Tug
	11	Team Building outing
	13	New contract secured for a Landing Craft, 1 year
	24	Sale of a Tug and Barge
November	4	Sale of a Landing Craft
December	2	Transfer of a Landing Craft to Chartering division
	10	New contract for a Seismic Support Vessel, 2.5 years
	11	Transfer of a Multipurpose Vessel to Chartering division

Key

- Chartering division
- Shipbuilding division
- CSR
- Corporate information



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth 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 Friday, 20 June 2014 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 2013 together with the Reports of the Directors and Auditors thereon.
2. To declare a single tier tax exempt final dividend of one (1) sen per ordinary share for the financial year ended 31 December 2013. — **Ordinary Resolution 1**
3. To approve Directors' Fees for the financial year ending 31 December 2014. — **Ordinary Resolution 2**
4. 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." — **Ordinary Resolution 3**
5. To re-elect Mr Yong Kiam Sam, who retires in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. — **Ordinary Resolution 4**
6. To re-elect Mr Toh Kian Sing, who retires in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. — **Ordinary Resolution 5**
7. To re-elect Dato' Sebastian Ting Chiew Yew, who retires in accordance with Article 96 of the Company's Articles of Association, as a Director of the Company. — **Ordinary Resolution 6**
8. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. — **Ordinary Resolution 7**

SPECIAL BUSINESS

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

9. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 — **Ordinary Resolution 8**

   "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 Company's Articles of Association and approval of all relevant regulatory bodies being obtained for such allotment and issue."
10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a single tier tax exempt final dividend of one (1) sen per ordinary share for the financial year ended 31 December 2013, will be payable on 18 September 2014 to depositors whose names appear in the Record of Depositors at the close of business on 5 September 2014 if approved by members at the Sixth Annual General Meeting.

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

(a) Securities transferred into the Depositor's Securities Account before 4:00 p.m. on 5 September 2014 in respect of transfers;
(b) Securities deposited into the Depositor's Securities Account before 12:30 p.m. on 3 September 2014 in respect of securities exempted from mandatory deposit; and
(c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board,

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

Dated : 29 May 2014

Explanatory Notes to Special Business

1. Ordinary Resolution No. 8

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

The Ordinary Resolution proposed under Resolution 8 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 8, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of share issued does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifth Annual General Meeting held on 20 June 2013 and which will lapse at the conclusion of the Sixth Annual General Meeting to be held on 20 June 2014.

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:

Only Depositors whose names appear in the General Meeting Record of Depositors as at 16 June 2014 be regarded as Members and shall be entitled to attend, speak and vote at the Sixth Annual General Meeting.

A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 (“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.

STATEMENT ACCOMPANYING NOTICE OF THE SIXTH 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 Sixth Annual General meeting of the Company.

Profiles of Director

Yong Foh Choi
Managing Director
Non-Independent Executive Director
Malaysian

Yong Foh Choi, aged 75, 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.

Yong Kiam Sam
Chief Executive Officer cum Deputy Managing Director
Non-Independent Executive Director
Malaysian

Yong Kiam Sam aged 43, 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.

Profiles of Director

Eric Khoo Chuan Syn @ Khoo Chuan Syn

Independent Non-Executive Director
(Redesignated from Non-Independent Non-Executive Director on 21 May 2014)
Malaysian

Eric Khoo Chuan Syn @ Khoo Chuan Syn, aged 58, 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 32 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.

Toh Kian Sing

Independent Non-Executive Director
Singaporean

Toh Kian Sing, aged 48, 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.

Profiles of Director

Wong Chie Bin
Independent Non-Executive Director
Malaysian

Wong Chie Bin, aged 58, 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.

Dato' Sebastian Ting Chiew Yew
Independent Non Executive Director
Malaysian

Dato' Sebastian Ting Chiew Yew, aged 59, was appointed to the Board of Sealink International Berhad on 20 August 2013

He is a practising Advocate and Solicitor. He graduated with a Bachelor of Law (LLB) Hons (Second Class Upper) from the University of North London, England United Kingdom in 1982 and as a Barrister -at-law from Council of Legal Education Lincoln's Inn London England in 1983. In 1984 he graduated with a Master of Law (LLM) from the University of Cambridge England

In 1989, he was appointed as a Councillor in Miri Municipal Council Miri Sarawak and served till 1999.

In May 2004 he was appointed as the Political Secretary to the Minister of Plantation Industries and Commodities and in April 2009 he was appointed as Political Secretary to Minister of Energy Green Technology and Water Malaysia.

With 20 years of experience as an advocate and solicitor and his working experiences at the Federal Ministries and Departments we are confident that he will play a significant role in the continued growth and development of our group.

On the 26 February 2014 he was appointed by Minister of Energy,Green Technology and Water Malaysia as a member of the Board of Trustee of Green Foundation Malaysia.

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 offence 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,

On behalf of the Board of Directors, it is an honour for me to present the Sixth Annual Report and the Audited Financial Statements for the financial year ended 31 December 2013 ("FYE2013").

Performance and Review

SIB Group performed reasonably well this year as it achieved profit after taxation of RM13.6 million on the back of a revenue of RM208.7 million for the FYE2013. This is indeed a turnaround as compared to the loss after taxation of RM9.1 million and revenue of RM121.4 million chalked up in the preceding year. SIB Group's gross profit for the year amounted to RM57.0 million, representing a significant increase from the RM36.4 million realised in 2012.

Revenue from our chartering division continued to scale new highs in 2013 posting RM115.7 million for the year, a commendable increase of 17% as compared to 2012. This largely resulted from the deployment of more vessels as well as higher utilisation of vessels to meet market demand.

Not to be undone, the shipbuilding division performed better in 2013 as compared to 2012 as a result of higher level of operational activities and more vessels sold. Our shipbuilding operations managed to turn around in 2013, attributed largely to the continual operational and cost improvement measures implemented over the last two years.

Despite the provision for impairment, totalling RM17.18 million, on trade and other receivables (RM4.3 million) and construction work-in-progress (RM12.88 million) for the financial year, largely due to economic factors beyond the control of the SIB Group, the SIB Group's operations remained profitable for the year under review.

Whilst the SIB Group has a fleet of 42 vessels, three (3) vessels from our chartering fleet were disposed of during the year as part of our ongoing fleet modernisation and rationalisation exercise. We will continue to dispose of more of the older and under-utilised vessels in our quest to stay in touch with the current demand and requirements from the oil and gas industry.

Dividend

We are pleased to announce that the Board is recommending a single tier tax exempt final dividend of one (1) sen per ordinary share for the FYE2013 in view of the commendable results of SIB Group.

The Oil and Gas Industry

The oil and gas industry in Malaysia has been on the uptrend and robust for the last few years, mainly due to strong support from Petroliam Nasional ("PETRONAS"). PETRONAS had, in 2011, announced that it would be spending RM250 billion, largely on capital expenditure for exploration, development and production activities, besides the replenishment and revitalisation of the matured production assets. During that same year, PETRONAS revised its capital expenditure commitment upwards to RM300 billion as it aimed to recover 1.7 billion barrels of oil and oil equivalent (boe) over the next 20 years by developing marginal fields and enhancing the oil recovery ("EOR") ratio in existing fields from the current 26% to 40% over the next five (5) years. (CIMB Research)

The oil and gas industry is expected to remain robust and resilient over the next few years in view of the high and stable crude oil prices of around USD100 per barrel as well as the capital expenditure commitment by PETRONAS and the other major players. Besides PETRONAS, the International Oil Companies ("IOCs"), Independents and National Oil Companies ("NOCs") have also been actively exploring new oil and gas oil fields in their respective countries to replenish their oil and gas reserves.

The IOC and NOC are actively seeking and exploring deeper waters for natural resources, including oil and gas, due to advancement in exploration and production technologies. This bodes well with the industry as newer and bigger vessels will more likely be required.

PETRONAS' capital expenditure in 2013 and 2012 was in the region of RM63 billion and RM56.6 billion respectively (CIMB Research and The Edge Malaysia) and we believe that there would be more contracts awarded over the remaining two (2) years of its five (5)-year plan. One other rationale for PETRONAS' significant capital expenditure is that 60% of its major producing fields are aged between 19 and 28 years.

Outlook for 2014

The current crude oil price has maintained at around US$100 per barrel for the year and is currently hovering above US$103 per barrel. This scenario is expected to favour the sector.

Domestically, in Malaysia, there have been increased activities among the major oil players to venture beyond the shallow waters to shore up their oil reserves so as to maintain their reserve replacement ratios in view of the relatively high crude oil prices.

In 2013, PETRONAS awarded RM10 billion worth of hook-up construction and commissioning ("HUCC") jobs and RM10 billion Pan Malaysia integrated offshore installation contracts in four (4) packages (The Edge Malaysia). In March 2014, PETRONAS awarded the latest Risk Sharing Contract ("RSC") and, to-date, five (5) RSCs have been awarded to develop the marginal oil fields. PETRONAS had earlier stated that it planned to develop 25% of the 106 domestic known marginal fields.

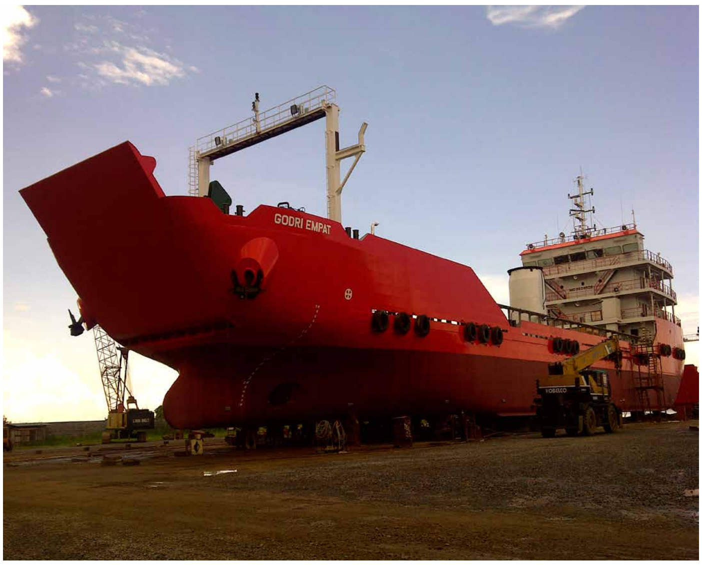
PETRONAS' exploration and production technology division head, Dr Nasir Darman, said that the group hopes to make the final investment decision for the EOR projects at the Angsi, Guntong, Dulang, and Bokor fields this year (The Star). These are part of the 13 domestic EOR projects potentially worth RM36 billion to be implemented.

Although contracts to the tune of billions of Ringgit had been awarded in 2013, the work orders have only recently been finalised and we are expecting more awards for offshore support vessels in the second half of 2014.

Our chartering division has been actively participating in tenders for contracts which are to be awarded in the second half of 2014. Charter rates may remain relatively flat due to the current oversupply of offshore support vessels in the market. However, with the anticipated award of the OSV contracts by end of 2014, we expect a gradual strengthening of the charter rates, which will have a positive impact to SIB Group.

SIB Group has been working closely with several strategic partners in the oil and gas sector with the view of forming strategic business alliances to capture a bigger slice of the OSV market and, for this purpose an associate and a joint venture company has been formed. Following these collaborations, SIB Group has todate sold three (3) vessels and the total amount of charter contract to be billed over the next few years is approximately RM68 million, excluding further extensions.

SIB Group took delivery of two (2) hybrid multipurpose platform supply vessels cum anchor handling tugs in 2013 and we are happy to report that these vessels were chartered out within the same year despite the oversupplied market. Although we only secured short term contracts for these two (2) vessels, we are confident of a strong demand for these vessels in the coming months. Accordingly, we are currently working to secure long term charters for these vessels which will significantly improve SIB Group's results.



Following the improved results for the year in our shipbuilding division, we have embarked on building newer and larger vessels which meet new international requirements, rules and regulations. The building of larger vessels is imperative to enable SIB Group to keep abreast with the current OSV requirements and to cater for the deeper water operations. The shipbuilding division will be busy for the next few years and returns from this renewed shipbuilding vigour will likely be realised in 2015 and beyond.

