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

ANNUAL REPORT **2014**

SEALINK INTERNATIONAL BERHAD
(800981-X)

annual **report**
2014

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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 to 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 World 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 Optimization of Systems

Zero Accidents and Zero Pollution

Continuously Improving In Health, Safety, Security and Quality Management

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)
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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
Dato' Sebastian Ting Chiew Yew	Independent Non-Executive Director
Toh Kian Sing	Independent Non-Executive Director
Wong Chie Bin	Independent Non-Executive Director

Audit Committee
Wong Chie Bin
Chairman of Audit Committee

Toh Kian Sing
Member of Audit Committee

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

Dato' Sebastian Ting Chiew Yew
Member of Audit Committee

Nominating Commitee
Eric Khoo Chuan Syn @ Khoo Chuan Syn
Chairman of Nominating Committee
(Appointed on 18 November 2014)

Toh Kian Sing
Member of Nominating Committee

Wong Chie Bin
Member of Nominating Committee

Dato' Sebastian Ting Chiew Yew
Member of Nominating Committee

Remuneration Committee
Toh Kian Sing
Chairman of Remuneration Committee
(Appointed on 18 November 2014)

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

Wong Chie Bin
Member of Remuneration Committee

Dato' Sebastian Ting Chiew Yew
Member of Remuneration Committee

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

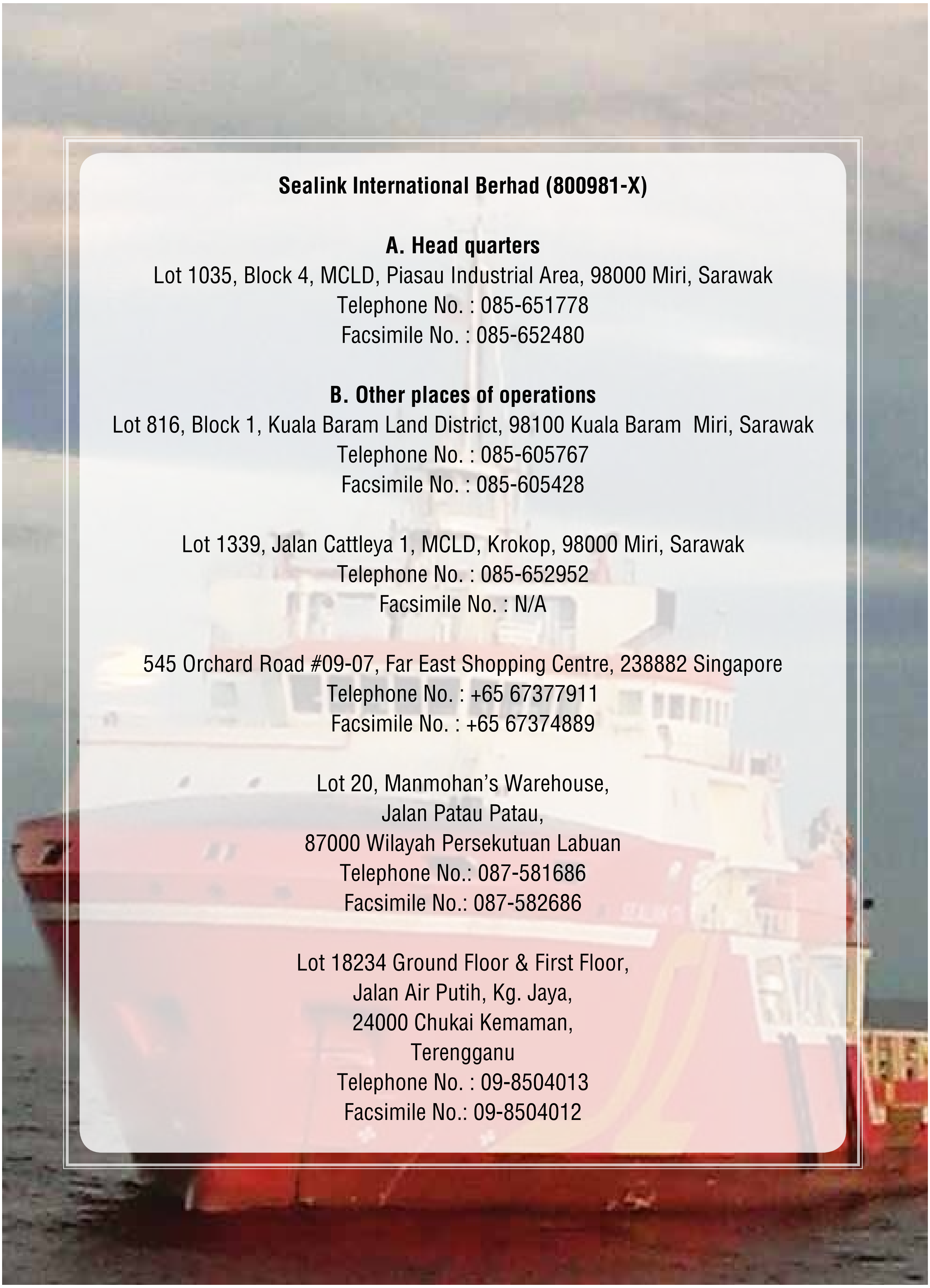
AmBank (M) Berhad (8515-D)
Regional Business Centre- Sarawak
No.164, 166 & 168, 1st Floor
Jalan Abell, 93100 Kuching Sarawak
Telephone No. : 082-244791
Facsimile No. : 082-244718

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. : 085-652952
Facsimile No. : N/A

545 Orchard Road #09-07, Far East Shopping Centre, 238882 Singapore
Telephone No. : +65 67377911
Facsimile No. : +65 67374889

Lot 20, Manmohan's Warehouse,
Jalan Patau Patau,
87000 Wilayah Persekutuan Labuan
Telephone No.: 087-581686
Facsimile No.: 087-582686

Lot 18234 Ground Floor & First Floor,
Jalan Air Putih, Kg. Jaya,
24000 Chukai Kemaman,
Terengganu
Telephone No. : 09-8504013
Facsimile 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

Singapore	Labuan	Malaysia				
Chartering						Shipbuilding and Repair
Sea-Good Pte Ltd (199707263C) 100 %	Sealink Offshore (L) Ltd LL06872 100%	Sealink Sdn. Bhd. 20471-D 100%	Euroedge Sdn. Bhd. 571944-T 100%	Era Sureway Sdn. Bhd. 687555-V 100%		Sealink Engineering and Slipway Sdn. Bhd. 653820-H 100%
Seabright (Singapore) Pte Ltd (201001447E) 100 %	Sealink Resources (L) Ltd LL06873 100%	Sutherfield Resources Sdn. Bhd. 467227-T 100%	Era Surplus Sdn. Bhd. 648806-D 100%	Cergas Majusama Sdn. Bhd. 635714-U 100%		Baram Moulding Industries Sdn. Bhd. 200873-D 100%
	Sealink Marine (L) Ltd LL06874 100%	Seasten Sdn. Bhd. 1054955-A 100%	Godrimaju Sdn. Bhd. 535404-U 100%	Navitex Shipping Sdn. Bhd. 620404-K 100%		Sealink Shipyard Sdn. Bhd. 195853-D 100%
	Sealink Antarabangsa Ltd LL07806 100%	Midas Choice Sdn. Bhd. 646673-H 100%	Seabright Sdn. Bhd. 30204-K 100%	Sealink Management Sdn. Bhd. 250551-H 100%		Aliran Saksama Sdn. Bhd. 473205-H 100%
	Perkasa Asia Corporation Ltd LL07807 100%	Sea Legend Shipping Sdn. Bhd. 703278-W 100%	Sea Alpha Sdn. Bhd. 886816-V 100%	Sealink Marine Sdn. Bhd. 226309-A 100%		
	Hanvoir (L) Ltd LL09810 100%	Mitra Angkasa Sdn. Bhd. 974404-T 50.0001%	Sealink Pacific Sdn. Bhd. 191968-H 100%			
		Logistine Sdn. Bhd. 896190-T 25%	Bristal View Sdn. Bhd. 253385-T 100%			

Group Financial Highlights

A) Quarterly results 2014

	Quarter 1 RM'000	Quarter 2 RM'000	Quarter 3 RM'000	Quarter 4 RM'000	Year Ended 31 December RM'000
Revenue	36,192	31,708	31,330	28,864	128,094
Profit/(loss) before tax	5,745	1,782	211	(4,077)	3,661
Profit/(loss) after tax	4,647	1,607	413	1,591	8,258
Attributable to ordinary equity holders of the Company	4,647	1,607	413	1,591	8,258

B) Segmental performance - Revenue

Revenue	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Chartering	69,355	86,987	98,557	115,740	121,304
Shipbuilding	155,483	114,924	22,765	92,902	6,704
Rental income	54	108	108	108	86
Total	224,892	202,019	121,430	208,750	128,094

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

Net profit/(loss) before tax	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Chartering	19,601	21,217	26,013	20,832	30,762
Shipbuilding	19,616	(4,135)	(27,454)	(4,373)	(29,873)
Others	(1,760)	4,715	(3,532)	452	2,772
Total	37,457	21,797	(4,973)	16,911	3,661

D) Financial Statistics

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Basic earnings/(loss) per share (Sen)	6.67	3.54	(1.82)	2.71	1.65
Net dividend per share (Sen)	2.70	1.00	-	1.00	-
Operating profit margin (%)	19.84	16.85	12.58	16.94	17.28
Return on average shareholders' equity (%)	7.70	4.01	(2.07)	3.07	1.81
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.88	0.89	0.87	0.90	0.92

Calendar of Events in 2014

Month	Date	Event
January		
February		
March		
April	6	New long term contract for Straight Supply Vessel, 5 years
	28	Safety Stand Down
	29	Be Safe Photo Competition
	29	Health Screening
	30	Demo on Fire Safety Awareness
May	2	HSE Away Day
June		
July	4	Sale of a Utility Supply Vessel
August	30	Letter of Appreciation for successfully rescuing 26 foreign national fishermen off the
		East Coast of Terengganu.
September	16	916 Go Cycle 4 Autism 2014
	26	Health Talk- Heart related disease & more
October	31	Transfer of Supply Vessel to Chartering Division
November	10	Sale of a Tank Barge
	14	Sale of a Landing Craft
December	8	Transfer of Safety Standby Vessel to Chartering Division
	9	Best HSE Performance for Petronas Carigali Sdn Bhd

Key

- Chartering division
- Shipbuilding division
- CSR
- Corporate information

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh 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 Wednesday, 10 June 2015 at 11:30 a.m. to transact the following businesses :-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
2. To approve Directors' Fees for the financial year ending 31 December 2015. **Resolution No. 1**
3. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Foh Choi, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **Resolution No. 2**
4. To re-elect Mr Eric Khoo Chuan Syn @ Khoo Chuan Syn who shall retire in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. **Resolution No. 3**
5. To re-elect Mr Wong Chie Bin, who shall retire in accordance with Article 89 of the Company's Articles of Association, as a Director of the Company. **Resolution No. 4**
6. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. **Resolution No. 5**

AS SPECIAL BUSINESS

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

7. Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965 **Resolution No. 6**

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

By order of the Board,

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

Dated : 19 May 2015

Explanatory Notes to Special Business

1. **Ordinary Resolution No. 6**

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

The Ordinary Resolution proposed under Resolution 6 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 6, 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 Sixth Annual General Meeting held on 20 June 2014 and which will lapse at the conclusion of the Seventh Annual General Meeting to be held on 10 June 2015.

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 3 June 2015 be regarded as Members and shall be entitled to attend, speak and vote at the Seventh 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 SEVENTH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement 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 Seventh Annual General Meeting of the Company.

Profiles of Director

Yong Foh Choi

Managing Director
Non-Independent Executive Director
Malaysian

Yong Foh Choi, aged 76, 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, Yong Foh Choi 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 44, 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
Chairman of Nominating Committee
Member of Remuneration Committee
Member of Audit Committee
Malaysian

Eric Khoo Chuan Syn @ Khoo Chuan Syn, aged 59, was appointed to the Board of Sealink International Berhad on 20 May 2008.

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

With over 30 years of experience as an advocate and solicitor, Mr Khoo has been our Group's main solicitor and legal advisor. As such, we believe that he will be a valuable asset to our Group.

He 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
Chairman of Remuneration Committee
Member of Nominating Committee
Member of Audit Committee
Singaporean

Toh Kian Sing, aged 49, was appointed to the Board of Sealink International Berhad on 23 May 2008. He is currently a Senior Partner of Rajah & Tann Singapore LLP, one of the largest law firms in Singapore, where he is the Head of the Shipping and International Trade 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 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
Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Malaysian

Wong Chie Bin, aged 59, 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 Chartered Accountants Australia and New Zealand.

He has over thirty years of working experience in accounting, auditing, taxation and management consultancy services.

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
Member of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Malaysian

Dato' Sebastian Ting Chiew Yew, aged 60, 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.

On 17 February 2015 he was appointed by the Government of Sarawak as a member of Piasau Nature Reserve Implementation and Endowment Committee.

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,

The oil and gas industry went into a grinding halt due to the tumble in the crude oil price from USD100 per barrel in July 2014 to approximately USD55 per barrel at the end of 2014. Oil majors are currently readjusting their processes and reducing their production costs through capital and operational expenditure rationalisation, delaying of projects, renegotiation and early termination of contracts and downsizing their current operations.

The financial results of Sealink International Berhad Group ("Sealink") for financial year ended 31 December 2014 ("FYE 2014") were affected by the slowdown in the oil and gas industry due to the sharp plunge in the crude oil price.

Operations and Financial Review

FYE 2014 was a challenging year for Sealink. However, we managed to maintain the utilisation of our vessels despite the oversupply of offshore support vessels in Malaysia. The chartering division registered the highest revenue todate, at RM121 million for FYE 2014.

Despite incurring losses in the shipbuilding division, Sealink was still able to achieve a Net Profit After Tax ("NPAT") at RM8.2 million for FYE 2014, 38% lower than the NPAT achieved in for financial year ended 31 December 2013 ("FYE 2013"). Sealink recorded revenue of RM128 million for FYE 2014, a decline of 39% from the revenue recorded for FYE 2013. The revenue from the shipbuilding division dropped to RM6.7 million for FYE 2014 from RM92.9 million in FYE 2013. During FYE 2014, the shipbuilding division transferred RM51 million worth of vessels to the chartering division. The transfer in FYE 2014 is lower by RM6 million compared to FYE 2013 of RM57 million.

Our chartering division showed an increase in Net Profit Before Tax ("NPBT") of 48% for FYE 2014 as compared to the NPBT achieved in FYE 2013. The major reason for the increase in revenue was mainly from the two multi purpose anchor handling tug supply vessels and the fleet modernisation exercise undertaken by Sealink over the last few years.

The financial results of Sealink were greatly impacted by the huge slowdown in the shipbuilding division and registered a net loss before tax of RM30 million for FYE 2014 . The slowdown in shipbuilding affects most shipbuilders in Malaysia due to threats and challenges from shipbuilders and ship repairers in China and Singapore.

For FYE 2014, Sealink provided impairments, wrote down and wrote off assets amounting to RM15.1 million. The majority of the write downs were from slow moving inventories in the shipbuilding division amounting to RM12.6 million. Sealink recognised a reduction of deferred income tax liability of RM11.0 million for FYE 2014. All of the above mentioned impairments and deferred tax income have no impact on the cash flow as these were merely accounting treatments, required by the Malaysian Financial Reporting Standards.

Dividend

Due to the current challenging environment and unstable global crude oil price, the Board of Directors of Sealink ("Board") is not recommending any dividend for Sealink for the FYE 2014.

The Oil and Gas Industry worldwide

The oil and gas industry is currently entering an unprecedented phase whereby the majority of the oil and gas produced are not from the Organisation of the Petroleum Exporting Countries ("OPEC") member countries. The global crude oil price was previously stabilised by the OPEC members. However, they are not expected to reduce their production this time round as they are currently only contributing approximately 30% of the total oil and gas supply globally and are not willing to give up their current market share by cutting back on their production.

Petronas, which had previously committed to the RM300 billion capital expenditure for 2011 to 2015, has been reducing its Capital and Operating Expenditure by 15% to 20% due to the unstable crude oil price (*RHB-OSK Research*). Currently, Petronas has been awarding short term contracts for vessels and delaying several contracts to save costs and improve budget flexibility in view of the uncertainty in the crude oil price.

Message to Shareholders

Outlook for 2015

In our opinion, the crude oil price should trend higher in the long term. However, the short term price of crude oil will be range bound due to the global supply, especially from the oil producers in the United States.

With the current low crude oil price, many projects will be shelved in the short term. The long term plan to develop deeper water exploration and production activities will take a back seat until crude oil prices stabilise at a higher level.

All of the oil and gas service companies, including Sealink, will have to reduce their operational costs in line with the decreased charter rates presently experienced.

Although new vessel contracts are expected to be awarded later in this year, the charter rates are expected to be soft due to the current excess supply of offshore support vessels available for charter.

Sealink is also undertaking another round of rationalisation for our shipbuilding division in view of the global slowdown in the shipbuilding industry. We are currently targeting to reduce the losses from our shipbuilding division and to achieve profitability in the next 2 to 3 years.

Our ship repair activity is currently doing well and is able to service vessels plying in the Borneo region. We will place more emphasis on the ship repair activity and may invest in another slipway in view of the increased demand for vessel repair.

On the whole, barring any unforeseen circumstances, we anticipate that 2015 will continue to be a challenging year as the crude oil price is not expected to increase significantly from the current level in the immediate future.

Corporate Development

There was no corporate development during the year 2014. We are currently expanding our presence in the ASEAN region in view of the slower oil and gas activities in Malaysia.

Corporate Social Responsibility

Sealink aims to protect and safeguard our stakeholder's well-being in ensuring them that we are a responsible corporation. Our focus includes the conservation of our environment in our community and country as a whole. We are equally concerned about our employee's well-being and to continuously strive to serve our customers better.

We always hold our employees in high regard, acknowledge due recognition and reward them for their contribution towards the Company. We have regularly organised various events to foster a cohesive working environment amongst staff. We have an in-house gymnasium for leisure and organise games and competitions amongst our staff, suppliers and customers.

We participated in the "916 Go Cycle for Autism 2014" event organised by the Junior Chamber International Miri Malaysia (JCI) to raise funds and awareness on autism. We have also received a letter of appreciation for the rescue of 26 fishermen off the coast of Terengganu where they had been drifting for nine hours in the South China Sea.

Sealink has always welcomed comments and feedback for improvement from our employees and all comments and feedback for improvement are given due consideration by top management of Sealink. As we strive to improve our Group, we also try to ensure a comfortable working environment to all our staff and minimise any potential damage to the environment by reducing our carbon footprint.

Message to Shareholders

Corporate Governance

The Board believes in, and is committed to upholding corporate governance standards and practices recommended by the Malaysian Code on Corporate Governance 2012 as a pivotal step towards enhancing shareholder value as well as safeguarding the Group's assets. The Corporate Governance Statement set out on pages 21 to 28 of this Annual Report describes the measures taken by the Board in entrenching good governance practices in the Company.

Investor Relations

During the FYE 2014, 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 Company's latest developments and to improve public awareness.

Appreciation

On behalf of the Board, we wish to express our sincere appreciation to our committed management and staff for their wholehearted dedication and perseverance in reinforcing our position as one of the leading oil and gas offshore support vessel providers in Malaysia. Their efforts coupled with their high level of competency have contributed significantly to Sealink's performance for FYE 2014 amidst the adverse market situation.

We would also like to take this opportunity to thank our valued institutional and individual shareholders for your confidence and belief in the prospects of Sealink, 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 Governmental Authorities for their vital role in our strategic planning and execution.

Lastly, my special thanks also to my colleagues on the Board of Sealink 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:

Chairman	:	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 Chuan 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 and audit processes:

- review the quarterly financial statements;
- 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 shareholders 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 outcome, 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 Group's risk management and internal control systems, 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 key operating companies in the Group, encompassing the shipbuilding and chartering operations as set out in the letter of appointment of the internal audit function. Further details of the internal audit function and its activities for the financial year under review are mentioned in the Statement on Risk Management and Internal Control 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 2014. The attendances of members at the meetings convened are tabulated below:

Audit Committee member	Attendance at meetings duly convened
Mr Wong Chie Bin	5/5
Mr Toh Kian Sing	4/5
Mr Eric Khoo Chuan Syn @ Khoo Chuan Syn	4/5
Dato' Sebastian Ting Chiew Yew	5/5

The Audit Committee members were served with adequate notice of meeting by the secretary of the Committee, setting out the meeting agenda and relevant Board papers, which were distributed 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 and up to the date of this Report, 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, including the areas of audit emphasis and summary of planned audit procedures;
- reviewed the external auditors' reports arising from the audit and any 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, professionalism and independence before recommending them to the Board to be considered for re-appointment at the Annual General Meeting;
- reviewed the amount of professional fees for non-audit services provided by the external auditors to determine if the nature and the fees accorded with the Group's policy on the provision of non-audit services by the external auditors;
- 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; and
- reviewed related party transactions of the Group; and
- reported to the Board on its activities and significant findings and results.