Barring any unforeseen circumstances, we anticipate that the results of SIB Group for 2014 would be better than from those achieved in 2013 as we foresee increased vessel utilisation, better cost control and increased vessels in the fleet.

Message to Shareholders

Corporate Development

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

Corporate Social Responsibility

SIB Group is committed to safeguard our employees' well-being and the environment. Guided by our Safety and Health Policy, we emphasise on a conducive, productive and safe working environment for our employees. This Policy also addresses the safety and health of all persons who may be affected by our business activities.

We always encourage our employees to lead healthy lifestyles. In addition to our well-equipped gymnasium, our Sports and Recreation Club also encourages our employees to be physically active. Competitions and outdoor team-building events are regularly organised. Among the activities organised in 2013 was an outdoor teambuilding event held at Niah National Park in Miri to foster better relationships and interaction at the workplace amongst our employees, business associates and customers.

We also organised a photography and Best Intervener competition in conjunction with the Annual Safety Day on 3 October 2013.

To drive the corporate social responsibility agenda in our group, we encourage our employees to be involved in meaningful initiatives that bring benefits to the surrounding community. We greatly support charitable organisations which are in need and in April 2013, we made a visit and donated to a Palliative Care Association in Miri. The Palliative Care Association of Miri is currently run by volunteers and tries to improve the quality of life for those facing life threatening illness outside the settings of a hospital. We value the comments and feedback from our employees to enable SIB Group to improve in our initiatives on corporate social responsibility.

Amidst challenges faced by the shipbuilding industry, SIB Group will continue to maintain a major shipbuilding presence in Malaysia for the benefit of Miri City and to provide employment for our staff.

Corporate Governance

The Board believes in observing high standards of corporate governance practices within the Group as a means to optimise shareholder value and in sustaining business prosperity of the Group in the long term. Such corporate governance practices are aligned with the recommendations of the Malaysian Code on Corporate Governance 2012, as considered practical, details of which are set out in the Corporate Governance Statement in this Annual Report.

Message to Shareholders

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.

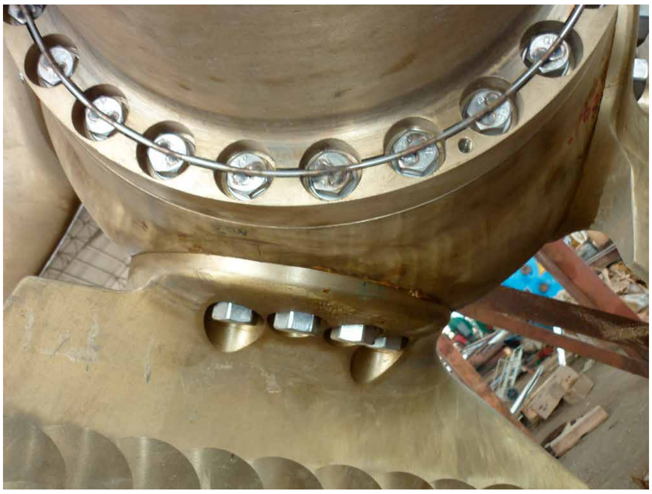
Appreciation

On behalf of the Board, we wish to express our sincere appreciation to our committed Management and staff for their wholehearted, unwavering dedication and perseverance in reinforcing our position as one of the leading oil and gas offshore support vessel providers in Malaysia. Their efforts, augmented by a high level of competency, have all contributed significantly to the Group's performance for FYE2013 amidst a challenging market condition.

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 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 government authorities for their vital support and role in our strategic planning and execution.

Lastly, my special thanks 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

1. COMPOSITION

The Audit Committee (the "Committee"), which was established by the Board, comprises the following Directors as its members:

Chairperson	:	Wong Chie Bin (Independent Non-Executive Director and member of the Malaysian Institute of Accountants)
Members	:	Toh Kian Sing (Independent Non-Executive Director)
	:	Eric Khoo Suan Syn @ Khoo Chuan Syn (Independent Non-Executive Director)
		Dato' Sebastian Ting Chiew Yew (Independent Non-Executive Director).

2. ROLE OF THE AUDIT COMMITTEE

The Audit Committee has been entrusted by the Board with the following responsibilities that encompass overseeing the financial reporting process and the audit processes:

- to review the Group's quarterly financial statements;
- to assess the Group's internal control system;
- to review the independence of the Group's internal and external auditors and the processes adopted by the auditors; and
- to review the Recurrent Related Party Transactions to ensure they are not detrimental to the minority as well as any conflict of interest situations.

3. KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the Audit Committee are to review the following and report the same to the Board:

- the audit plan, evaluation of the system of internal controls and the audit report with the external auditors, including the assistance given by employees of the Group to the external auditors;
- to review any management letter sent by the external auditors to the Company and Management's response to such letter;
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work. This includes determining whether the internal audit function deploys internal auditing standards that are recognised by professional bodies;
- review the internal audit programmes, processes, the results of the internal audit or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- the quarterly results and year-end financial statements, prior to approval by the Board of Directors, focusing on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements;
- any related party transactions and conflict of interest situation that may arise within the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- any letter of resignation from external auditors;
- whether there is any reason (supported by grounds) to believe that external auditors are not suitable for re-appointment, including the assessment of their professional independence and performance;
- recommend the nomination of person or persons as external auditors;
- establish a policy on the provision of non-audit services by the external auditors and/or their network members firms/companies to minimize the risk of the external auditors' independence and objectivity from being impaired ;
- approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members; and
- any other function as may be required by the Board from time to time.

4. INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to an independent professional firm, which reports directly to the Audit Committee. The internal audit function assists the Audit Committee in reviewing the adequacy and operating effectiveness of the system of risk management and internal control, based on an internal audit plan that is approved by the Audit Committee before internal audit work is carried out. The scope of internal audit covers all operating units, including subsidiaries, as set out in the letter of appointment of the internal audit function. Further details of the internal audit function and its activities are mentioned in the Internal Control Statement included in the Annual Report.

5. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The Audit Committee met five (5) times during the financial year ended 31 December 2013, attended by all the members, save for Dato' Sebastian Ting Chiew Yew who was appointed to the Audit Committee on 25 February 2014.

The Audit Committee members were served with meeting agenda and relevant Board papers which were distributed, with adequate notice, before the meeting to enable them to go through the matters to be deliberated at the meeting. The Company Secretary is the secretary of the Audit Committee.

During the financial year under review, the Audit Committee carried out the following activities:

- reviewed the quarterly financial announcements of the Group before recommending the same for the Board of Directors' approval;
- reviewed the audit plan of the external auditors;
- reviewed the external auditors' reports arising from the audit and updates on new financial reporting standards issued by the Malaysian Accounting Standards Board;
- reviewed the performance of the external auditors in terms of their capability and professionalism before recommending them to be considered for re-appointment at the Annual General Meeting;
- reviewed the audited annual financial statements of the Group and the Company before recommending the same to the Board for approval;
- reviewed the internal audit reports and the recommendations on internal audit findings, including follow-up by the internal audit function on the status of Management's implementation of action plans to address issues highlighted in previous reports of the internal audit function;
- reviewed the performance of the internal audit function and approved the renewal of their appointment;
- reviewed related party transactions and conflict of interest situation within the Company or the Group; and
- reported to the Board on its activities and significant findings and results.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 21 May 2014.

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 2013.

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. The Internal audit team assesses compliance with policies and procedures and provides independent assurance on the adequacy and effectiveness of risk management and internal control. In addition, the Internal audit team examines and evaluates the effectiveness and efficiency of the Group's internal control system using the risk-based audit approach. 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 2013 was RM113,200.

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 risk areas are adequately addressed at various levels within the SIB Group. The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs.

Information ,Communication and monitoring

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.

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms :

1. On a quarterly basis, management updates the Board on the Group's actual financial performance against budget. Specific transactions, projects opportunities are also discussed with the Board as and when required. This allows the board to raise potential new risks that could arise and request management to mitigate them accordingly.
2. The key management staff and Heads of Departments are delegated with the responsibility of identifying and managing risks related to their functions and departments. Risk identified and related internal controls are communicated to the Management. and significant risk identified are cascaded to the Board at their scheduled meetings.

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 aspects , based on the 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.

CONCLUSION

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate and sound to provide reasonable assurance in safeguarding shareholder's investments, the Group's assets and other stakeholders' interest as well as in addressing key risks impacting the business operations of the SIB Group. Nevertheless, Management continues to take measure to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of Directors dated 21 May 2014.

Statement on Corporate Governance

The Board of Sealink International Berhad (the “Company”) is supportive of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholder value.

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), this corporate governance statement (“Statement”) sets out how the Company has applied the 8 Principles and observed the 26 Recommendations of the Malaysian Code on Corporate Governance (“MCCG 2012”) for the financial year ended 31 December 2013. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in this Statement.

Principle 1 - Establish clear Roles and Responsibilities of the Board and Management

The Board recognizes its key role in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan, as developed by Management of the Company, incorporating the development of risk policy, annual budgets and long-term business plans, taking into account the sustainability of the Company’s business, with attention given to the environmental, social and governance aspects of the business;
- overseeing the conduct and governance of the Company’s business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- succession planning - ensuring that all candidates appointed to Senior Management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of Senior Management and members of the Board;
- overseeing the development and implementation of a shareholder communication policy;
- reviewing the adequacy and integrity of the Group’s management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
- overseeing the Group’s adherence to high standards of conduct/ethics and corporate behavior, including the Code of Ethics for Directors of the Company.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. At the date of this Statement, it has adopted a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter, which serves as a reference point for Board’s activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also contains a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company’s businesses are in its hands. The Board is aware of the need to make public its Charter and will take steps to upload the Charter on the Company’s website at www.asiasealink.com in line with Recommendation 1.7 of the MCCG 2012.

Code of Conduct and Whistle-Blower Policy

The Board recognizes the importance of having in place a Code of Conduct, setting out the standards of conduct expected from Directors and employees, to engender good corporate behavior. The Board Charter sets out a Code of Ethics to be observed by Directors. Apart from taking steps to formalize a Code of Conduct for employees, the Board will also establish and adopt relevant Whistle-Blowing Policies and Procedures, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employee, Management or Director in the Group. The Board is aware of the need for adherence to the Code of Conduct by all personnel in the Group and will take measures to put in place a process to ensure its compliance, including steps to upload a summary of the Code of Conduct on the Company’s website once the Code of Conduct for employees is formalized in writing.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is considered. Accordingly, the Board will take steps to formalize the Company's sustainability policy and embed the environment, social and governance elements in its strategic initiatives.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to give effect to Board decisions and to deal with matters arising from such meetings, is observed. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. This procedure is formalized in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary, who is qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence to Board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committee meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretary, if any, is a matter for the Board, as a whole, to decide.

Principle 2 - Strengthen Composition of the Board

At the date of this Statement, the Board consists of six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfills the requirements as set out under MMLR of Bursa, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, accounting and audit, corporate affairs, legal, marketing and operations.

Nominating Committee – Selection and Assessment of Directors

The Nominating Committee, established by the Board with specific terms of reference, comprises the following Directors as its members:

- Wong Chie Bin – Chairman (Independent Non-Executive Director);
- Toh Kian Sing – Member (Independent Non-Executive Director);
- Eric Khoo Chuan Syn @ Khoo Chuan Syn – Member (Independent Non-Executive Director); and
- Dato' Sebastian Ting Chiew Yew – Member (Independent Non-Executive Director).

The Nominating Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.

The final decision on the appointment of a candidate recommended by the Nominating Committee rests with the Board. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Director. During the financial year under review, the Nominating Committee met twice, attended by all members, save for Dato' Sebastian Ting Chiew Yew, who was appointed on 25 February 2014, to carry out the following activities:

- evaluate the candidature for Independent Non-Executive Director and recommend the same to the Board for approval;
- review training undertaken by Directors and recommend the types of training for Directors for the ensuing year;
- initiate the search for a Board Chairman;
- assess the suitability and recommending the on-boarding of an Independent Non-Executive Director as a member of the Board Committees for the Board's approval;
- initiate the search for a female Director as part of Board diversity in line with the Recommendation of the Malaysian Code on Corporate Governance 2012; and
- review and approve the Directors'/Key Officers' Evaluation Form, Board Skills Matrix Form and Board & Board Committee Evaluation Form to be used in the annual assessment and evaluation of the Board, Board Committees and individual Directors. These evaluation forms take into consideration the competency, experience, character, integrity and time availability of the officers concerned.

Subsequent to the financial year end, the Nominating Committee met, attended by all members, to review the mix of skills of the Directors and the results of performance evaluation of the Board, Board Committees and individual Directors, including relevant officer. The Nominating Committee also recommended to the Board those Directors who are retiring at the forthcoming Annual General Meeting for re-election. For the purpose of assessing the independence of Independent Non-Executive Directors, the criteria set out in Paragraph 1.01 of the MMLR of Bursa were used. The Board has no specific policy on gender diversity or target set but believes in the merits and commitment of its members to assist the Company to realise its objectives.

Directors' Remuneration

The Remuneration Committee, established by the Board with specific terms of reference, comprises the following Directors, the majority of whom are Independent Non-Executive Directors:

- Wong Chie Bin – Chairman (Independent Non-Executive Director);
- Toh Kian Sing – Member (Independent Non-Executive Director);
- Eric Khoo Chuan Syn @ Khoo Chuan Syn – Member (Independent Non-Executive Director); and
- Dato' Sebastian Ting Chiew Yew – Member (Independent Non-Executive Director).

The Remuneration Committee is entrusted by the Board to:

- establish a formal and transparent procedure for setting a policy on remuneration of Executive Directors and Senior Management and for fixing the remuneration packages of all Directors and Senior Management of the Group; and
- ensure that the levels of remuneration are commensurate with the qualifications of Executive Directors and Senior Management and are sufficient to attract and retain the personnel required to manage the Company's business.

The Remuneration Committee assists the Board to recommend to the Board the remuneration of Executive Directors and Senior Management, largely based on their performance and also performance of the Group. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration. During the year, the Committee met twice attended by all members.

Details of Directors' remuneration for the financial year ended 31 December 2013 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	42,000	224,632
Salaries	1,147,162	-
Other emoluments	-	-
Benefits-in-kind	33,738	-
Total	1,222,900	224,632

The number of Directors whose remuneration falls into the following bands is as follows:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	1
50,001 – 100,000	-	3
100,001 – 150,000	-	-
500,001 – 550,000	1	-
550,001 – 600,000	-	-
600,001 – 650,000	-	-
650,001 – 700,000	1	-
700,001 – 750,000	-	-

Principle 3 – Reinforce Independence of the Board

The Board is in the midst of identifying a Director to helm the Board Chairman position following the demise of the former Chairman on 28 November 2012. At each meeting of the Board, the Directors appoint from amongst them a Director to chair the meeting. For the five (5) meetings convened during the financial year under review, the Director who chaired the meetings was an Independent Non-Executive Director. The current composition of Independent Non-Executive Directors in the Board, i.e. half of the Board members, provides for pertinent check and balance in the Board such that no one Director has unfettered powers in decision making.

The Chairman of the meeting is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Chief Executive Officer, he implements the Group's strategic initiatives, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Company, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.
The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the MMLR of Bursa. At end of the financial year, none of the Independent Non-Executive Directors has served for a cumulative period exceeding nine (9) years.

Principle 4 – Foster commitment of Directors

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2013, with details of Directors' attendance set out below:

	Name of Director	Attendance
(a)	Yong Foh Choi	5/5
(b)	Yong Kiam Sam	5/5
(c)	Wong Chie Bin	5/5
(d)	Toh Kian Sing	5/5
(e)	Eric Khoo Chuan Syn @ Khoo Chuan Syn	5/5
(f)	Dato' Sebastian Ting Chiew Yew (appointed on 20 August 2013)	1/1

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. In addition, the Board Charter requires Directors to notify the Chairman before accepting any new directorship, notwithstanding that the MMLR of Bursa allows a Director to sit on the boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group.

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd within the stipulated timeframe required by the MMLR of Bursa.

During the financial year, Directors attended the following training:

	Name of Director	Training attended
(a)	Yong Foh Choi	• Changes to the Malaysian Code on Corporate Governance 2012 and Listing Requirements • Budgetary process, risk management & internal control frameworks • Personal Data Protection Act (In-House Training)
(b)	Yong Kiam Sam	• Changes to the Malaysian Code on Corporate Governance 2012 and Listing Requirements • Budgetary process, risk management and internal control frameworks • Commercial Contracts, Mergers & Acquisitions & Joint Ventures • OSV Financing • Personal Data Protection Act (In-House Training) • Tradewinds Offshore Marine 2013 • Asian Offshore Support Journal
(c)	Wong Chie Bin	• Workshop on Tax Audit and Investigation Framework • Criminal Tax Investigation and Anti-Money Laundering • Structuring Tax Efficient Investments via Holding Companies • Personal Data Protection Act (In-House Training) • National Tax Conference 2013 • Budgetary process, risk management and internal control frameworks • Seminar Percukaian Kebangsaan • Getting ready for GST?
(d)	Toh Kian Sing	• Maritime Insolvency – Singapore Law Perspective • Letter of Credit Litigation • APRAG Beijing (Association Pacific Regional Arbitration Group) • Role of Bills pf Lading in Trade Finance: Documents of Title and Security for Goods • Managing Cultural Differences in Maritime Arbitration
(e)	Eric Khoo Chuan Syn @ Khoo Chuan Syn	• Commercial Contracts, Mergers & Acquisitions & Joint Ventures • Personal Data Protection Act (In-House Training) • MAICSA Annual Conference 2013 • Managing Annual Corporate Taxation • Changes to the Malaysian Code on Corporate Governance 2012 and Listing Requirements • Budgetary process, risk management and internal control frameworks
(f)	Dato' Sebastian Ting Chiew Yew	• Mandatory Accreditation Programme • Changes to the Malaysian Code on Corporate Governance 2012 and Listing Requirements

The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

Principle 5 – Uphold integrity in financial reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the message to shareholders in the Annual Report.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Non-Executive Directors with a majority of Independent Directors, chaired by Mr Wong Chie Bin, an Independent Non-Executive Director. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report included in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The terms of reference of the Audit Committee have been revised to include the setting of a policy on the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity.

In assessing the independence of external auditors, the Audit Committee will in future require written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Principle 6 – Recognise and manage risks of the Group

The Board has established a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. Whilst periodic reporting of risk issues, including mitigating measures, is made to the Audit Committee, the Board believes that a more holistic approach on risk management is needed, where personnel of the Group are trained to periodically identify and evaluate risks for upward reporting to Senior Management and the Board, supported by pertinent evidence corroborating the risk profiles of the various business units and ultimately, the Group risk profile. Accordingly, at the date of this Statement, the Company has appointed an independent professional firm, namely KPMG Management & Risk Consulting Sdn Bhd to assist the Board in developing this holistic Enterprise Risk Management framework. The framework seeks to, amongst others, formalize the Board's risk appetite, use of key risk indicators and risk parameters, risk treatment plans and the formation of a Risk Management Committee, assisted by a Risk Officer/Coordinator to follow up on risk management matters as well as action plans to address the findings raised by the internal auditors.

The internal audit function of the Group is outsourced to an independent professional firm, namely Smart Focus, who undertakes regular reviews of the adequacy and operating effectiveness of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Internal Control Statement included in this Annual Report.

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board will formalize pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa, but also identify the persons responsible to approve and disclose material information to the regulators, shareholders and stakeholders.
To augment the process of disclosure, the Board will earmark a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, rights of shareholders, the Company's Annual Report, etc., may be accessed.

Principle 8 – Strengthen relationship between the Company and its shareholders

Shareholder participation at general meeting

The Annual General Meeting **("AGM")**, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will adopt poll voting for related party transactions, if any, which require specific approvals, including the announcement of the detailed results showing the number of votes cast for and against each resolution.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website where shareholders can access pertinent information concerning the Group.

This Statement is issued in accordance with a resolution of the Board dated 21 May 2014.

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 2013 amounted to RM63,978.00.

Variation in Results

There is no material variance between the financial results and the profit forecast or unaudited results previously made for the financial year ended 31 December 2013

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 2013.

Recurrent related Party Transactions

The related party transactions are disclosed in page 71 of this Annual Report

Financial Statements

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group	Company
	RM	RM
Profit net of tax	13,558,167	5,012,869
Profit attributable to:		
Owners of the Company	13,558,167	5,012,869

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.

DIVIDEND

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2013, of 2.0% on 500,000,000 ordinary shares, amounting to a dividend payable of RM5,000,000 (1.0 sen per ordinary share) shall be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

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:

Yong Foh Choi

Yong Kiam Sam

Wong Chie Bin

Eric Khoo Chuan Syn @ Khoo Chuan Syn

Toh Kian Sing

Dato' Sebastian Ting Chiew Yew (Appointed on 20.8.2013)

In accordance with the Company's Articles of Association, Yong Kiam Sam, Toh Kian Sing and Dato' Sebastian Ting Chiew Yew retire at the forthcoming Annual General Meeting and being eligible, offers themselves 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 2013	Acquired	Sold	At 31 December 2013
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	30,000	-	90,000
Dato' Sebastian Ting Chiew Yew	-	137,500	-	137,500
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	1,237,500	-	-	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.

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

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

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

OTHER STATUTORY INFORMATION (Continued)

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

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

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

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

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

f) In the opinion of the Directors:

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

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

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 22 April 2014

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 34 to 81 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 2013 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 22 April 2014

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 34 to 82 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

22 April 2014

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 (800981-X)

(Incorporated in Malaysia)

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 2013 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 34 to 81.

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 2013 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 82 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

Chin Mui Khiong Peter
No: 1881/03/16 (J)
Chartered Accountant

Miri, Malaysia

22 April 2014

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	208,750,239	121,430,236	8,562,047	7,248,069
Cost of sales	5	(151,780,372)	(85,016,737)	-	-
Gross profit		56,969,867	36,413,499	8,562,047	7,248,069
Other items of income					
Interest income	6	3,908,281	3,866,854	3,382,969	3,669,403
Other income	7	18,326,108	15,626,512	18,971	2,783
Other items of expense					
Administrative expenses		(25,349,764)	(26,528,809)	(5,445,234)	(3,732,982)
Finance costs	8	(14,900,465)	(12,294,199)	(790,836)	(1,448,944)
Other expenses		(23,324,471)	(23,856,714)	-	-
Share of results of a jointly controlled entity		(52,157)	-	-	-
Share of results of an associate		1,333,509	1,800,252	-	-
Profit/(Loss) before tax	9	16,910,908	(4,972,605)	5,727,917	5,738,329
Income tax expense	12	(3,352,741)	(4,120,093)	(715,048)	(611,976)
Profit/(Loss) net of tax		13,558,167	(9,092,698)	5,012,869	5,126,353
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation		4,496,685	1,627,654	-	-
Other comprehensive income for the year, net of tax		4,496,685	1,627,654	-	-
Total comprehensive income for the year, net of tax		18,054,852	(7,465,044)	5,012,869	5,126,353
Profit/(Loss) attributable to:					
Owners of the Company		13,558,167	(9,092,698)	5,012,869	5,126,353
Total comprehensive income attributable to:					
Owners of the Company		18,054,852	(7,465,044)	5,012,869	5,126,353
Earnings/(loss) per share attributable to owners of the Company (sen per share):					
Basic	13	2.71	(1.82)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	14	668,273,568	444,675,649	7,209	9,344
Land use rights	15	12,971,718	13,550,473	-	-
Investment in subsidiaries	16	-	-	231,427,177	231,327,172
Investment in an associate	17	4,701,625	3,526,081	-	-
Investment in a joint venture	18	812,780	-	-	-
Other receivables	20	26,734,209	37,482,746	-	-
		713,493,900	499,234,949	231,434,386	231,336,516
Current assets					
Inventories	19	72,979,499	278,797,068	-	-
Trade and other receivables	20	70,779,800	61,295,230	176,286,201	184,903,703
Other current assets	21	34,593,704	721,975	-	-
Cash and bank balances	23	77,774,802	113,482,328	467,480	782,539
Tax recoverable		2,644,517	2,366,160	-	-
		258,772,322	456,662,761	176,753,681	185,686,242
Total assets		972,266,222	955,897,710	408,188,067	417,022,758
Equity and liabilities					
Current liabilities					
Provisions	24	1,500,000	3,198,785	-	-
Loans and borrowings	25	165,736,947	164,285,179	6,140,000	6,140,000
Trade and other payables	26	47,113,882	62,398,775	38,421,545	45,994,248
Provision for taxation		290,775	875,604	46,365	181,222
		214,641,604	230,758,343	44,607,910	52,315,470
Net current assets		44,130,718	225,904,418	132,145,771	133,370,772
Non-current liabilities					
Loans and borrowings	25	250,419,181	236,917,550	20,775,000	26,915,000
Deferred tax liabilities	27	56,563,143	55,634,375	-	-
		306,982,324	292,551,925	20,775,000	26,915,000
Total liabilities		521,623,928	523,310,268	65,382,910	79,230,470
Net assets		450,642,294	432,587,442	342,805,157	337,792,288