The Audit Committee is aware of the importance for its members to undergo continuous professional education to stay apprised of regulatory developments that affect the Committee in the discharge of its responsibilities. Details of training courses and seminars attended by the Audit Committee members during the financial year under review are disclosed in the Corporate Governance Statement included in the Annual Report.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 30 April 2015.

Statement on Risk Management and Internal Control

Introduction

Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") stipulates that a listed issuer must ensure that its Board of Directors issues a statement about the state of internal control of the listed issuer as a group. Accordingly, the Board of Directors (the "Board") is pleased to furnish the Statement on Risk Management and Internal Control (the "Statement"), which outlines the nature and scope of the risk management and internal control systems in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2014 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this Statement takes into consideration the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" (the "Guidelines"), a publication of Bursa Securities.

The Board acknowledges its overall responsibility for the Group's risk management and internal control systems to safeguard shareholders' investment and the Group's assets, including the need to review the adequacy and operating effectiveness of these systems in meeting the Group's objectives. The Board is cognizant of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Recommendation 1.2 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), in particular, its principal responsibilities as outlined in the Commentaries of the same Recommendation of the MCCG 2012 in respect of the following:

- to identify principal business risks faced by the Group and ensure the implementation of appropriate controls and mitigation measures to address the risks; and
- to review the adequacy and integrity of the management information and internal control system of the Group.

The Board is also mindful of its role in establishing a sound framework to manage risk under Recommendation 6.1 of the MCCG 2012. The Group has in place a risk management process to identify and evaluate business risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute assurance, against any material misstatement, financial loss or fraudulent practices.

Risk Management Process

The Board recognizes the importance of risk management to safeguard shareholders' investment and the Group's assets. Accordingly, throughout the financial year under review, it has implemented a process where departments and divisions in the Group are required to identify and evaluate business risks faced in their respective areas with a view to manage such risks. A professional firm was engaged to assist in the risk assessment activities, where such business risks as identified were aggregated. During the financial year under review, these risks were documented in a report by the professional firm and presented to the Audit Committee, for onward reporting to the Board.

For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof, based on appropriate risk parameters that reflect the appetite of the Group.

Internal Control System

The Group has an established organizational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority, including limits of authority. Key duties are segregated amongst different personnel of major business divisions, such as shipbuilding and chartering operations, financial management and reporting, capital expenditure management and investments. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability. During the financial year under review, Management meetings, chaired by the Chief Executive Officer, are held with management personnel to oversee the financial and operational performance of the Group, including the discussion of challenges faced in operations and action plans to address the concerns. The system of internal control includes the proper delegation of duties and responsibilities from the Board to the Managing Director, Chief Executive Officer and Senior Management (collectively, the "Management"), with specified limits of authority, in running the key operations of the Group. In this respect, Management essentially comprises personnel with significant years of experience and who are in a position to identify and manage business risks relevant to the Group and design appropriate internal controls to manage these risks.

Internal Audit Function

The Group's Internal Audit Function is outsourced to an independent professional firm, which reports directly to the Audit Committee. The Internal Audit Function assists the Board, via its reporting to the Audit Committee, in assessing the adequacy and operating effectiveness of the Group's risk management and internal control systems established by Management, based on an agreed scope of work as outlined in an Annual Internal Audit Plan tabled to, and approved by, the Audit Committee during the financial year.

The areas covered by the Internal Audit Function for the financial year under review encompassed key processes such as financial, operational, compliance and strategic management, including a review of the risk management activities, undertaken by significant companies in the Group involved primarily in the shipbuilding and chartering operations.

The Internal Audit Function assessed the Group's risk management and internal control systems and reported its observations, including Management's response and action plans thereof, directly to the Audit Committee. The Internal Audit Function also followed up and reported to the Audit Committee the status of implementation by Management on the recommendations highlighted in its internal audit reports.

There was no restriction placed upon the scope of the Internal Audit function's work and the internal auditors were allowed unrestricted access to the records and relevant personnel of the Group.

During the financial year under review, the Audit Committee reviewed the work of the Internal Audit Function, its observations and recommendations to ensure that the Audit Committee obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of internal controls.

The costs incurred for the internal audit function for the financial year amounted to RM97,518.

Assurance by the Chief Executive Officer and General Manager of Group Finance on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Chief Executive Officer and the General Manager of Group Finance that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its Audit Committee, has reviewed the adequacy and operating effectiveness of the Group's risk management and internal control systems and that relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on observations raised by the Internal Audit Function and External Auditors directly to the Audit Committee.

The Board is of the view that there have been no significant weaknesses in the risk management and internal control systems that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. Notwithstanding this, the Board, through Management, continues to take measures to strengthen the Group's risk management and internal control systems from time to time based on recommendations of the Internal Audit Function as well as the External Auditors.

Review of Statement by the External Auditors

The External Auditors have reviewed this Statement according to Paragraph 15.23 of the MMLR of Bursa Securities and reported that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines to be set out, nor was it factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 30 April 2015.

Statement on Corporate Governance

The Board of Directors (the "Board") of Sealink International Berhad (the "Company") fully appreciates the importance of adopting high standards of corporate governance in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

The Board believes in embedding a culture that seeks to balance conformance requirements with the need to deliver long-term strategic value to shareholders and stakeholders through performance, predicated on entrepreneurship, control and ownership, without compromising personal or corporate ethics and integrity. As such, the Board strives to adopt the substance behind corporate governance recommendations and not merely the form.

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), this corporate governance statement (the "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 2014. Where a specific Recommendation of the MCCG 2012 has not been observed, the non-observation, including reasons thereof, and the alternative practice adopted, if any, including measures taken by the Company subsequent to the financial year, 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:

- review and adopt a strategic or business 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 elements of the business;
- oversee the conduct and governance of the Company's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group, comprising the Company and its subsidiaries, and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- succession planning - ensure that all candidates appointed to Senior Management and Board positions are of sufficient calibre and that there are programmes to provide for the orderly succession of Senior Management and members of the Board;
- oversee the development and implementation of a shareholder communication policy;
- review 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
- oversee 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 for them to report to the Board 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. To achieve this, the Board 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. In line with Recommendation of 1.7 of the MCCG 2012 to make public the Board Charter, the Company has uploaded the Board Charter on its website at www.asiasealink.com

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. As for the conduct of employees, the Board has formalized an Employees Handbook, subsequent to the financial year, to be observed by employees in the Group. The Board has also adopted 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 and Employee Handbook by Directors of the Company and employees in the Group respectively, 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.

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, subsequent to the financial year, has formalized the Company's sustainability policy, that addresses 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 respectively 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, including decisions to defer certain resolutions when the information needed to make informed decision is inadequate.

In addition, Board members are updated on the Company's activities and its operations on a regular basis, largely through scheduled Board and Board Committee meetings. 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 and/or Board Committee 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, as well as any changes to regulatory requirements that may affect the Company and the Board. 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 Securities, which stipulate 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; and 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 Independent Non-Executive Directors as its members:

- Eric Khoo Chuan Syn @ Khoo Chuan Syn (Chairman – re-designated as Independent Non-Executive Director on 21 May 2014);
- Toh Kian Sing;
- Wong Chie Bin; and
- Dato' Sebastian Ting Chiew Yew.

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 three (3) times, attended by all members. During the meetings and as at the date of this Statement, the Nominating Committee has carried out the following activities within its terms of reference and reported the outcome to the Board:

- evaluated the re-designation of a Non-Independent Non-Executive Director to an Independent Non-Executive Director, namely Eric Khoo Chuan Syn @ Khoo Chuan Syn, and recommended to the Board for approval;
- reviewed training undertaken by Directors as well as those training that are available for Directors for the ensuing year;
- discussed the search for a Board Chairman;
- initiated the discussion for the on-boarding for a female Director as part of Board diversity on gender in line with the Recommendation of the Malaysian Code on Corporate Governance 2012;
- reviewed and approved the Directors'/Key Officers' Evaluation Form, Board Skills Matrix Form and Board & Board Committee Evaluation Form 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. 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; and
- following the assessment of the Board, Board Committees and individual Directors, recommended for the Board's consideration to move for shareholders' approval the re-appointment and/or re-election of those Directors retiring at the forthcoming Annual General Meeting.

The Board has no specific policy on diversity of its members in terms of gender, age or ethnicity or target set to achieve a blend of these attributes, but believes that the Company should be appointing Directors who have the relevant skills, experience, knowledge, integrity, character and time to contribute towards realising the Company's objectives.

Directors' remuneration

The Remuneration Committee, established by the Board with specific terms of reference, comprises the following members as at the date of this Statement, who are exclusively Independent Non-Executive Directors:

- Toh Kian Sing (Chairman of Committee);
- Wong Chie Bin;
- Eric Khoo Chuan Syn @ Khoo Chuan Syn; and
- Dato' Sebastian Ting Chiew Yew.

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 recommends 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 2014 are as follows:

Types of remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	44,100	277,830
Salaries and bonus	1,245,586	-
Benefits-in-kind	26,503	-
Total	**1,316,189**	**277,830**

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		
50,001 – 100,000		4
550,001 – 600,000	1	
700,001 – 750,000	1	

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 its former Chairman. At each meeting of the Board, the Directors appoint from amongst them a Director to chair the meeting. For the six (6) 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, which comprises a majority of 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 Securities. 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 reference of Directors to assist them in making informed decisions. 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, compliance and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters deliberated by the Audit Committee and which require the Board's attention or direction, including approval, as the case may be. 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, which are confirmed by the Chairman at the next meeting.

Board Meetings

There were six (6) Board meetings held during the financial year ended 31 December 2014, with details of Directors' attendance set out below:

	Name of Director	Attendance
(a)	Yong Foh Choi	5/6
(b)	Yong Kiam Sam	6/6
(c)	Wong Chie Bin	6/6
(d)	Toh Kian Sing	5/6
(e)	Eric Khoo Chuan Syn @ Khoo Chuan Syn	5/6
(f)	Dato' Sebastian Ting Chiew Yew	5/6

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 Securities 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 Securities.