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Equity attributable to owners of the Company					
Share capital	28	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
Retained earnings	29	114,256,622	100,698,455	13,718,274	8,705,405
Other reserves	30	7,298,789	2,802,104	-	-
Total equity		450,642,294	432,587,442	342,805,157	337,792,288
Total equity and liabilities		972,266,222	955,897,710	408,188,067	417,022,758

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 2013

		← Attributable to Equity Holders of the Company →				
				Non-distributable	Distributable	Non-distributable
2013 Group	**Note**	**Equity, total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Foreign currency translation reserve RM**
Opening balance at 1 January 2013		432,587,442	250,000,000	79,086,883	100,698,455	2,802,104
Total comprehensive income		18,054,852	-	-	13,558,167	4,496,685
Closing balance at 31 December 2013		450,642,294	250,000,000	79,086,883	114,256,622	7,298,789
2012 Group						
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

2013 Company	**Note**	**Equity, total RM**	**Non-distributable Share capital RM**	**Non-distributable Share premium RM**	**Distributable Retained earnings RM**
Opening balance at 1 January 2013		337,792,288	250,000,000	79,086,883	8,705,405
Total comprehensive income		5,012,869	-	-	5,012,869
Closing balance at 31 December 2013		342,805,157	250,000,000	79,086,883	13,718,274
2012 Company					
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					
Dividend 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

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 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Operating activities					
Profit/(Loss) before tax		16,910,908	(4,972,605)	5,727,917	5,738,329
Adjustments for:					
Interest income	6	(3,908,281)	(3,866,854)	(3,382,969)	(3,669,403)
Dividend income	4	-	-	(4,840,000)	(4,775,400)
Amortisation of land use rights	15	578,755	578,754	-	-
Deposits written off	9	-	3,038,223	-	-
Depreciation of property, plant and equipment	14	37,528,531	32,353,899	2,135	2,135
Gain on disposal of non-current asset held for sale	7	-	(7,534,570)	-	-
Impairment loss on trade and other receivables	9	4,306,018	3,000,000	-	-
Impairment loss on capital work-in-progress	14	12,879,267	12,416,046	-	-
Interest expenses	8	13,907,647	13,177,766	790,836	1,448,944
Inventories written off	9	1,242,655	3,899,596	-	-
Net gain on disposal of property, plant and equipment	7,9	(5,213,566)	-	-	-
Property, plant and equipment written off	9	2,079	571,582	-	-
Provision for maintenance warranties	9	-	1,198,785	-	-
Reversal of deposit written off in previous year	7	(1,323,494)	-	-	-
Reversal of impairment loss on trade receivables	7	-	(4,281,309)	-	-
Reversal of provision for maintenance warranties	9	(1,310,535)	-	-	-
Share of results of a jointly controlled entity		52,157	-	-	-
Share of results of an associate		(1,333,509)	(1,800,252)	-	-
Unrealised (gain)/loss on foreign exchange	7,8,9	(2,449,821)	1,342,439	(2,549)	(2,783)
Total adjustments		54,957,903	54,094,105	(7,432,547)	(6,996,507)
Operating cash flows before changes in working capital carried forward		71,868,811	49,121,500	(1,704,630)	(1,258,178)
Changes in working capital					
Decrease/(Increase) in inventories		319,511	(73,552,591)	-	-
(Increase)/Decrease in trade and other receivables		(5,113,995)	7,487,561	1,817	(271)
(Increase)/Decrease in other current assets		(38,928,273)	17,585,998	-	17,607
Decrease in provisions		(388,250)	-	-	-
(Decrease)/Increase in trade and other payables		(16,769,152)	(10,866,855)	695,778	189,985
Net change in associate balances		10,133,931	10,517,762	-	-
Net change in holding company balances		-	(129,112)		-
Net change in subsidiaries balances		-	-	22,142	9,229,742
Total changes in working capital		(50,746,228)	(48,957,237)	719,737	9,437,063
Cash flows from/(used in) operations		21,122,583	164,263	(984,893)	8,178,885
Interest received		-	-	3,315,782	3,577,486
Interest paid		(18,790,926)	(19,020,105)	(790,836)	(1,448,944)
Income tax paid		(5,413,330)	(4,956,748)	(389,843)	(237,141)
Income tax refunded		2,446,048	493,595	-	28,025
Net cash flows (used in)/from operating activities		(635,625)	(23,318,995)	1,150,210	10,098,311

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Investing activities					
Interest received		4,230,224	4,719,934	67,187	91,917
Increase in non-current asset held for sale		-	(13,013,705)	-	-
Purchase of property, plant and equipment		(61,459,097)	(40,273,044)	-	-
Proceeds from disposal of property, plant and equipment		17,514,862	514,330	-	-
Proceeds from disposal of non-current asset held for sale		-	54,458,370	-	-
Acquisition of a subsidiary, net of cash		-	-	(2)	-
Additional investment in an associate		-	(50,000)	-	-
Acquisition of investment in a joint venture		(2,780,001)	-	-	-
Acquisition of additional investment in subsidiaries		-	-	(100,003)	(4,000,000)
Dividend received		-	600,000	4,705,000	4,581,550
Waiver of land premium		-	434,531	-	-
Net cash flows (used in)/from investing activities		(42,494,012)	7,390,416	4,672,182	673,467
Financing activities					
Dividend paid on ordinary shares		-	(5,000,000)	-	(5,000,000)
Proceeds from loans and borrowings		80,519,483	113,568,695	-	-
Repayments of loans and borrowings		(66,628,004)	(54,827,485)	(6,140,000)	(6,140,000)
Repayment of finance leases		(14,269)	(41,040)	-	-
Net movement in trade financing		(12,854,267)	(18,792,002)	-	-
Net movement in fixed deposit pledged		(3,371,345)	20,506,587	-	-
Net movement in cash at bank restricted in use		23,293,993	(23,269,463)	-	-
Net cash flows from/(used in) financing activities		20,945,591	32,145,292	(6,140,000)	(11,140,000)
Net (decrease)/increase in cash and cash equivalents		(22,184,046)	16,216,713	(317,608)	(368,222)
Effect of exchange rate changes on cash and cash equivalents		1,916,972	(708,270)	2,549	-
Cash and cash equivalents at 1 January		53,927,555	38,419,112	782,539	1,150,761
Cash and cash equivalents at 31 December	23	33,660,481	53,927,555	467,480	782,539

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013

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 disclosed in Note 16.

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 ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

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

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

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013:

- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRS 1, Government Loans
- Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 10, MFRS 11 and MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (IAS 19 as amended by IASB in June 2011)
- MFRS 127, Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 128, Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134, Annual Improvements 2009-2011 Cycle
- Amendment to IC Interpretation 2, Annual Improvements 2009-2011 Cycle
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

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

- **Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income**

  The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

- **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 investment 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 that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

- **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 13, Fair Value Measurement**

  MFRS 13 established a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group and the Company re-assessed their policies for measuring fair values, in particular, their valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

  Application of MFRS 13 has not materiality impacted the fair value measurement of the Group and the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- **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.

2. Summary of significant accounting policies (Continued)

2.3 Amendments/standards issued but not yet effective

The amendments/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 amendments/standards, if applicable, when they become effective.

MFRS effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities
- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

MFRS effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 116, MFRS 124 and MFRS 138, Annual Improvements 2010-2012 Cycle
- Amendments to MFRS 3, MFRS 13 and MFRS 140, Annual Improvements 2011-2013 Cycle
- Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions

MFRS effective date to be announced

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Directors expect that the adoption of the above amendments/standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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. Summary of significant accounting policies (Continued)

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.

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

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

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

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

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

2.7 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 all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

2.10 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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 or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures 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.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for 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 loans and receivables.

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

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 other financial liabilities.

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.

2. Summary of significant accounting policies (Continued)

2.17 Financial liabilities (Continued)

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.

2.21 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 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.

2. Summary of significant accounting policies (Continued)

2.22 Revenue (Continued)

e) Management fees

Management fees are recognised when services are rendered.

2.23 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.

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. Summary of significant accounting policies (Continued)

2.24 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 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.

2.26 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 11.27% (2012: 33.11%) variance in the Group's profit/(loss) for the year.

b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 20.

4. Revenue

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Construction revenue	92,902,123	22,764,979	-	-
Charter and hiring charges	115,740,116	98,557,257	-	-
Dividend income from subsidiaries	-	-	4,840,000	4,775,400
Management fee	-	-	3,722,047	2,472,669
Rental income	108,000	108,000	-	-
	208,750,239	121,430,236	8,562,047	7,248,069

5. Cost of sales

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Construction contract costs	83,532,719	29,167,436	-	-
Cost of services rendered	68,247,653	55,849,301	-	-
	151,780,372	85,016,737	-	-

6. Interest income

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest income from:				
- Current account	3,406	21,755	3,406	21,755
- Short term deposits	718,608	1,231,066	-	-
- Associate	3,418,609	3,467,113	-	-
- Subsidiaries	-	-	3,379,563	3,647,648
- Others	89,601	-	-	-
	4,230,224	4,719,934	3,382,969	3,669,403
Less: Interest income capitalised in:				
- Vessels work-in-progress (Note 19)	(321,943)	(853,080)	-	-
	3,908,281	3,866,854	3,382,969	3,669,403

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		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Gain on foreign exchange				
- Realised	1,119,948	2,605,204	16,422	-
- Unrealised	7,160,796	92,565	2,549	2,783
Gain on forward contract	-	10,100	-	-
Gain on disposal of property, plant and equipment	6,870,774	-	-	-
Gain on disposal of non-current asset held for sale	-	7,534,570	-	-
Reversal of deposit written off in previous year	1,323,494	-	-	-
Reversal of impairment loss on trade receivables (Note 20)	-	4,281,309	-	-
Sundry income	1,851,096	1,102,764	-	-
	18,326,108	15,626,512	18,971	2,783

8. Finance costs

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest expenses on:				
- Bankers acceptances	118,036	250,586	-	-
- Bank loans	12,177,714	11,877,438	-	-
- Bank overdrafts	1,405,767	946,474	-	-
- Islamic loans	1,711,908	2,105,387	1,711,908	2,105,387
- Loan from subsidiaries	-	-	1,273,774	1,614,096
- Obligations under finance leases	3,611	649	-	-
- Revolving credits	3,371,375	3,824,811	-	-
- Loans recharged to subsidiaries	-	-	(2,194,846)	(2,270,539)
- Others	2,515	14,760	-	-
	18,790,926	19,020,105	790,836	1,448,944
Less: Interest expense capitalised in:				
- Vessels work-in-progress (Note 19)	(4,883,279)	(5,827,442)	-	-
- Non-current asset held for sale	-	(14,897)	-	-
	13,907,647	13,177,766	790,836	1,448,944
(Gain)/loss on foreign exchange:				
- Realised	(511,941)	(698,049)	-	-
- Unrealised	1,504,759	(185,518)	-	-
	14,900,465	12,294,199	790,836	1,448,944

9. Profit/(Loss) before tax

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
The following items have been included in arriving at profit/(loss) before tax:				
Employee benefits expense (Note 10)	37,899,410	33,258,751	4,651,802	2,971,676
Amortisation of land use rights (Note 15)	578,755	578,754	-	-
Auditors' remuneration				
- Current year	229,374	212,274	42,000	40,000
- Overprovision in previous years	-	(17,065)	-	-
Depreciation of property, plant and equipment (Note 14)	37,528,531	32,353,899	2,135	2,135
Deposits written off	-	3,038,223	-	-
Hiring charges	13,310	4,052,751	-	-
Impairment loss on trade and other receivables (Note 20)	4,306,018	3,000,000	-	-
Impairment loss on capital work-in-progress (Note 14)	12,879,267	12,416,046	-	-
Incorporation fee	5,754	-	-	-
Inventories written off	1,242,655	3,899,596	-	-
Loss on disposal of property, plant and equipment	1,657,208	-	-	-
Loss on foreign exchange:				
- Realised	409,080	1,092,050	-	585

9. Profit/(Loss) before tax (Continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
- Unrealised	3,206,216	1,620,522	-	-
Loss on forward contract	10,980	-	-	-
Non-executive Directors				
- Fees	240,723	307,500	224,632	307,500
- Other emoluments	-	10,500	-	10,500
Rental of machinery	1,575	113	-	-
Rental of premises	301,209	359,992	7,500	7,500
Reversal of provision for maintenance warranties (Note 24)	(1,310,535)	-	-	-
Property, plant and equipment written off	2,079	571,582	-	-
Provision for maintenance warranties (Note 24)	-	1,198,785	-	-

10. Employee benefits expense

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Salaries and wages	34,452,933	30,348,222	4,140,962	2,664,583
Social security contributions	247,857	220,688	13,149	8,633
Contributions to defined contribution plan	3,074,193	2,648,599	497,691	298,460
Other benefits	124,427	41,242		-
	37,899,410	33,258,751	4,651,802	2,971,676

Included in employee benefits expense of the Group and of the Company are the Executive Directors' remuneration amounting to RM1,262,762 (2012: RM1,219,433) and RM307,183 (2012: RM321,508) respectively.

11. Directors' remuneration

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Executive:				
Salaries and other emoluments	983,683	929,580	209,628	199,656
Fees	42,000	40,000	42,000	40,000
Bonus	81,974	103,781	27,633	52,634
Defined contribution plan	81,505	83,672	27,922	29,218
Total Executive Directors' remuneration (excluding benefits-in-kind)	1,189,162	1,157,033	307,183	321,508
Estimated money value of benefits-in-kind	33,738	14,925	33,738	14,925
Total Executive Directors' remuneration (including benefits-in-kind)	1,222,900	1,171,958	340,921	336,433
Non-Executive:				
Fees	224,632	307,500	224,632	307,500
Other emoluments	-	10,500	-	10,500
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	224,632	318,000	224,632	318,000

11. Directors' remuneration (Continued)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Estimated money value of benefits-in-kind	-	3,208	-	3,208
Total Non-Executive Directors' remuneration (including benefits-in-kind)	224,632	321,208	224,632	321,208
Total Directors' remuneration	1,447,532	1,493,166	565,553	657,641

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

	Number of Directors	
	2013	2012
Executive Directors:		
RM500,001 – RM550,000	1	1
RM650,001 – RM700,000	1	1
Non-Executive Directors:		
Below RM50,000	1	0
RM50,001 – RM100,000	3	3
RM100,001 – RM150,000	0	1

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
Labuan business activity tax	60,000	60,000	-	-
Malaysian income tax	2,034,616	3,315,285	419,367	485,403
Under/(Over)provision in respect of previous years	4,295	386,807	(29,381)	126,573
Foreign tax	325,062	-	325,062	-
	2,423,973	3,762,092	715,048	611,976
Deferred income tax (Note 27):				
Origination or reversal of temporary differences	3,770,439	506,530	-	-
Overprovision in respect of previous years	(2,841,671)	(148,529)	-	-
	928,768	358,001	-	-
Income tax expense recognised in profit and loss	3,352,741	4,120,093	715,048	611,976

12. Income tax expense (Continued)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(Loss) before tax	16,910,908	(4,972,605)	5,727,917	5,738,329
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	4,227,727	(1,243,151)	1,431,979	1,434,582
Adjustments:				
Non-deductible expenses	4,766,859	5,228,691	460,511	162,760
Income not subject to taxation	(4,117,030)	(3,673,250)	(1,148,542)	(1,105,159)
Utilisation of unabsorbed tax losses not recognised in previous year	-	(6,780)	-	(6,780)
Deferred tax assets not recognised during the years	1,541,434	1,024,309	481	-
Overprovision of deferred tax in previous years	(2,841,671)	(148,529)	-	-
Under/(Over)provision of tax expense in previous years	4,295	386,807	(29,381)	126,573
Others	(228,873)	2,551,996	-	-
Income tax expense recognised in profit and loss	3,352,741	4,120,093	715,048	611,976

Income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit/(loss) 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.

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.

13. Earnings/(Loss) per share

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

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

	2013 RM	2012 RM
Profit/(Loss) attributable to ordinary equity holders of the Company	13,558,167	(9,092,698)
Number of ordinary shares in issue during the year	500,000,000	500,000,000

	2013 sen	2012 sen
Basic earnings/(loss) per share for profit/(loss) for the year	2.71	(1.82)

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, vessel equipment and docking expenses RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost:						
At 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 and 1.1.2013	72,343,760	430,450,224	8,596,851	42,557,080	4,489,704	558,437,619
Transfer from capital work in progress	-	-	-	12,752	-	12,752
Transfer from inventories	-	219,736,047	-	-	-	219,736,047
Additions	579,601	47,239,137	731,785	336,467	396,333	49,283,323
Reclassification	(90,400)	-	-	90,400	-	-
Disposals	(2,306,677)	(16,322,526)	(4,675)	-	(301,531)	(18,935,409)
Written off	-	(23,375)	-	-	-	(23,375)
Exchange rate difference	-	5,909,454	1,895	-	-	5,911,349
At 31.12.2013	70,526,284	686,988,961	9,325,856	42,996,699	4,584,506	814,422,306
Accumulated depreciation and impairment loss:						
At 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 and 1.1.2013	15,510,356	86,630,365	5,037,845	22,624,410	3,799,407	133,602,383
Charge for the year (Note 9)	2,519,152	29,602,022	860,500	4,216,514	330,343	37,528,531
Disposals	(518,032)	(5,855,562)	(3,258)	-	(257,261)	(6,634,113)
Written off	-	(21,296)	-	-	-	(21,296)
Exchange rate difference	-	955,136	1,865	-	-	957,001
At 31.12.2013	17,511,476	111,310,665	5,896,952	26,840,924	3,872,489	165,432,506
Net carrying amount:						
At 31.12.2012	56,833,404	343,819,859	3,559,006	19,932,670	690,297	424,835,236
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
At 31.12.2013	53,014,808	575,678,296	3,428,904	16,155,775	712,017	648,989,800

14. Property, plant and equipment (Continued)

Group	Land, buildings and wharf* RM	Vessels, vessel equipment and docking expenses RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Capital Work-In-Progress						
At 1.1.2013						19,840,413
Additions						12,335,374
Transfer to property, plant and equipment						(12,752)
Impairment loss recognised in profit or loss (Note 9)						(12,879,267)
At 31.12.2013						19,283,768
						668,273,568

*Land, buildings and wharf

Group	Leasehold land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Cost:				
At 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 and 1 January 2013	39,216,449	2,135,793	30,991,518	72,343,760
Additions	-	431,026	148,575	579,601
Reclassification	-	-	(90,400)	(90,400)
Disposals	(1,586,714)	(41,100)	(678,863)	(2,306,677)
At 31 December 2013	37,629,735	2,525,719	30,370,830	70,526,284
Accumulated depreciation and impairment loss:				
At 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 and 1 January 2013	4,644,123	1,537,094	9,329,139	15,510,356
Charge for the year	683,675	175,283	1,660,194	2,519,152
Disposals	(348,087)	(15,657)	(154,288)	(518,032)
At 31 December 2013	4,979,711	1,696,720	10,835,045	17,511,476
Net carrying amount:				
At 31 December 2012	34,572,326	598,699	21,662,379	56,833,404
At 31 December 2013	32,650,024	828,999	19,535,785	53,014,808

14. Property, plant and equipment (Continued)

Company	Signboard RM	Office equipment RM	Total RM
Cost:			
At 1 January 2012 and 31 December 2013	7,390	6,981	14,371
Accumulated depreciation:			
At 1 January 2012	2,094	798	2,892
Charge for the year (Note 9)	739	1,396	2,135
At 31 December 2012 and 1 January 2013	2,833	2,194	5,027
Charge for the year (Note 9)	739	1,396	2,135
At 31 December 2013	3,572	3,590	7,162
Net carrying amount:			
At 31 December 2012	4,557	4,787	9,344
At 31 December 2013	3,818	3,391	7,209

i) Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of RM159,600 (2012: Nil) and by means of finance leases. The cash outflows on acquisition of property, plant and equipment of the Group amounted to RM61,459,097 (2012: RM40,273,044).

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 2012	-	-
At 31 December 2013	176,225	176,225

ii) 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 RM476,273,583 (2012: RM257,946,288) and RM3,012,767 (2012: RM3,521,967) respectively are mortgaged to secure the Group's bank loans (Note 25).

The Group's leasehold land with carrying amount of RM34,718,159 (2012: RM35,415,214) is mortgaged to secure the Group's bank loans (Note 25).

15. Land use rights

	Group 2013 RM	Group 2012 RM
Cost:		
At 1 January	16,686,200	56,337,180
Reclassified to property, plant and equipment	-	(39,650,980)
At 31 December	16,686,200	16,686,200
Accumulated amortisation:		
At 1 January	3,135,727	6,512,153
Amortisation for the year (Note 9)	578,755	578,754
Reclassified to property, plant and equipment	-	(3,955,180)
At 31 December	3,714,482	3,135,727
Net carrying amount	12,971,718	13,550,473
Amount to be amortised:		
- Not later than one year	578,754	578,754
- Later than one year but not later than five years	2,315,016	2,315,016
- Later than five years	10,077,948	10,656,703

In 2012, 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 RM8,109,296 (2012: RM8,467,086) are pledged as securities for bank borrowings as referred to in Note 25.

16. Investment in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	231,427,177	231,327,172

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2013 %	Percentage of equity held 2012 %
Cergas Majusama Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Era Sureway Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Era Surplus Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Midas Choice Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100

16. Investment in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2013 %	2012 %
Godrimaju Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Euroedge Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Navitex Shipping Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Seabright Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Engineering And Slipway Sdn. Bhd.	Malaysia	Shipbuilding	100	100
Sealink Management Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Marine Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Pacific Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Sdn. Bhd.	Malaysia	Chartering of marine vessels and letting of properties	100	100
Sutherfield Resources Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Shipyard Sdn. Bhd.	Malaysia	Shipbuilding	100	100
Sea-Good Pte Ltd*	Singapore	Chartering of marine vessels	100	100
Sealink Offshore (L) Ltd.	Federal Territory of Labuan, Malaysia	Investment holding and Chartering marine of vessels	100	100
Sea Alpha Sdn. Bhd.	Malaysia	Inactive	100	100
Seabright (Singapore) Private Limited*	Singapore	Ship owner	100	100
Seasten Sdn. Bhd.	Malaysia	Inactive	100	-
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Letting of property	100	100
Subsidiary of Sealink Engineering And Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Letting of property	100	100
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristal View Sdn. Bhd.	Malaysia	Property holding	100	100
Subsidiary of Midas Choice Sdn. Bhd.				
Sea Legend Shipping Sdn. Bhd.	Malaysia	Investment holding	100	100

16. Investment in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2013 %	Percentage of equity held 2012 %
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	Chartering of marine vessel	100	100
Perkasa Asia Corporation Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessel	100	100
Hanvoir (L) Ltd.	Federal Territory of Labuan, Malaysia	Inactive	100	-

* Audited by a firm other than Ernst & Young.