During the financial year under review, Directors attended the following training:

Name of Director and designation	Training topics and duration
Yong Foh Choi Managing Director	• Advocacy Sessions on Corporate Disclosure for Directors (Bursa) – half day
Yong Kiam Sam *Chief Executive Officer cum Deputy Managing Director*	• 6th Annual Offshore Support Vessels seminar in Singapore – 3 days • Electric & Hybrid Marine seminar in Amsterdam – 3 days • Transfer Pricing Breakfast Seminar in Singapore – 2 hours • 4th Annual Offshore Indonesia Oil & Gas in Jakarta seminar – 3 days • Tradewinds Offshore Marine Asia course – 1 day
Wong Chie Bin *Audit Committee Chairman,* *Independent Non-Executive Director*	• Advocacy Sessions on Corporate Disclosure for Directors (Bursa) – half day • National Tax Conference 2014 (CTIM) – 2 days • Cross Border Tax Planning (Crowe Horwath Asia Pacific Tax Academy) – 2 days • Goods And Services Tax (GST) Training Course (CTIM) – 6 days over 2 series • 2015 Budget Outlook - Crowe Horwath (Sarawak) Tax Sdn Bhd – 1 day • National Tax Seminar 2014 (LHDN) – 1 day
Toh Kian Sing *Remuneration Committee Chairman,* *Independent Non-Executive Director*	• Advocacy Sessions on Corporate Disclosure for Directors (Bursa) – half day • Conference on Asian Maritime Law & Arbitration Conference – 4 days over 2 series • SBF Event on Singapore Legal Environment – 1 day • Singapore Advanced Advocacy Course – 5 days • Talk on "Role of Bills of Lading in Trade Finance, Documents of Title and Enforcement of Security over • Goods Carried by Sea" for Citibank – 1 day • Moderator at Tea Talk on "Consequential Loss Exclusions - Navigating the Minefield – 2 hours • Speaker on "Recent Court Decisions on LC Cases on "The • Dophina", UOBM versus Indian Bank Singapore and Abanai Trading versus BNP Paribas Singapore – 2 days • Speaker at workshop on "Marine Cargo Insurance 101" – half day
Eric Khoo Chuan Syn @ Khoo Chuan Syn *Nominating Committee Chairman,* *Independent Non-Executive Director*	• Maybank Islamic Banking Seminar on Murabahah Commodity Product – 1 day • Advocacy Sessions on Corporate Disclosure for Directors (Bursa) – half day
Dato' Sebastian Ting Chiew Yew *Independent Non-Executive Director*	• Advocacy Sessions on Corporate Disclosure for Directors (Bursa) – half day • Workshop on "Appreciation & Application of ASEAN Corporate Governance Scorecard" (Bursa & Minority Shareholder Watchdog Group) – half day • GST Seminar - 3 hours

The Directors are notified periodically by the Company Secretary on the types of training courses available in the market that the Directors may consider attending in order to 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 Securities, 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 Independent Non-Executive Directors, chaired by Mr Wong Chie Bin, who is a member of the Malaysian Institute of Accountants. 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 Securities and the annual statutory financial statements.

The terms of reference of the Audit Committee include 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 obtains 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, the Company appointed an independent professional firm, namely Messrs KPMG Management & Risk Consulting Sdn Bhd, to assist the Board in developing this holistic Enterprise Risk Management framework.

The deliverable from this engagement, in the form of an Enterprise Risk Management Assessment Report, was tabled before the Board, including improvement measures to be deployed by the Board and Management to enhance the Group's risk management initiatives and activities. The recommended risk management framework includes, amongst others, the formalization of the Board's risk appetite, use of key risk indicators and more comprehensive 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 Board is in the midst of setting up a Risk Management Committee to oversee risk management in the Group for reporting to the Audit Committee and, ultimately, to the Board based on specific terms of reference.

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 Statement on Risk Management and Internal Control 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, during the financial year under review, has formalized pertinent policies and procedures on corporate disclosure not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, 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 has earmarked 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 Securities, 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 30 April 2015.

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 2014 amounted to RM68,530

Variation in Results

There is no material variance between the financial results and the unaudited results previously made for the financial year ended 31 December 2014.

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 2014.

Recurrent related Party Transactions

The related party transactions are disclosed in page 84 of this annual report.

Financial Statements

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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 2014.

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 RM	Company RM
Profit net of tax	8,257,783	16,274,390
Profit attributable to:		
Owners of the Company	8,257,783	16,274,390

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

The amount of dividend paid by the Company since 31 December 2013 was as follows:

	RM
In respect of the financial year ended 31 December 2013 as reported in the Directors' report of that year:	
Final single tier tax exempt dividend of 2.0% or 1 sen on 500,000,000 ordinary shares, paid on 18 September 2014	5,000,000

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

In accordance with the Company's Articles of Association, Wong Chie Bin and Eric Khoo Chuan Syn @ Khoo Chuan Syn 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 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 32 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 2014	Acquired	Sold	At 31 December 2014
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	90,000	-	-	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.

Toh Kian Sing does 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 profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

OTHER STATUTORY INFORMATION (Continued)

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

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

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

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

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

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

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

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

f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 40 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2015

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 36 to 95 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 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 30 April 2015

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 36 to 96 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 30 April 2015.

Low Wai Har

Before me,

Wong Chung Heng
Commissioner For Oaths (No. Q090)
No. 100, First Floor,
Jalan Bendahara, 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 2014 of the Group and of the Company, and statements of profit or loss and other 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 36 to 95.

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 2014 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 42 on page 92 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

30 April 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	4	128,094,386	208,750,239	18,836,687	8,562,047
Cost of sales	5	(107,065,284)	(151,780,372)	-	-
Gross profit		21,029,102	56,969,867	18,836,687	8,562,047
Other items of income					
Interest income	6	2,641,693	3,908,281	3,302,621	3,382,969
Other income	7	21,587,416	18,326,108	23,069	18,971
Other items of expense					
Administrative expenses		(26,235,312)	(25,349,764)	(4,656,039)	(5,445,234)
Finance costs	8	(15,010,976)	(14,900,465)	(411,212)	(790,836)
Other expenses		(3,014,082)	(23,324,471)	-	-
Share of results of a jointly controlled entity		287,336	(52,157)	-	-
Share of results of an associate		2,374,976	1,333,509	-	-
Profit before tax	9	3,660,153	16,910,908	17,095,126	5,727,917
Income tax expense	12	4,597,630	(3,352,741)	(820,736)	(715,048)
Profit net of tax		8,257,783	13,558,167	16,274,390	5,012,869
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation		6,176,680	4,496,685	-	-
Other comprehensive income for the year, net of tax		6,176,680	4,496,685	-	-
Total comprehensive income for the year, net of tax		14,434,463	18,054,852	16,274,390	5,012,869
Profit attributable to:					
Owners of the Company		8,257,783	13,558,167	16,274,390	5,012,869
Total comprehensive income attributable to:					
Owners of the Company		14,434,463	18,054,852	16,274,390	5,012,869
Earnings per share attributable to owners of the Company (sen per share):					
Basic	13	1.65	2.71		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Assets					
Non-current assets					
Property, plant and equipment	14	654,817,833	668,273,568	5,074	7,209
Land use rights	15	12,392,965	12,971,718	-	-
Investment in subsidiaries	16	-	-	265,930,177	231,427,177
Investment in an associate	17	6,236,651	4,701,625	-	-
Investment in a joint venture	18	1,177,925	812,780	-	-
Other receivables	20	16,068,411	26,734,209	-	-
		690,693,785	713,493,900	265,935,251	231,434,386
Current assets					
Inventories	19	80,030,384	72,979,499	-	-
Trade and other receivables	20	45,706,226	70,779,800	130,447,098	176,286,201
Other current assets	21	980,373	34,593,704	-	-
Investment securities	23	258,052	-	-	-
Tax recoverable		1,885,697	2,644,517	-	-
Cash and bank balances	24	83,694,862	77,774,802	3,944,418	467,480
		212,555,594	258,772,322	134,391,516	176,753,681
Total assets		903,249,379	972,266,222	400,326,767	408,188,067
Equity and liabilities					
Current liabilities					
Provisions	25	-	1,500,000	-	-
Loans and borrowings	26	158,564,262	165,736,947	6,140,000	6,140,000
Trade and other payables	27	46,616,377	47,113,882	25,388,960	38,421,545
Provision for taxation		1,532,191	290,775	493,260	46,365
		206,712,830	214,641,604	32,022,220	44,607,910
Net current assets		5,842,764	44,130,718	102,369,296	132,145,771
Non-current liabilities					
Loans and borrowings	26	190,861,597	250,419,181	14,225,000	20,775,000
Deferred tax liabilities	28	45,598,195	56,563,143	-	-
		236,459,792	306,982,324	14,225,000	20,775,000
Total liabilities		443,172,622	521,623,928	46,247,220	65,382,910
Net assets		460,076,757	450,642,294	354,079,547	342,805,157

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Equity attributable to owners of the Company					
Share capital	29	250,000,000	250,000,000	250,000,000	250,000,000
Share premium	29	79,086,883	79,086,883	79,086,883	79,086,883
Retained earnings	30	117,514,405	114,256,622	24,992,664	13,718,274
Other reserves	31	13,475,469	7,298,789	-	-
Total equity		460,076,757	450,642,294	354,079,547	342,805,157
Total equity and liabilities		903,249,379	972,266,222	400,326,767	408,188,067

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 2014

		← Attributable to Equity Holders of the Company				→
				Non-distributable	Distributable	Non-distributable
2014 **Group**	**Note**	**Equity, total** **RM**	**Share capital** **RM**	**Share premium** **RM**	**Retained earnings** **RM**	**Foreign currency translation reserve** **RM**
Opening balance at 1 January 2014		450,642,294	250,000,000	79,086,883	114,256,622	7,298,789
Profit for the year		8,257,783	-	-	8,257,783	-
Other comprehensive income	31	6,176,680	-	-	-	6,176,680
Total comprehensive income		14,434,463	-	-	8,257,783	6,176,680
Transactions with owners						
Dividend on ordinary shares	39	(5,000,000)	-	-	(5,000,000)	-
Closing balance at 31 December 2014		460,076,757	250,000,000	79,086,883	117,514,405	13,475,469
2013 **Group**						
Opening balance at 1 January 2013		432,587,442	250,000,000	79,086,883	100,698,455	2,802,104
Profit for the year		13,558,167	-	-	13,558,167	-
Other comprehensive income	31	4,496,685	-	-	-	4,496,685
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