Acquisition of a subsidiary

Seasten Sdn. Bhd.

On 18 July 2013, the Company acquired 100% equity interest or 2 ordinary shares in Seasten Sdn. Bhd. for a cash consideration of RM2.

Hanvoir (L) Ltd.

On 18 July 2013, Sealink Offshore (L) Ltd, a subsidiary of the Company, acquired 100% equity interest or 1 ordinary share in Hanvoir (L) Ltd. for a cash consideration of USD1.

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

	Fair Value/ Carrying Amount 2013 RM	Fair Value/ Carrying Amount 2012 RM
Cash and bank balances	5	-
Net identifiable assets	5	-
The effect of the acquisitions on cash flows is as follows		
Total cost of the business combination	5	-
Less: Cash and cash equivalents of subsidiaries acquired	(5)	-
Net cash outflow on acquisitions	-	-
<u>Goodwill arising on acquisition</u>		
Fair value of net identifiable assets	5	-
Less: Non-controlling interests	-	-
Group's interest in fair value of net identifiable assets	5	-
Goodwill on acquisition	-	-
Cost of business combination	5	-

17. Investment in an associate

	Group 2013 RM	Group 2012 RM
Unquoted shares, at cost	3,500,000	3,500,000
Share of post acquisition reserves	1,201,625	26,081
	4,701,625	3,526,081

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activity	Proportion of ownership interest 2013 %	Proportion of ownership interest 2012 %
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:

	2013 RM	2012 RM
Assets and liabilities:		
Non-current assets	57,790,743	60,452,120
Current assets	8,169,091	8,994,467
Total assets	65,959,834	69,446,587
Non-current liabilities	(39,760,312)	(49,360,298)
Current liabilities	(5,875,516)	(1,888,908)
Total liabilities	(45,635,828)	(51,249,206)
Results:		
Revenue	22,646,257	21,822,109
Profit for the year	8,008,601	7,201,009

18. Investment in a joint venture

	Group 2013 RM	Group 2012 RM
Unquoted shares, at cost	2,780,001	-
Share of post acquisition reserves	(1,967,221)	-
	812,780	-

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Principal activity	Proportion of ownership interest 2013 %	Proportion of ownership interest 2012 %
Mitra Angkasa Sdn. Bhd.	Malaysia	Chartering of marine vessels	50.0001	-

18. Investment in a joint venture (Continued)

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

	2013 RM	2012 RM
Assets and liabilities:		
Non-current assets	16,604,798	-
Current assets	999,733	-
Total assets	17,604,531	-
Non-current liabilities	(4,560,000)	-
Current liabilities	(12,148,843)	-
Total liabilities	(16,708,843)	-
Results:		
Revenue	5,251,620	-
Profit for the year	119,097	-

19. Inventories

	Group 2013 RM	Group 2012 RM
Cost		
Consumables	1,113,731	969,396
Machinery and equipment	22,141,620	25,561,397
Raw materials	20,716,474	14,823,953
Vessel parts and materials	412,770	387,756
Vessels work-in-progress	28,594,904	237,054,566
	72,979,499	278,797,068

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

	2013 RM	2012 RM
Interest income (Note 6)	(321,943)	(853,080)
Interest expense (Note 8)	4,883,279	5,827,442

During the year, vessel work-in-progress of RM219,736,047 was transferred to property, plant and equipment (Note 14).

20. Trade and other receivables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Trade receivables				
Third parties	48,359,550	30,096,942	-	-
Less: Allowance for impairment third parties	(4,264,787)	(4,262,737)	-	-
Trade receivables, net	44,094,763	25,834,205	-	-
Other receivables				
Refundable deposits	6,254,299	17,447,917	1,250	1,250
Other receivables	13,062,166	6,912,504	12,756	14,573
Amount due from an associate	11,672,540	11,100,604	-	-
Amount due from subsidiaries	-	-	176,272,195	184,887,880
	30,989,005	35,461,025	176,286,201	184,903,703
Less: Allowance for impairment other receivables	(4,303,968)	-	-	-
	26,685,037	35,461,025	176,286,201	184,903,703
	70,779,800	61,295,230	176,286,201	184,903,703

20. Trade and other receivables (Continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Non-current				
Other receivables				
Refundable deposits	321,076	363,746	-	-
Amount due from an associate	26,413,133	37,119,000	-	-
	26,734,209	37,482,746	-	-
Total trade and other receivables	97,514,009	98,777,976	176,286,201	184,903,703
Add: Cash and bank balances (Note 23)	77,774,802	113,482,328	467,480	782,539
Total loans and receivables	175,288,811	212,260,304	176,753,681	185,686,242

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 day (2012: 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 2013 RM	Group 2012 RM
Neither past due nor impaired	11,561,594	7,907,924
1 to 30 days past due not impaired	7,761,270	5,690,353
31 to 60 days past due not impaired	5,531,762	5,914,363
61 to 90 days past due not impaired	3,367,934	1,953,379
91 to 120 days past due not impaired	5,366,822	88,498
More than 121 days past due not impaired	7,534,507	1,274,314
	29,562,295	14,920,907
Impaired	7,235,661	7,268,111
	48,359,550	30,096,942

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 RM29,562,295 (2012: RM14,920,907) 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:

20. Trade and other receivables (Continued)

(a) Trade receivables (Continued)

	Group	
	2013	2012
	RM	RM
Total receivables	7,235,661	7,268,111
Less: Allowance for impairment	(4,264,787)	(4,262,737)
	2,970,874	3,005,374
Movement in allowance accounts:		
At 1 January	4,262,737	5,675,086
Charge for the year (Note 9)	2,050	3,000,000
Reversal of impairment losses (Note 7)	-	(4,281,309)
Written off	-	(131,040)
At 31 December	4,264,787	4,262,737

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

Included in the amount due from subsidiaries is an amount of RM120,493,144 (2012: RM128,023,144) which bears interest at rates ranging from 3.00% - 6.19% (2012: 3.49% - 6.15%) per annum.

This amount is unsecured and is repayable on demand.

(c) Amount due from an associate

Included in the amount due from an associate is an amount of RM37,111,549 (2012: RM47,145,896) which bears interest charge at 6.50% (2012: 6.50%) per annum.

This amount is unsecured and is fully repayable by 2017.

(d) Other receivables

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

21. Other current assets

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Prepaid operating expenses	1,861,516	721,975	-	-
Amount due from customers on contracts (Note 22)	32,732,188	-	-	-
	34,593,704	721,975	-	-

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

	Group	
	2013 RM	2012 RM
Construction contract costs incurred to date	29,254,030	-
Attributable profits	9,684,220	-
	38,938,250	-
Less: Progress billings	(6,206,062)	-
	32,732,188	-
Presented as:		
Amount due from customers on contract work (Note 21)	32,732,188	-

23. Cash and bank balances

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash at banks and on hand	60,117,395	86,487,347	467,480	782,539
Short term deposits with licensed banks	17,657,407	26,994,981	-	-
Cash and bank balances	77,774,802	113,482,328	467,480	782,539

Deposits of the Group with licensed banks amounting to RM16,656,443 (2012: RM14,465,635) are pledged to banks for bank guarantees issued to third parties and for short term facilities granted by the banks to the Group.

Included in cash and bank balances is an amount of RM2,788,744 (2012: RM1,612,767) which is restricted in use as set by a bank in order to maintain the liquidity requirements and RM23,293,993 held in escrow in 2012.

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

	Interest rate		Maturity	
	2013 %	2012 %	2013 Days	2012 Days
Deposits with licensed banks	2.45 – 3.25	2.45 – 3.25	2 - 365	2 - 365

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	77,774,802	113,482,328	467,480	782,539
Bank overdrafts (Note 25)	(24,669,134)	(20,182,378)	-	-
	53,105,668	93,299,950	467,480	782,539
Cash at bank restricted in use	(2,788,744)	(24,906,760)	-	-
Fixed deposits pledged as security	(16,656,443)	(14,465,635)	-	-
Cash and cash equivalents	33,660,481	53,927,555	467,480	782,539

24. Provisions

	Group 2013 RM	Group 2012 RM
At 1 January	3,198,785	2,000,000
Arose during the year (Note 9)	-	1,198,785
Utilised	(388,250)	-
Unused amounts reversed (Note 9)	(1,310,535)	-
At 31 December	1,500,000	3,198,785

For certain vessels constructed, the Group gives 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	2013 RM	2012 RM	2013 RM	2012 RM
Current					
Secured:					
Bankers acceptances	2014	1,280,000	3,672,000	-	-
Bank overdrafts (Note 23)	On demand	24,669,134	20,182,378	-	-
Obligations under finance leases (Note 32(b))	2014	29,669	-	-	-
Revolving credits	2014	66,040,731	34,600,000	-	-
Islamic loans	2014	6,140,000	6,140,000	6,140,000	6,140,000
Term loans	2014	67,577,413	57,787,803	-	-
		165,736,947	122,382,181	6,140,000	6,140,000
Current					
Unsecured:					
Revolving credits	2013	-	41,902,998	-	-
		-	41,902,998	-	-
		165,736,947	164,285,179	6,140,000	6,140,000
Non-current					
Secured:					
Obligations under finance leases (Note 32(b))	2015-2018	115,662	-	-	-
Islamic loans	2015-2018	20,775,000	26,915,000	20,775,000	26,915,000
Term loans	2015-2021	229,528,519	210,002,550	-	-
		250,419,181	236,917,550	20,775,000	26,915,000
Total loans and borrowings		416,156,128	401,202,729	26,915,000	33,055,000

25. Loans and borrowings (Continued)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
On demand or within one year	165,736,947	164,285,179	6,140,000	6,140,000
Later than 1 year but not later than 2 years	69,487,492	66,072,469	6,140,000	6,140,000
Later than 2 years but not later than 5 years	162,369,862	147,085,210	14,635,000	18,420,000
Later than 5 years	18,561,827	23,759,871	-	2,355,000
	416,156,128	401,202,729	26,915,000	33,055,000

<u>Bankers acceptances</u>

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

<u>Bank overdrafts</u>

Bank overdrafts are secured by charges over leasehold land and buildings of the Group and fixed deposits pledged to the bank.

<u>Obligations under finance leases</u>

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

<u>Revolving credits</u>

Revolving credits are secured by corporate guarantee by the holding company, a charge over the Group's leasehold land and buildings, and a freehold land owned by a subsidiary.

<u>Islamic loans</u>

Islamic loans are secured by corporate guarantee of three subsidiaries, fixed deposits in the name of the subsidiaries, and the subsidiaries' vessel.

<u>Term loans</u>

These loans are secured by legal charges over certain vessels and leasehold land and buildings of the Group, 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	
	2013	2012	2013	2012
	%	%	%	%
Banker acceptances	4.25 - 4.94	4.74 - 4.87	-	-
Bank overdrafts	6.60 - 8.10	6.60 - 8.10	-	-
Obligations under finance leases	4.55	-	-	-
Term loans				
- Fixed rates	5.40	5.40	-	-
- Floating rates	2.40 - 7.35	1.98 - 7.75	-	-
Islamic loans	5.68 - 5.70	5.64 - 5.65	5.68 - 5.70	5.64 - 5.65
Revolving credits	4.53 - 5.14	4.50 - 4.90	-	-

26. Trade and other payables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Trade payables				
Third parties	19,736,831	12,895,547	-	-
Other payables				
Accrued operating expenses	12,824,749	9,863,432	1,640,407	613,267
Deposits received	3,077,430	1,010,576	-	-
Other payables	11,474,872	38,629,220	845	7,145
Amounts due to subsidiaries	-	-	36,780,293	45,373,836
	27,377,051	49,503,228	38,421,545	45,994,248
Total trade and other payables	47,113,882	62,398,775	38,421,545	45,994,248
Add: Loans and borrowings (Note 25)	416,156,128	401,202,729	26,915,000	33,055,000
Total finance liabilities carried at amortised cost	463,270,010	463,601,504	65,336,545	79,049,248

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2012: 30 to 90 day) terms.

(b) Other payables

These amounts are non-interest bearing. Included in other payables is an amount of RM8,874,899 (2012: RM12,787,800) due to companies in which certain Directors of the Company have substantial financial interests.

(c) Amount due to subsidiaries

This amount is unsecured and is repayable on demand.

Included in the amount due to subsidiaries is an amount of RM27,687,500 (2012: RM30,717,500) which bears interest at rates ranging from 3.00% to 5.38% (2012: 3.49% - 5.38%) 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 2012	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
Recognised in profit or loss (Note 12)	(1,974,429)	-	(4,724,042)	7,627,239	928,768
At 31 December 2013	67,569,037	(375,000)	(6,022,273)	(4,608,621)	56,563,143

Unrecognised tax losses and capital allowances

At the reporting date, the Group has tax losses and capital allowances of approximately RM7,177,068 and RM2,293,716 respectively (2012: RM2,929,371 and RM1,762,543) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

Unutilised tax losses and unabsorbed capital allowances

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

28. Share capital and share premium

	Number of ordinary shares of RM0.50 each share capital (Issued and fully paid)	Amount: Share capital (Issued and fully paid) RM	Amount: Share premium RM	Amount: Total Share capital and share premium RM
Group/Company				
At 1 January 2012 and 31 December 2013	500,000,000	250,000,000	79,086,883	329,086,883

	Number of ordinary shares of RM0.50 each 2013	Number of ordinary shares of RM0.50 each 2012	Amount 2013 RM	Amount 2012 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 2013, 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 2012	1,174,450	1,174,450
Other comprehensive income:		
Foreign currency translation	1,627,654	1,627,654
At 31 December 2012 and 1 January 2013	2,802,104	2,802,104
Other comprehensive income:		
Foreign currency translation	4,496,685	4,496,685
At 31 December 2013	7,298,789	7,298,789

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	
	2013 RM	2012 RM	2013 RM	2012 RM
Transactions with holding company				
Dividend paid	-	2,590,808	-	2,590,808
Transactions with subsidiaries				
Dividend income	-	-	(4,840,000)	(4,775,400)
Management fee	-	-	(3,722,047)	(2,472,669)
Interest income	-	-	(3,315,782)	(3,577,486)
Revolving credit interest recharged	-	-	(2,194,846)	(2,270,539)
Interest expense	-	-	1,273,774	1,614,096
Transaction with related company				
Rental expense	105,000	105,000	7,500	7,500
Transactions with companies in which certain Directors have substantial interests				
Rental paid	148,620	145,622	-	-
Hiring charges	210,000	210,000	-	-
Legal and professional fees	969,744	751,159	1,875	-
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	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	4,848,676	4,473,462	3,079,223	2,449,753
Defined contribution plan	485,072	431,681	368,966	280,957
	5,333,748	4,905,143	3,448,189	2,730,710

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2013 RM	Group 2012 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	12,532,554	3,896,634
Approved but not contracted for:		
Property, plant and equipment	177,968,720	248,766,450
	190,501,274	252,663,084

(b) Finance lease commitments

The Group has finance leases for certain items of motor vehicles (Note 14). These leases do 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 are as follows:

	Group 2013 RM	Group 2012 RM
Minimum lease payments:		
Not later than 1 year	35,760	-
Later than 1 year but not later than 2 years	35,760	-
Later than 2 years but not later than 5 years	89,352	-
Total minimum lease payments	160,872	-
Less: Amounts representing finance charges	(15,541)	-
Present value of minimum lease payments	145,331	-
Present value of payments:		
Not later than 1 year	29,669	-
Later than 1 year but not later than 2 years	31,176	-
Later than 2 years but not later than 5 years	84,486	-
Present value of minimum lease payments	145,331	-
Less: Amount due within 12 months (Note 25)	(29,669)	-
Amount due after 12 months (Note 25)	115,662	-

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. There were no balances outstanding at year end.

During the financial year, the Group recognised a net loss of RM10,980 (2012: net gain of RM10,100) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

34. Fair value of financial instruments

(a) Determination of fair value

Set out below, is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

	Carrying amount		Fair value	
Group	**2013**	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Financial liability:				
Interest-bearing loans and borrowings				
- Bankers acceptances	1,280,000	3,672,000	1,280,000	3,672,000
- Bank overdrafts	24,669,134	20,182,378	24,669,134	20,182,378
- Obligations under finance leases	145,331	-	145,082	-
- Revolving credits	66,040,731	76,302,998	66,040,731	76,502,998
- Islamic loans	26,915,000	33,055,000	26,304,709	32,329,277
- Term loans	297,105,932	267,790,353	292,535,586	263,396,123
Company				
Financial liability:				
Interest-bearing loans and borrowings				
- Islamic loans	26,915,000	33,055,000	26,304,709	32,329,277

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

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

(ii) 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.

(iii) Amounts due from/to associate and subsidiaries

The carrying values of amounts due from/to associate and subsidiaries in current assets and current liabilities approximate fair value due to their short term nature.

(iv) 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.

(b) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. Fair value of financial instruments (Continued)

(b) Fair value hierarchy (Continued)

The following table provides the fair value measurement hierarchy of the Group's liabilities.

Quantitative disclosures fair value measurement hierarchy liabilities as at 31 December are as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 December 2013				
Liability for which fair values are disclosed:				
Interest-bearing loans and borrowings				
- Bankers acceptance	-	1,280,000	-	1,280,000
- Bank overdrafts	-	24,669,134	-	24,669,134
- Obligations under finance leases	-	145,082	-	145,082
- Revolving credits	-	66,040,731	-	66,040,731
- Islamic loans	-	26,304,709	-	26,304,709
- Term loans	-	292,535,586	-	292,535,586
31 December 2012				
Liability for which fair values are disclosed:				
Interest-bearing loans and borrowings				
- Bankers acceptances	-	3,672,000	-	3,672,000
- Bank overdrafts	-	20,182,378	-	20,182,378
- Revolving credits	-	76,502,998	-	76,502,998
- Islamic loans	-	32,329,277	-	32,329,277
- Term loans	-	263,396,123	-	263,396,123

31 December 2013				
Liability for which fair values are disclosed:				
Interest-bearing loans and borrowings				
- Islamic loans	-	26,304,709	-	26,304,709
31 December 2012				
Liability for which fair values are disclosed:				
Interest-bearing loans and borrowings				
- Islamic loans	-	32,329,277	-	32,329,277

There have been no transfers between Level 1 and Level 2 during the financial year.

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.

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 20. 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 20.

(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 2013				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	47,113,882	-	-	47,113,882
Loans and borrowings	165,736,947	231,857,354	18,561,827	416,156,128
Total undiscounted financial liabilities	212,850,829	231,857,354	18,561,827	463,270,010
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

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 2013				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	38,421,545	-	-	38,421,545
Loans and borrowings	6,140,000	20,775,000	-	26,915,000
Total undiscounted financial liabilities	44,561,545	20,775,000	-	65,336,545
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 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.

Sensitivity analysis for interest rate risk

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/(loss) net of tax would have been RM324,123 (2012: RM228,726) 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 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/(loss) net of tax to a reasonably possible change in the 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/(loss) net of tax		Company Profit net of tax	
	2013 RM	2012 RM	2013 RM	2012 RM
NOK/RM - strengthen by 5%	-	(446,161)	-	-
NOK/RM - weaken by 5%	-	446,161	-	-
SGD/RM - strengthen by 5%	(789,583)	238,289	1,940	101,590
SGD/RM - weaken by 5%	789,583	(238,289)	(1,940)	(101,590)
USD/RM - strengthen by 5%	431,016	1,033,919	-	-
USD/RM - weaken by 5%	(431,016)	(1,033,919)	-	-
RM/SGD - strengthen by 5%	101,431	(855,851)	-	-
RM/SGD - weaken by 5%	(101,431)	855,851	-	-
USD/SGD - strengthen by 5%	(319,217)	(525,583)	-	-
USD/SGD - weaken by 5%	319,217	525,583	-	-
SGD/USD - strengthen by 5%	62,525	214,072	-	-
SGD/USD - weaken by 5%	(62,525)	(214,072)	-	-
RM/USD - strengthen by 5%	(2,329,223)	13,804	-	-
RM/USD - weaken by 5%	2,329,223	(13,804)	-	-
AUD/USD - strengthen by 5%	39,860	42,790	-	-
AUD/USD - weaken by 5%	(39,860)	(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 2013 and 2012.

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 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	
	2013	2012	2013	2012	2013	2012	2013	2012		2013	2012
	RM	RM	RM	RM	RM	RM	RM	RM	Notes	RM	RM
Revenue:											
External customers	92,902,123	22,764,979	115,848,116	98,665,257	-	-		-		208,750,239	121,430,236
Inter-segment	80,441,483	38,147,600	20,085,764	11,915,305	8,890,047	7,926,069	(109,417,294)	(57,988,974)	A	-	-
Total revenue	173,343,606	60,912,579	135,933,880	110,580,562	8,890,047	7,926,069	(109,417,294)	(57,988,974)		208,750,239	121,430,236
Results:											
Interest income	1,323,901	1,298,584	4,396,395	4,300,605	3,383,997	3,670,399	(5,196,012)	(5,402,734)		3,908,281	3,866,854
Depreciation and amortisation	7,506,794	7,638,555	32,555,553	26,907,910	48,228	53,427	(2,003,289)	(1,667,239)		38,107,286	32,932,653
Other non-cash expenses	4,089,471	7,667,106	13,030,013	16,319,519	-	-	-	137,607	B	17,119,484	24,124,232
Segment profit/(loss)	150,445	(30,226,685)	20,370,846	17,319,891	6,693,585	9,127,711	(10,303,968)	(1,193,522)	C	16,910,908	(4,972,605)
Assets:											
Investment in an associate	-	-	-	-	4,701,625	3,526,081	-	-		4,701,625	3,526,081
Investment in a joint venture	-	-	-	-	812,780	-	-	-		812,780	-
Additions to non-current assets	879,622	2,402,115	167,463,034	41,498,697	-	-	(106,883,559)	(3,627,768)	D	61,459,097	40,273,044
Segment assets	317,947,331	336,964,443	887,943,682	598,884,389	513,300,717	631,356,267	(746,925,508)	(611,307,389)	E	972,266,222	955,897,710
Segment liabilities	244,767,153	264,215,604	602,135,653	324,253,199	160,477,483	290,536,934	(485,756,361)	(355,695,469)	F	521,623,928	523,310,268

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	2013 RM	2012 RM
Deposits written off	9	-	3,038,223
Inventories written off	9	1,242,655	3,899,596
Provision for maintenance warranties	9	-	1,198,785
Reversal of provision for maintenance warranties	9	(1,310,535)	-
Property, plant and equipment written off	9	2,079	571,582
Impairment loss on capital work-in-progress	9	12,879,267	12,416,046
Impairment loss on trade and other receivables	9	4,306,018	3,000,000
		17,119,484	24,124,232

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:

	2013 RM	2012 RM
Dividend from an associate	(250,000)	(600,000)
Dividend from subsidiaries	(4,840,000)	(4,775,400)
(Profit)/Loss from inter-segment sales	(5,308,111)	5,243,947
Finance costs	3,413,774	3,952,257
Share of results of an associate	1,333,509	1,800,252
Share of results of a jointly controlled entity	(52,157)	-
Unallocated corporate expenses	(4,600,983)	(6,814,578)
	(10,303,968)	(1,193,522)

D Additions to non-current assets consist of:

Property, plant and equipment	61,459,097	40,273,044

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

	2013 RM	2012 RM
Investment in subsidiaries	(235,446,107)	(235,346,099)
Investment in an associate	1,201,626	26,081
Investment in a joint venture	(1,967,221)	-
Inter-segment assets	(510,713,806)	(375,987,371)
	(746,925,508)	(611,307,389)

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:

	2013 RM	2012 RM
Deferred tax liabilities	1,247,518	1,260,318
Inter-segment liabilities	(487,003,879)	(356,955,787)
	(485,756,361)	(355,695,469)

Geographical information

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

	Revenue		Non-current assets	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysia	200,749,667	115,252,285	657,051,775	432,076,620
Singapore	8,000,572	6,177,951	24,193,511	24,938,805
	208,750,239	121,430,236	681,245,286	457,015,425

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

	2013 RM	2012 RM
Property, plant and equipment	668,273,568	443,464,952
Land use rights	12,971,718	13,550,473
	681,245,286	457,015,425

38. Dividend

	Dividends in respect of Year		Dividends recognised in Year	
	2013 RM	2012 RM	2013 RM	2012 RM
Recognised during the financial year:				
Dividend on 500,000,000 ordinary shares: Final single tier tax exempt dividend for 2011: 2.00% of RM0.50 each (1 sen per ordinary share)	-	-	-	5,000,000
Proposed but not recognised as a liability as at 31 December:				
Final single tier tax exempt dividend for 2013: 2.00% on 500,000,000 ordinary shares of RM0.50 each (1 sen per ordinary share)	5,000,000	-	-	-

38. Dividend (Continued)

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2013, of 2.0% on 500,000,000 ordinary shares, amounting to a dividend payable of RM5,000,000 (1.0 sen per ordinary share) shall be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

39. Significant events

On 7 December 2012, one of the subsidiaries of the Group has initiated arbitration before the Kuala Lumpur 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.