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 2014

			Non-distributable	Non-distributable	Distributable
2014 **Company**	**Note**	**Equity, total** **RM**	**Share capital** **RM**	**Share premium** **RM**	**Retained earnings** **RM**
Opening balance at 1 January 2014		342,805,157	250,000,000	79,086,883	13,718,274
Total comprehensive income		16,274,390	-	-	16,274,390
Transactions with owners					
Dividend on ordinary shares	39	(5,000,000)	-	-	(5,000,000)
Closing balance at 31 December 2014		354,079,547	250,000,000	79,086,883	24,992,664

2013 **Company**					
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 at31 December 2013		342,805,157	250,000,000	79,086,883	13,718,274

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 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Operating activities					
Profit before tax		3,660,153	16,910,908	17,095,126	5,727,917
Adjustments for:					
Interest income	6	(2,641,693)	(3,908,281)	(3,302,621)	(3,382,969)
Dividend income	4	-	-	(15,101,000)	(4,840,000)
Dividend income from investment securities	7	(5,914)	-	-	-
Amortisation of land use rights	15	578,753	578,755	-	-
Deposits written off	9	42,000	-	-	-
Depreciation of property, plant and equipment	14	40,748,882	37,528,531	2,135	2,135
Fair value gain on investment securities	7	(2,138)	-	-	-
Impairment loss on trade and other receivables	9	1,234,958	4,306,018	-	-
Impairment loss on other current assets	9,21	57,802	-	-	-
Impairment loss on capital work-in-progress	9,14	-	12,879,267	-	-
Interest expenses	8	14,585,856	13,907,647	411,212	790,836
Inventories written down	9	12,634,776	-	-	-
Inventories written off	9	7,985	1,242,655	-	-
Net gain on disposal of property, plant and equipment	7,9	(4,665,670)	(5,213,566)	-	-
Property, plant and equipment written off	9	1,203,916	2,079	-	-
Reversal of deposit written off in previous year	7	-	(1,323,494)	-	-
Reversal of impairment loss on trade receivables	7	(679,127)	-	-	-
Reversal of provision for maintenance warranties	9	(1,500,000)	(1,310,535)	-	-
Share of results of a jointly controlled entity		(287,336)	52,157	-	-
Share of results of an associate		(2,374,976)	(1,333,509)	-	-
Unrealised gain on foreign exchange	7,8,9	(8,962,736)	(2,449,821)	(14,441)	(2,549)
Total adjustments		49,975,338	54,957,903	(18,004,715)	(7,432,547)
Operating cash flows before changes in working capital carried forward		53,635,491	71,868,811	(909,589)	(1,704,630)
Changes in working capital					
(Increase)/Decrease in inventories		(12,131,161)	319,511	-	-
Decrease/(Increase) in trade and other receivables		14,814,322	(5,113,995)	(186,138)	1,817
Decrease/(Increase) in other current assets		38,637,150	(38,928,273)	-	-
Decrease in provisions		-	(388,250)	-	-
Increase in other current liabilities		140,755	-	-	-
Increase/(Decrease) in trade and other payables		14,128,169	(16,769,152)	(452,653)	695,778
Net change in associate balances		207,964	10,133,931	-	-
Net change in subsidiaries balances		-	-	33,445,309	22,142
Total changes in working capital		55,797,199	(50,746,228)	32,806,518	719,737
Cash flows from/(used in) operations		109,432,690	21,122,583	31,896,929	(984,893)
Interest received		2,769,908	-	3,302,621	3,315,782
Interest paid		(17,669,555)	(18,790,926)	(411,212)	(790,836)
Income tax paid		(4,715,220)	(5,413,330)	(373,841)	(389,843)
Income tax refunded		1,126,120	2,446,048	-	-
Net cash flows from/(used in) operating activities		90,943,943	(635,625)	34,414,497	1,150,210

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Investing activities					
Interest received		-	4,230,224	-	67,187
Purchase of property, plant and equipment		(52,645,960)	(61,459,097)	-	-
Proceeds from disposal of property, plant and equipment		44,701,863	17,514,862	-	-
Acquisition of a subsidiary, net of cash		-	-	-	(2)
Acquisition of investment in a joint venture		(220,000)	(2,780,001)	-	-
Acquisition of additional investment in subsidiaries		-	-	(8,003,000)	(100,003)
Acquisition of redeemable preference shares in a subsidiary		-	-	(26,500,000)	-
Dividend received		-	-	15,101,000	4,705,000
Net cash flows (used in)/from investing activities		(8,164,097)	(42,494,012)	(19,402,000)	4,672,182
Financing activities					
Dividend paid on ordinary shares		(5,000,000)	-	(5,000,000)	-
Proceeds from loans and borrowings		11,600,000	80,519,483	-	-
Purchase of investment securities		(250,000)	-	-	-
Repayments of loans and borrowings		(80,451,117)	(66,628,004)	(6,550,000)	(6,140,000)
Repayment of finance leases		(29,669)	(14,269)	-	-
Net movement in trade financing		11,279,269	(12,854,267)	-	-
Net movement in fixed deposit pledged		(3,406,069)	(3,371,345)	-	-
Net movement in cash at bank restricted in use		701,910	23,293,993	-	-
Net cash flows (used in)/from financing activities		(65,555,676)	20,945,591	(11,550,000)	(6,140,000)
Net increase/(decrease) in cash and cash equivalents		17,224,170	(22,184,046)	3,462,497	(317,608)
Effect of exchange rate changes on cash and cash equivalents		1,890,190	1,916,972	14,441	2,549
Cash and cash equivalents at 1 January		33,660,481	53,927,555	467,480	782,539
Cash and cash equivalents at 31 December	24	52,774,841	33,660,481	3,944,418	467,480

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

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 and 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 2014, 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 2014:

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- 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

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

2.3 Amendments/standards issued but not yet effective

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

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

- Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

MFRS effective for annual periods beginning on or after 1 January 2016

- Annual Improvements to MFRSs 2012 – 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14 Regulatory Deferral Accounts

MFRS effective for annual periods beginning on or after 1 January 2017

- MFRS 15: Revenue from Contracts with Customers

MFRS effective for annual periods beginning on or after 1 January 2018

- MFRS 9: Financial Instruments

(a) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies (Continued)

2.3 Amendments/standards issued but not yet effective (Continued)

(b) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

(c) Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

(d) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

(e) MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2. Summary of significant accounting policies (Continued)

2.3 Amendments/standards issued but not yet effective (Continued)

(f) Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 3 Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

MFRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

(g) Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

(h) Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies (Continued)

2.3 Amendments/standards issued but not yet effective (Continued)

(h) Annual Improvements to MFRSs 2012–2014 Cycle (Continued)

MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

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.

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.

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency (Continued)

b) Foreign currency transactions

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

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

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

c) Foreign operations

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

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

2.6 Property, plant and equipment

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

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

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.

2.9 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);

2. Summary of significant accounting policies (Continued)

2.9 Subsidiaries (Continued)

(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. Summary of significant accounting policies (Continued)

2.11 Financial assets

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

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

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

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

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

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

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

(b) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2. Summary of significant accounting policies (Continued)

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.

2.14 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. Summary of significant accounting policies (Continued)

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.

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

2. Summary of significant accounting policies (Continued)

2.18 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.

2. Summary of significant accounting policies (Continued)

2.22 Revenue (Continued)

a) Rendering of services

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

b) Construction contracts

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

c) Rental income

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

d) Dividend income

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

e) Management fees

Management fees are recognised when services are rendered.

2.23 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.

2. Summary of significant accounting policies (Continued)

2.23 Income taxes (Continued)

b) Deferred tax (Continued)

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.

2.24 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 39, 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. Summary of significant accounting policies (Continued)

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.

2.27 Fair value measurements

The Group measures financial instruments at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 35.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values in measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

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 55.67% (2013: 11.27%) variance in the Group's profit for the year.

b) Impairment of loans and receivables

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

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

c) Construction contracts

The Group recognises construction contract revenue and expenses in the statement of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction contract costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and machinery suppliers.

The carrying amounts of assets and liabilities of the Group arising from construction contracts activities are disclosed in Note 22.

d) Impairment of vessels

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The estimation of the value in use requires the management to make an estimate of the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

At the reporting date, the recoverable amounts of the vessels exceed their carrying amounts.

4. Revenue

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Construction revenue	6,704,438	92,902,123	-	-
Charter and hiring charges	121,304,198	115,740,116	-	-
Dividend income from subsidiaries	-	-	15,101,000	4,840,000
Management fee	-	-	3,735,687	3,722,047
Rental income	85,750	108,000	-	-
	128,094,386	208,750,239	18,836,687	8,562,047

5. Cost of sales

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Construction contract costs	25,410,883	83,532,719	-	-
Cost of services rendered	81,654,401	68,247,653	-	-
	107,065,284	151,780,372	-	-

6. Interest income

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest income from:				
- Current account	20,052	3,406	20,052	3,406
- Short term deposits	499,352	718,608	-	-
- Associate	2,195,691	3,418,609	-	-
- Subsidiaries	-	-	3,282,569	3,379,563
- Others	54,813	89,601	-	-
	2,769,908	4,230,224	3,302,621	3,382,969
Less: Interest income capitalised in:				
- Vessels work-in-progress (Note 19)	(128,215)	(321,943)	-	-
	2,641,693	3,908,281	3,302,621	3,382,969

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 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Dividend income from investment securities	5,914	-	-	-
Fair value gain on investment securities	2,138	-	-	-
Gain on foreign exchange				
- Realised	3,854,763	1,119,948	8,628	16,422
- Unrealised	8,751,181	7,160,796	14,441	2,549
Gain on disposal of property, plant and equipment	4,666,375	6,870,774	-	-
Reversal of deposit written off in previous year	-	1,323,494	-	-
Reversal of impairment loss on trade receivables (Note 20)	679,127	-	-	-
Sundry income	3,627,918	1,851,096	-	-
	21,587,416	18,326,108	23,069	18,971

8. Finance costs

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest expenses on:				
- Bankers acceptances	52,260	118,036	-	-
- Bank loans	9,757,523	12,177,714	-	-
- Bank overdrafts	1,654,217	1,405,767	-	-
- Islamic loans	1,418,742	1,711,908	1,418,742	1,711,908
- Loan from subsidiaries	-	-	1,039,046	1,273,774
- Obligations under finance leases	6,091	3,611	-	-
- Revolving credits	4,780,453	3,371,375	-	-
- Loans recharged to subsidiaries	-	-	(2,046,576)	(2,194,846)
- Others	269	2,515	-	-
	17,669,555	18,790,926	411,212	790,836
Less: Interest expense capitalised in:				
- Vessels work-in-progress (Note 19)	(3,083,699)	(4,883,279)	-	-
	14,585,856	13,907,647	411,212	790,836
Loss/(Gain) on foreign exchange:				
- Realised	152,047	(511,941)	-	-
- Unrealised	273,073	1,504,759	-	-
	15,010,976	14,900,465	411,212	790,836

9. Profit before tax

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
The following items have been included in arriving at profit before tax:				
Employee benefits expense (Note 10)	28,357,628	37,899,410	3,629,038	4,651,802
Amortisation of land use rights (Note 15)	578,753	578,755	-	-
Auditors' remuneration				
- Current year	287,278	229,374	50,000	42,000
- Overprovision in previous years	(748)	-	-	-
Depreciation of property, plant and equipment (Note 14)	40,748,882	37,528,531	2,135	2,135
Deposits written off	42,000	-	-	-
Hiring charges	-	13,310	-	-
Impairment loss on trade and other receivables	1,234,958	4,306,018	-	-
Impairment loss on other current assets	57,802	-	-	-
Impairment loss on capital work-in-progress (Note 14)	-	12,879,267	-	-
Incorporation fee	-	5,754	-	-
Inventories written off	7,985	1,242,655	-	-
Inventories written down	12,634,776	-	-	-
Loss on disposal of property, plant and equipment	705	1,657,208	-	-
(Gain)/Loss on foreign exchange:				
- Realised	3,017,290	409,080	-	-
- Unrealised	(484,628)	3,206,216	-	-
Loss on forward contract	-	10,980	-	-
Non-executive Directors				
- Fees	287,430	240,723	277,830	224,632
Rental of machinery	-	1,575	-	-
Rental of premises	1,361,049	301,209	7,500	7,500
Reversal of provision for maintenance warranties (Note 25)	(1,500,000)	(1,310,535)	-	-
Property, plant and equipment written off	1,203,916	2,079	-	-

10. Employee benefits expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries and wages	25,297,979	34,452,933	3,233,889	4,140,962
Social security contributions	223,106	247,857	15,658	13,149
Contributions to defined contribution plan	2,651,853	3,074,193	379,491	497,691
Other benefits	184,690	124,427	-	-
	28,357,628	37,899,410	3,629,038	4,651,802

10. Employee benefits expense (Continued)

Included in employee benefits expense of the Group and of the Company are the Executive Directors' remuneration amounting to RM1,289,686 (2013: RM1,262,762) and RM151,828 (2013: RM307,183) respectively.

11. Directors' remuneration

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive:				
Salaries and other emoluments	1,069,042	983,683	44,375	209,628
Fees	44,100	42,000	44,100	42,000
Bonus	89,087	81,974	55,469	27,633
Defined contribution plan	87,457	81,505	7,884	27,922
Total Executive Directors' remuneration (excluding benefits-in-kind)	1,289,686	1,189,162	151,828	307,183
Estimated money value of benefits-in-kind	26,503	33,738	26,503	33,738
Total Executive Directors' remuneration (including benefits-in-kind)	1,316,189	1,222,900	178,331	340,921
Non-Executive:				
Fees	277,830	224,632	277,830	224,632
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	277,830	224,632	277,830	224,632
Total Non-Executive Directors' remuneration (including benefits-in-kind)	277,830	224,632	277,830	224,632
Total Directors' remuneration	1,594,019	1,447,532	456,161	565,553

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

	Number of Directors	
	2014	2013
Executive Directors:		
RM500,001 – RM550,000	-	1
RM550,001 – RM600,000	1	-
RM650,001 – RM700,000	-	1
RM700,001 – RM750,000	1	-
Non-Executive Directors:		
Below RM50,000	-	1
RM50,001 – RM100,000	4	3

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Statement of profit or loss:				
Current income tax:				
Labuan business activity tax	56,631	60,000	-	-
Malaysian income tax	3,084,802	2,034,616	720,510	419,367
Under/(Over)provision in respect of previous years	2,451,707	4,295	100,226	(29,381)
Foreign tax	-	325,062	-	325,062
	5,593,140	2,423,973	820,736	715,048
Deferred income tax (Note 28):				
Origination or reversal of temporary differences	(6,234,033)	3,770,439	-	-
Relating to change in tax rate	(1,848,478)	-	-	-
Overprovision in respect of previous years	(2,882,437)	(2,841,671)	-	-
	(10,964,948)	928,768	-	-
Share of tax of associate and joint venture	774,178	-	-	-
Income tax expense recognised in profit and loss	(4,597,630)	3,352,741	820,736	715,048

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	3,660,153	16,910,908	17,095,126	5,727,917
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	915,038	4,227,727	4,273,782	1,431,979
Adjustments:				
Non-deductible expenses	3,140,200	4,766,859	226,370	460,511
Income not subject to taxation	(10,029,741)	(4,117,030)	(3,779,172)	(1,148,542)
Deferred tax assets not recognised during the years	2,896,350	1,541,434	(470)	481
Effect of reduction in tax rates	(1,848,478)	-	-	-
Overprovision of deferred tax in previous years	(2,882,437)	(2,841,671)	-	-
Under/(Over)provision of tax expense in previous years	2,451,707	4,295	100,226	(29,381)
Share of tax of associate and joint venture	774,178	-	-	-
Others	(14,447)	(228,873)	-	-
Income tax expense recognised in profit and loss	(4,597,630)	3,352,741	820,736	715,048

12. Income tax expense (Continued)

Current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected the change in tax rate.

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 per share

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

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

	2014 RM	2013 RM
Profit attributable to ordinary equity holders of the Company	8,257,783	13,558,167
Number of ordinary shares in issue during the year	500,000,000	500,000,000

	2014 Sen	2013 Sen
Basic earnings per share for profit for the year	1.65	2.71

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 1.1.2013	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 (Note 19)	-	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

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
Cost: (Continued)						
At 31.12.2013 and 1.1.2014	70,526,284	686,988,961	9,325,856	42,996,699	4,584,506	814,422,306
Transfer from capital work-in-progress	90,003	-	-	-	-	90,003
Additions	289,327	50,460,100	802,588	797,384	-	52,349,399
Reclassification	1,286,698	-	(1,059,940)	(226,758)	-	-
Disposals	-	(51,779,926)	(770)	-	-	(51,780,696)
Written off	-	(3,545,811)	(872,568)	(2,247,569)	-	(6,665,948)
Exchange rate difference	-	21,923,165	2,604	-	-	21,925,769
At 31.12.2014	72,192,312	704,046,489	8,197,770	41,319,756	4,584,506	830,340,833
Accumulated depreciation and impairment loss:						
At 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	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 and 1.1.2014	17,511,476	111,310,665	5,896,952	26,840,924	3,872,489	165,432,506
Charge for the year	2,606,980	36,933,056	823,685	3,943,937	261,039	44,568,697
Disposals	-	(11,744,008)	(495)	-	-	(11,744,503)
Written off	-	(3,568,444)	(806,113)	(1,785,456)	-	(6,160,013)
Exchange rate difference	-	2,216,698	1,960	-	-	2,218,658
At 31.12.2014	20,118,456	135,147,967	5,915,989	28,999,405	4,133,528	194,315,345
Net carrying amount:						
At 31.12.2013	53,014,808	575,678,296	3,428,904	16,155,775	712,017	648,989,800
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
At 31.12.2014	52,073,856	568,898,522	2,281,781	12,320,351	450,978	636,025,488

14. Property, plant and equipment (Continued)

Group	Total RM
Capital Work-In-Progress	
At 1.1.2014	19,283,768
Additions	296,561
Transfer to property, plant and equipment	(90,003)
Written off	(697,981)
At 31.12.2014	18,792,345
	654,817,833

* Land, building and wharf

Group	Leasehold land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Cost:				
At 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 and 1 January 2014	37,629,735	2,525,719	30,370,830	70,526,284
Additions	-	221,118	68,209	289,327
Reclassification	-	391,942	894,756	1,286,698
Transfer from capital work-in-progress	-	90,003	-	90,003
At 31 December 2014	37,629,735	3,228,782	31,333,795	72,192,312
Accumulated depreciation and impairment loss:				
At 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 and 1 January 2014	4,979,711	1,696,720	10,835,045	17,511,476
Charge for the year	649,267	247,239	1,710,474	2,606,980
At 31 December 2014	5,628,978	1,943,959	12,545,519	20,118,456

14. Property, plant and equipment (Continued)

Group	Leasehold land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Net carrying amount:				
At 31 December 2013	32,650,024	828,999	19,535,785	53,014,808
At 31 December 2014	32,000,757	1,284,823	18,788,276	52,073,856

Company	Signboard RM	Office equipment RM	Total RM
Cost:			
At 1 January 2013 and 31 December 2014	7,390	6,981	14,371
Accumulated depreciation:			
At 1 January 2013	2,833	2,194	5,027
Charge for the year (Note 9)	739	1,396	2,135
At 31 December 2013 and 1 January 2014	3,572	3,590	7,162
Charge for the year (Note 9)	739	1,396	2,135
At 31 December 2014	4,311	4,986	9,297
Net carrying amount:			
At 31 December 2013	3,818	3,391	7,209
At 31 December 2014	3,079	1,995	5,074

i) Assets held under finance leases

In 2013, the Group acquired motor vehicles with an aggregate cost of RM159,600 by means of finance leases. The cash outflows on acquisition of property, plant and equipment of the Group amounted to RM52,645,960 (2013: RM61,459,097).

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 2013	176,225	176,225
At 31 December 2014	136,325	136,325

14. Property, plant and equipment (Continued)

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 RM479,673,225 (2013: RM476,273,583) and RM2,503,567 (2013: RM3,012,767) respectively are mortgaged to secure the Group's bank loans (Note 26).

The Group's leasehold land with carrying amount of RM29,044,815 (2013: RM34,718,159) is mortgaged to secure the Group's bank loans (Note 26).

iii) Depreciation charge for the year is allocated as follows:

	Group 2014 RM	Group 2013 RM
Statement of profit or loss (Note 9)	40,748,882	37,528,531
Recognised in inventories (Note 19)	3,819,815	-
	44,568,697	37,528,531

15. Land use rights

	Group 2014 RM	Group 2013 RM
Cost:		
At 1 January 2013 and 31 December 2014	16,686,200	16,686,200
Accumulated amortisation:		
At 1 January	3,714,482	3,135,727
Amortisation for the year (Note 9)	578,753	578,755
At 31 December	4,293,235	3,714,482
Net carrying amount	12,392,965	12,971,718
Amount to be amortised:		
- Not later than one year	578,753	578,754
- Later than one year but not later than five years	2,315,016	2,315,016
- Later than five years	9,499,196	10,077,948

Land use rights pledged as security

Land use rights with an aggregate carrying value of RM7,751,506 (2013: RM8,109,296) are pledged as securities for bank borrowings as referred to in Note 26.