The subsidiary filed a claim against BPS on 8 May 2013 under the KLRCA arbitration for interest, damages and expenses incurred by the company for breaches of the contract by BPS. BPS has filed a statement of defence and counterclaim on 7 June 2013.

On 6 June 2013, another subsidiary of the Group filed a claim against BPS for unpaid charges from BPS under a shipbuilding contract dated 3 September 2008. BPS filed a counter claim on 12 August 2013. The said subsidiary subsequently filed a defence on BPS's counterclaim on 12 February 2014.

The Directors are of the view that there are reasonably good prospects of recovering the disputed sums on both cases and successfully resisting BPS's counterclaims.

The Group has made adequate provisions for potential impairment and allowance for doubtful debts pending the settlement of the disputes on both cases.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 22 April 2014.

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 2013 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Recognised during the financial year:				
Total retained earnings of the Company and its subsidiaries:				
- Realised	386,760,497	373,769,756	13,715,725	8,702,622
- Unrealised	(41,568,049)	(47,592,693)	2,549	2,783
	345,192,448	326,177,063	13,718,274	8,705,405
Less: Consolidation adjustments	(230,935,826)	(225,478,608)	-	-
Total retained earnings	114,256,622	100,698,455	13,718,274	8,705,405

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m) / hectare	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NET CARRYING AMOUNT AS AT 31.12.2013 (RM)
1	Lot 156 Block 5, Kuala Baram Land District / [Lot 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Vacant agriculture land / N/A	SEALINK SHIPYARD SDN BHD (195853-D)	8,050 square metres, more or less	[N/A] / [60 years] / Lease term expires on 2nd August, 2071	**110,792**
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 square metres, more or less	[6 years] / [60 years] / Lease term expires on 27th February, 2056	**22,460,757**
3	Lot 1341 Miri Concession Land District / [Lot 1341, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building / Vacant workshop and vacant workers quarters	SEALINK SHIPYARD SDN BHD (195853-D)	1,971 square metres, more or less	[5 years] / [60 years] / Lease term expires on 31st December, 2027	**522,354**
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 and vacant workshop)	SEALINK SHIPYARD SDN BHD (195853-D)	4,700 square metres, more or less	[5 years] / [60 years] / Lease term expires on 24th February, 2052	**1,708,114**
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 (workshop and vacant warehouse)	SEALINK SENDIRIAN BERHAD (20471-D)	4,039 square. metres, more or less	[34 years] / [60 years] / Lease term expires on 31st December, 2027	**1,659,719**
6	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 square metres, more or less	[N/A] / [60 years] / Lease term expires on 11th June, 2036	**7,586,942**
7	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 agriculture land / N/A	SEALINK SENDIRIAN BERHAD (20471-D)	23,110 square metres, more or less	[N/A] / [60 years] / Lease term expires on 2nd October, 2071	**83,810**

LANDED PROPERTIES

NO	LAND IDENTIFICATION / POSTAL ADDRESS	DESCRIPTION OF PROPERTY / USAGE	OWNER	AREA (sq m) / hectare	APPROXIMATE AGE OF THE BUILDING / TENURE/DATE OF EXPIRY OF LEASE	ADJUSTED NET CARRYING AMOUNT AS AT 31.12.2013 (RM)
8	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 square metres, more or less	[44 years] /[60 years] / Lease term expires on 31st December, 2027	**1,360,863**
9	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 square metres, more or less	[N/A] / [60 years] / Lease term expires on 7th April, 2057	**10,475,863**
10	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 square metres, more or less	[5 years] / [60 years] / Lease term expires on 17th July, 2058	**6,040,339**
11	Lot 8139, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Perkutuan, Labuan]	Vacant industrial land / N/A	BRISTAL VIEW SDN BHD (253385-T)	0.9841 hectare	[N/A] / [999 years] / Lease term expires on 2nd August, 2865	**1,230,406**
12	Lot 12039, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Perkutuan, Labuan]	Vacant industrial land / N/A	BRISTAL VIEW SDN BHD (253385-T)	3.133 hectare	[N/A] / [999 years] / Lease term expires on 2nd August, 2865	**3,917,143**
13	Lot 288 Block 1, Kuala Baram Land District / [Lot 288, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Industrial land and building / 2 blocks of workers quarters	ALIRAN SAKSAMA SDN BHD (473205-H)	19,647 square metres., more or less	[4 years] / [60 years] / Lease term expires on 22nd October, 2067	**3,259,114**

ANALYSIS OF SHAREHOLDINGS (Ordinary Shares) As at 30 April 2014

ANALYSIS OF ORDINARY SHAREHOLDINGS

Class of Equity Security

Authorised share capital	:	RM1,000,000,000.00
Issued & fully paid-up capital	:	RM250,000,000.00
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

Distribution of shareholdings

	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1 - 99	6	0.20	208	0.00
100 - 1,000	747	24.89	172,392	0.03
1,001 - 10,000	986	32.86	6,469,400	1.29
10,001 - 100,000	1,047	34.89	37,890,400	7.58
100,001 - 24,999,999 (*)	212	7.06	83,287,601	16.66
25,000,000 AND ABOVE (**)	3	0.10	372,179,999	74.44
TOTAL	**3,001**	**100.00**	**500,000,000**	**100.00**

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

Directors' Shareholdings

No.	Name Of Directors	No. of Shares Direct	%	No. of Shares Indirect	%
1	ERIC KHOO CHUAN SYN @ KHOO CHUAN SYN	30,000	0.01	0	0.00
2	DATO' SEBASTIAN TING CHIEW YEW	137,500	0.03	0	0.00
3	TOH KIAN SING	0	0.00	0	0.00
4	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	60,000	0.01
5	YONG FOH CHOI	45,716,800	9.14	326,463,199 [a]	65.29
6	YONG KIAM SAM	67,382,399	13.48	304,797,600 [b]	60.96

Note:
[a] Deemed interest by virtue of his substantial shareholding in Sealink Holdings Sdn Bhd and his son, Yong Kiam Sam's shareholding in the Company
[b] Deemed interest by virtue of his father, Yong Foh Choi's substantial shareholding in Sealink Holdings Sdn Bhd and also his father's shareholding in the Company

Substantial Shareholdings

	DIRECT		INDIRECT	
NAME	NO. OF SHARES HELD	%*	NO. OF SHARES HELD	%
SEALINK HOLDINGS SDN. BHD. (164959-P)	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 2014

Thirty (30) Largest Shareholders

	HOLDER NAME AND ADDRESS	Shareholdings	%
1	SEALINK HOLDINGS SDN. BHD. (164959-P) 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	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
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH PIK CHAI GROUND FLOOR BANGUNAN ECM LIBRA 8 JALAN DAMANSARA ENDAH DAMANSARA HEIGHTS 50490 KUALA LUMPUR	5,139,300	1.03
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LO GA LUNG 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	3,737,600	0.75
7	LAI CHUN LIAN NO 77 PASAR BATU 7 JALAN PENRISSEN 93250 KUCHING	2,075,700	0.42
8	DATA HASRAT SDN BHD 25TH FLOOR BANGUNAN AMBANK GROUP JALAN RAJA CHULAN 50200 KUALA LUMPUR	2,000,000	0.40
9	LAU KA TEE LOT 320 1ST FLOOR JALAN NAHKODA GAMPAR P O BOX 1665 98008 MIRI	2,000,000	0.40
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF) LEVEL 13 MENARA OCBC 18 JALAN TUN PERAK 50050 KUALA LUMPUR	1,696,100	0.34

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 30 April 2014

	HOLDER NAME AND ADDRESS	Shareholdings	%
11	TING HUA PING NO 15-B JLN SAWI 96000 SIBU	1,559,600	0.31
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	1,520,000	0.30
13	OON PHAIK SIEW A-4-3 SRI LANGIT CONDO JALAN TAMAN SEPUTEH 7 TAMAN SEPUTEH 58000 KUALA LUMPUR	1,230,000	0.25
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG HAI ONG (MK0127) LEVEL 7, WISMA AMANAH RAYA BERHAD JALAN SEMANTAN DAMANSARA HEIGHTS 50490 KUALA LUMPUR	1,200,000	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	GLOBALISED MARKET TRADERS PTE LTD BLK 52 CHIN SWEE ROAD #03-63 SINGAPORE 160052	1,000,000	0.20
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PHUA KIAP WITE 14TH FLOOR, MENARA MAYBANK 100, JALAN TUN PERAK 50050 KUALA LUMPUR	828,500	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 2014

	HOLDER NAME AND ADDRESS	Shareholdings	%
22	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW KAH HENG (M03) LEVES 2,3,4,7 & 8 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	750,000	0.15
23	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOLOMON TAN YIIN YUH 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	730,000	0.15
24	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
25	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ML MARKETING SDN. BHD. 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	715,500	0.14
26	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG SING NGUONG 15TH FLOOR BANGUNAN AMBANK GROUP 55 JALAN RAJA CHULAN 50200 KUALA LUMPUR	700,000	0.14
27	YII SIEW SANG LOT 732 JALAN LIMAU 4 PUJUT 5B 98000 MIRI	680,000	0.14
28	LEE CHOON HOOI 13 JALAN 5/39 46000 PETALING JAYA	661,800	0.13
29	WONG ANN PANG @ SEOW TUN SIN 24 PECK SEAH STREET #09-02 NEHSONS BUILDING SINGAPORE 079314	650,000	0.13
30	LAU CHIOK ING LOT 2343 DESA SERI 98000 MIRI	636,000	0.13
	TOTAL	**413,711,199**	**82.74**
	TOTAL ISSUED SHAREHOLDINGS	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 Sixth Annual General Meeting of the Company to be held on Friday, 20 June 2014 at 11:00 a.m. and at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Declaration of a single tier tax exempt final dividend of one (1) sen per ordinary share for the financial year ended 31 December 2013.		
2.	To approve Directors' Fees for the financial year ending 31 December 2014 .		
3.	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.		
4.	To re-elect Mr Yong Kiam Sam, who shall retire in accordance with Article 89 of the Company's Articles of Association as a Director of the Company.		
5.	To re-elect Mr Toh Kian Sing, who shall retire in accordance with Article 89 of the Company's Articles of Association as a Director of the Company.		
6.	To re-elect Dato' Sebastian Ting Chiew Yew, who shall retire in accordance with Article 96 of the Company's Articles of Association as a Director of the Company.		
7.	To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration.		
8.	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 or abstain from voting at his discretion).

Dated this

....

Signature of Shareholder(s)/Common Seal

NOTES:

Only Depositors whose names appear in the General Meeting Record of Depositors as at 16 June 2014 be regarded as Members and shall be entitled to attend, speak and vote at the Sixth Annual General Meeting.

A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 ("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.

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AFFIX
STAMP

**REGISTERED OFFICE/
PRINCIPAL PLACE OF BUSINESS**

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

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