16. Investment in subsidiaries

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost:		
- Ordinary shares	239,430,177	231,427,177
- Redeemable convertible preference shares	26,500,000	-
	265,930,177	231,427,177

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2014 %	Percentage of equity held 2013 %
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
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

16. Investment in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Percentage of equity held 2014 %	2013 %
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	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
Subsidiary of Sealink Offshore (L) Ltd.				
Sealink Resources (L) Ltd.	Federal Territory of Labuan, Malaysia	Ship owner and trading of 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 2014 %	2013 %
Subsidiary of Sealink Offshore (L) Ltd. (Continued)				
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	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 2014 RM	2013 RM
Cash and bank balances	-	5
Net identifiable assets	-	5

16. Investment in subsidiaries (Continued)

The effect of the acquisitions on cash flows is as follows

	Fair Value/ Carrying Amount	
	2014 RM	2013 RM
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>

	2014 RM	2013 RM
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	
	2014 RM	2013 RM
Unquoted shares, at cost	3,500,000	3,500,000
Share of post acquisition reserves	2,736,651	1,201,625
	6,236,651	4,701,625

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activity	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %
Logistine Sdn. Bhd. *	Malaysia	Regional and coastal shipping business	25	25

* Audited by a firm other than Ernst & Young.

17. Investment in an associate (Continued)

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

	2014 RM	2013 RM
Assets and liabilities:		
Non-current assets	55,079,429	57,790,743
Current assets	7,934,434	8,169,091
Total assets	63,013,863	65,959,834
Non-current liabilities	(28,336,022)	(39,760,312)
Current liabilities	(7,960,311)	(5,875,516)
Total liabilities	(36,296,333)	(45,635,828)
Results:		
Revenue	21,493,408	22,646,257
Profit for the year	6,971,954	8,008,601

18. Investment in a joint venture

	Group	
	2014 RM	2013 RM
Unquoted shares, at cost	3,000,001	2,780,001
Share of post acquisition reserves	(1,822,076)	(1,967,221)
	1,177,925	812,780

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Principal activity	Proportion of ownership interest 2014 %	2013 %
Mitra Angkasa Sdn. Bhd.	Malaysia	Chartering of marine vessels	50.0001	50.0001

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

	2014 RM	2013 RM
Assets and liabilities:		
Non-current assets	15,943,329	16,604,798
Current assets	987,602	999,733
Total assets	16,930,931	17,604,531

18. Investment in a joint venture (Continued)

	2014 RM	2013 RM
Non-current liabilities	(13,171,191)	(4,560,000)
Current liabilities	(2,558,979)	(12,148,843)
Total liabilities	(15,730,170)	(16,708,843)
Results:		
Revenue	4,539,428	5,251,620
Profit for the year	305,073	119,097

19. Inventories

	Group	
	2014 RM	2013 RM
Cost		
Consumables	1,364,611	1,113,731
Machinery and equipment	10,169,730	22,141,620
Raw materials	15,155,311	20,716,474
Vessel parts and materials	725,571	412,770
Vessels work-in-progress	52,380,114	28,594,904
	79,795,337	72,979,499
Net realisable value		
Raw materials	235,047	-
	80,030,384	72,979,499

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

	2014 RM	2013 RM
Depreciation of property, plant and equipment (Note 14)	3,819,815	-
Interest income (Note 6)	(128,215)	(321,943)
Interest expense (Note 8)	3,083,699	4,883,279

In 2013, vessel work-in-progress of RM219,736,047 was transferred to property, plant and equipment (Note 14).

20. Trade and other receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade receivables				
Third parties	31,422,235	48,359,550	-	-
Less: Allowance for impairment third parties	(992,188)	(4,264,787)	-	-
Trade receivables, net	30,430,047	44,094,763	-	-

20. Trade and other receivables (Continued)

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Other receivables				
Refundable deposits	4,123,682	6,254,299	1,250	1,250
Other receivables	5,324,683	13,062,166	198,894	12,756
Amount due from an associate	11,366,740	11,672,540	-	-
Amount due from subsidiaries	-	-	130,246,954	176,272,195
	20,815,105	30,989,005	130,447,098	176,286,201
Other receivables				
Less: Allowance for impairment other receivables	(5,538,926)	(4,303,968)	-	-
	15,276,179	26,685,037	130,447,098	176,286,201
	45,706,226	70,779,800	130,447,098	176,286,201
Non-current				
Other receivables				
Refundable deposits	-	321,076	-	-
Amount due from an associate	16,068,411	26,413,133	-	-
	16,068,411	26,734,209	-	-
Total trade and other receivables	61,774,637	97,514,009	130,447,098	176,286,201
Add: Cash and bank balances (Note 24)	83,694,862	77,774,802	3,944,418	467,480
Total loans and receivables	145,469,499	175,288,811	134,391,516	176,753,681

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 day (2013: 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 2014 RM	Group 2013 RM
Neither past due nor impaired	12,900,583	11,561,594
1 to 30 days past due not impaired	5,301,541	7,761,270
31 to 60 days past due not impaired	4,543,738	5,531,762
61 to 90 days past due not impaired	5,266,672	3,367,934
91 to 120 days past due not impaired	2,283,523	5,366,822
More than 121 days past due not impaired	133,990	7,534,507
	17,529,464	29,562,295
Impaired	992,188	7,235,661
	31,422,235	48,359,550

20. Trade and other receivables (Continued)

(a) Trade receivables (Continued)

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 RM17,529,464 (2013: RM29,562,295) that are past due at the reporting date but not impaired.

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

Receivables that are impaired

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

	Group	
	2014 RM	2013 RM
Total receivables	992,188	7,235,661
Less: Allowance for impairment	(992,188)	(4,264,787)
	-	2,970,874
Movement in allowance accounts:		
At 1 January	4,264,787	4,262,737
Charge for the year	-	2,050
Reversal of impairment losses (Note 7)	(679,127)	-
Written off	(2,593,472)	-
At 31 December	992,188	4,264,787

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 RM111,942,520 (2013: RM120,493,144) which bears interest at rates ranging from 3.78% - 6.66% (2013: 3.00% - 6.19%) per annum.

This amount is unsecured and is repayable on demand.

20. Trade and other receivables (Continued)

(c) Amount due from an associate

Included in the amount due from an associate is an amount of RM27,435,151 (2013: RM37,111,549) which bears interest at rates ranging from 6.50% (2013: 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Prepaid operating expenses	1,038,175	1,861,516	-	-
Less: Allowance for impairment (Note 9)	(57,802)	-	-	-
Amount due from customers on contracts (Note 22)	-	32,732,188	-	-
	980,373	34,593,704	-	-

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

	Group	
	2014 RM	2013 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. Investment securities

	Group	
	2014 RM	2013 RM
Wholesale money market fund quoted in Malaysia, at carrying amount	258,052	-
Market value of quoted funds	258,052	-

24. Cash and bank balances

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash at banks and on hand	52,240,097	60,117,395	3,944,418	467,480
Short term deposits with licensed banks	31,454,765	17,657,407	-	-
Cash and bank balances	83,694,862	77,774,802	3,944,418	467,480

Deposits of the Group with licensed banks amounting to RM14,355,276 (2013: RM16,656,443) 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 RM975,010 (2013: RM2,788,744) which is restricted in use as set by a bank in order to maintain the liquidity requirements.

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

	Interest rate		Maturity	
	2014 %	2013 %	2014 Days	2013 Days
Deposits with licensed banks	0.32 – 3.30	2.45 – 3.25	60 - 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	83,694,862	77,774,802	3,944,418	467,480
Bank overdrafts (Note 26)	(8,373,238)	(24,669,134)	-	-
	75,321,624	53,105,668	3,944,418	467,480
Cash at bank restricted in use	(5,428,451)	(2,788,744)	-	-
Fixed deposits pledged as security	(17,118,332)	(16,656,443)	-	-
Cash and cash equivalents	52,774,841	33,660,481	3,944,418	467,480

25. Provisions

	Group	
	2014 RM	2013 RM
At 1 January	1,500,000	3,198,785
Utilised	-	(388,250)
Unused amounts reversed (Note 9)	(1,500,000)	(1,310,535)
At 31 December	-	1,500,000

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.

26. Loans and borrowings

	Maturity	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current					
Secured:					
Bankers acceptances	2015	1,100,000	1,280,000	-	-
Bank overdrafts (Note 24)	On demand	8,373,238	24,669,134	-	-
Obligations under finance leases (Note 33(b))	2015	31,176	29,669	-	-
Revolving credits	2015	77,500,000	66,040,731	-	-
Islamic loans	2015	6,140,000	6,140,000	6,140,000	6,140,000
Term loans	2015	65,419,848	67,577,413	-	-
		158,564,262	165,736,947	6,140,000	6,140,000
Non-current					
Secured:					
Obligations under finance leases (Note 33(b))	2016-2018	84,486	115,662	-	-
Islamic loans	2016-2018	14,225,000	20,775,000	14,225,000	20,775,000
Term loans	2016-2021	176,552,111	229,528,519	-	-
		190,861,597	250,419,181	14,225,000	20,775,000
Total loans and borrowings		349,425,859	416,156,128	20,365,000	26,915,000

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
On demand or within one year	157,999,705	165,736,947	6,140,000	6,140,000
Later than 1 year but not later than 2 years	69,744,464	69,487,492	6,140,000	6,140,000
Later than 2 years but not later than 5 years	116,790,817	162,369,862	8,085,000	14,635,000
Later than 5 years	4,890,873	18,561,827	-	-
	349,425,859	416,156,128	20,365,000	26,915,000

Bankers acceptances

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

Bank overdrafts

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

26. Loans and borrowings (Continued)

Obligations under finance leases

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

Revolving credits

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

Islamic loans

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

Term loans

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	
	2014	2013	2014	2013
	%	%	%	%
Banker acceptances	4.46	4.25 - 4.94	-	-
Bank overdrafts	6.85 – 8.35	6.60 - 8.10	-	-
Obligations under finance leases	4.55	4.55	-	-
Term loans				
- Floating rates	2.29 – 7.60	2.40 - 7.35	-	-
Islamic loans	6.23 - 6.31	5.68 - 5.70	6.23 - 6.31	5.68 - 5.70
Revolving credits	4.81 – 5.87	4.53 - 5.14	-	-

27. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables				
Third parties	17,599,968	19,736,831	-	-
Other payables				
Accrued operating expenses	14,790,592	12,824,749	1,102,943	1,640,407
Deposits received	714,583	3,077,430	-	-
Other payables	13,511,234	11,474,872	85,656	845
Amounts due to subsidiaries	-	-	24,200,361	36,780,293
	29,016,409	27,377,051	25,388,960	38,421,545

27. Trade and other payables (Continued)

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Total trade and other payables	46,616,377	47,113,882	25,388,960	38,421,545
Add: Loans and borrowings (Note 26)	349,425,859	416,156,128	20,365,000	26,915,000
Total finance liabilities carried at amortised cost	396,042,236	463,270,010	45,753,960	65,336,545

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2013: 30 to 90 day) terms.

(b) Other payables

These amounts are non-interest bearing. Included in other payables of the Group is an amount of RM9,047,304 (2013: RM8,874,899) 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 RM18,137,500 (2013: RM27,687,500) which bears interest at rates ranging from 3.78% to 5.83% (2013: 3.00% to 5.38%) per annum.

28. 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 2013	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 and 1 January 2014	67,569,037	(375,000)	(6,022,273)	(4,608,621)	56,563,143
Recognised in profit or loss (Note 12)	(9,185,900)	375,000	(2,491,249)	337,201	(10,964,948)
At 31 December 2014	58,383,137	-	(8,513,522)	(4,271,420)	45,598,195

Unrecognised tax losses and capital allowances

At the reporting date, the Group has tax losses and capital allowances of approximately RM23,815,865 and RM27,145,379 respectively (2013: RM7,177,068 and RM2,293,716) 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.

28. Deferred tax liabilities (Continued)

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.

29. 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	Share premium RM	Total Share capital and share premium RM
Group/Company				
At 1 January 2013 and 31 December 2014	500,000,000	250,000,000	79,086,883	329,086,883

	Number of ordinary shares of RM0.50 each		Amount	
	2014	2013	2014 RM	2013 RM
Group/Company				
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.

30. Retained earnings

As at 31 December 2014, the Company may distribute dividends out of its entire retained earnings under the single tier system.

31. Other reserves

Group	Foreign currency translation reserve RM	Total RM
At 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 and 1 January 2014	7,298,789	7,298,789
Other comprehensive income: Foreign currency translation	6,176,680	6,176,680
At 31 December 2014	13,475,469	13,475,469

31. Other reserves (Continued)

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.

32. 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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Transactions with holding company				
Dividend paid	2,590,808	-	2,590,808	-
Transactions with subsidiaries				
Dividend income	-	-	(15,101,000)	(4,840,000)
Management fee	-	-	(3,735,687)	(3,722,047)
Interest income	-	-	(3,218,785)	(3,315,782)
Revolving credit interest recharged	-	-	(2,046,576)	(2,194,846)
Interest expense	-	-	1,039,046	1,273,774
Transaction with related company				
Rental expense recharged	105,000	105,000	7,500	7,500
Transactions with companies in which certain Directors have substantial interests				
Rental paid	117,000	148,620	-	-
Hiring charges	210,000	210,000	-	-
Legal and professional fees	1,179,417	969,744	81,000	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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Short-term employee benefits	4,409,204	4,848,676	2,103,744	3,079,223
Defined contribution plan	392,351	485,072	287,195	368,966
	4,801,555	5,333,748	2,390,939	3,448,189

33. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2014 RM	Group 2013 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	163,548	12,532,554
Approved but not contracted for:		
Property, plant and equipment	126,968,720	177,968,720
	127,132,268	190,501,274

(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 2014 RM	Group 2013 RM
Minimum lease payments:		
Not later than 1 year	35,760	35,760
Later than 1 year but not later than 2 years	35,760	35,760
Later than 2 years but not later than 5 years	53,592	89,352
Total minimum lease payments	125,112	160,872
Less: Amounts representing finance charges	(9,450)	(15,541)
Present value of minimum lease payments	115,662	145,331
Present value of payments:		
Not later than 1 year	31,176	29,669
Later than 1 year but not later than 2 years	32,683	31,176
Later than 2 years but not later than 5 years	51,803	84,486
Present value of minimum lease payments	115,662	145,331
Less: Amount due within 12 months (Note 26)	(31,176)	(29,669)
Amount due after 12 months (Note 26)	84,486	115,662

34. 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.

34. Derivatives (Continued)

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.

In 2013, the Group recognised a net loss of RM10,980 arising from fair value changes of derivative assets. The fair value changes were attributable to changes in foreign exchange spot and forward rates.

35. Fair value of financial instruments

(a) Determination of fair value and the fair value hierarchy

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived.

The Group generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

MFRS 13 Fair Value Measurement requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and nonfinancial assets:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs use are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and nonfinancial assets.

(b) Financial instruments and non-financial assets carried at fair value

The following tables provide an analysis of financial instruments and non-financial
assets carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2014				
Financial assets				
Wholesale money market fund	258,052	-	-	258,052

35. Fair value of financial instruments (Continued)

(b) Financial instruments and non-financial assets carried at fair value (Continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2013				
Financial assets				
Wholesale money market fund	-	-	-	-

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (2013: Nil).

(c) Fair values of financial instruments not carried at fair value

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	Carrying amount		Fair value	
	2014 RM	2013 RM	2014 RM	2013 RM
Group				
Financial liabilities:				
Interest-bearing loans and borrowings				
- Term loan	8,593,774	12,845,638	8,354,420	12,496,822
- Obligations under finance leases	84,486	115,662	84,292	115,413

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

(d) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Loans and borrowings	26
Trade and other receivables	20
Trade and other payables	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

36. 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 2014				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	46,616,377	-	-	46,616,377
Loans and borrowings	169,582,519	201,571,828	1,922,268	373,076,615
Total undiscounted financial liabilities	216,198,896	201,571,828	1,922,268	419,692,992

36. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	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	179,618,028	252,450,427	19,123,092	451,191,547
Total undiscounted financial liabilities	226,731,910	252,450,427	19,123,092	498,305,429
Company				
At 31 December 2014				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	25,388,960	-	-	25,388,960
Loans and borrowings	7,273,870	15,372,218	-	22,646,088
Total undiscounted financial liabilities	32,662,830	15,372,218	-	48,035,048
At 31 December 2013				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	38,421,545	-	-	38,421,545
Loans and borrowings	7,596,915	22,867,893	-	30,464,808
Total undiscounted financial liabilities	46,018,460	22,867,893	-	68,886,353

* 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.

36. Financial risk management objectives and policies (Continued)

(c) Interest rate risk (Continued)

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 net of tax would have been RM205,204 (2013: RM324,123) 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 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.

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 net of tax		Company Profit net of tax	
	2014 RM	2013 RM	2014 RM	2013 RM
SGD/RM - strengthen by 5%	(508,875)	(789,583)	17,863	1,940
SGD/RM - weaken by 5%	508,875	789,583	(17,863)	(1,940)
USD/RM - strengthen by 5%	488,374	431,016	-	-
USD/RM - weaken by 5%	(488,374)	(431,016)	-	-
RM/SGD - strengthen by 5%	(1,078,399)	101,431	-	-
RM/SGD - weaken by 5%	1,078,399	(101,431)	-	-
USD/SGD - strengthen by 5%	1,337,400	(319,217)	-	-
USD/SGD - weaken by 5%	(1,337,400)	319,217	-	-
SGD/USD - strengthen by 5%	(158,773)	62,525	-	-
SGD/USD - weaken by 5%	158,773	(62,525)	-	-
RM/USD - strengthen by 5%	(7,646,496)	(2,329,223)	-	-
RM/USD - weaken by 5%	7,646,496	2,329,223	-	-
AUD/USD - strengthen by 5%	40,161	39,860	-	-
AUD/USD - weaken by 5%	(40,161)	(39,860)	-	-

37. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend payment, return capital to shareholders, obtain new financing facilities or dispose assets to reduce borrowings.

Management monitors capital based on the Group's and the Company's gearing ratio. The Group and the Company are also required by certain banks to maintain a gearing ratio of not exceeding certain percentage varying between 100% and 200%. The Group's and the Company's strategies are to maintain gearing ratio of not exceeding 100%.

The gearing ratio is calculated as total loans and borrowings divided by equity capital.

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Loans and borrowings	26	349,425,859	416,156,128	20,365,000	26,915,000
Total equity		460,076,757	450,642,294	354,079,547	342,805,157
Gearing ratio		75.95%	92.35%	5.75%	7.85%

38. 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.

38. Segment information (Continued)

	Shipbuilding		Chartering		Others		Adjustments and Eliminations			Per Consolidated Financial Statements	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	Notes	2014 RM	2013 RM
Revenue:											
External customers	6,704,438	92,902,123	121,389,948	115,848,116	-	-	-	-		128,094,386	208,750,239
Inter-segment	89,758,485	80,441,483	40,206,172	20,085,764	19,214,687	8,890,047	(149,179,344)	(109,417,294)	A	-	-
Total revenue	96,462,923	173,343,606	161,596,120	135,933,880	19,214,687	8,890,047	(149,179,344)	(109,417,294)		128,094,386	208,750,239
Results:											
Interest income	1,229,940	1,323,901	2,829,772	4,396,395	3,306,280	3,383,997	(4,724,299)	(5,196,012)		2,641,693	3,908,281
Depreciation and amortisation	3,311,147	7,506,794	40,238,508	32,555,553	48,297	48,228	(2,270,317)	(2,003,289)		41,327,635	38,107,286
Other non-cash expenses	11,438,964	4,089,471	241,073	13,030,013	-	-	2,001,400	-	B	13,681,437	17,119,484
Segment profit/(loss)	(18,365,566)	150,445	23,848,517	20,370,846	17,750,229	6,693,585	(19,573,027)	(10,303,968)	C	3,660,153	16,910,908
Assets:											
Investment in an associate	-	-	-	-	6,236,651	4,701,625	-	-		6,236,651	4,701,625
Investment in a joint venture	-	-	-	-	1,177,925	812,780	-	-		1,177,925	812,780
Additions to non-current assets	1,045,913	879,622	98,485,874	167,463,034	2,600,000	-	(49,485,827)	(106,883,559)	D	52,645,960	61,459,097
Segment assets	246,993,884	317,947,331	871,761,120	887,943,682	487,636,654	513,300,717	(703,142,279)	(746,925,508)	E	903,249,379	972,266,222
Segment liabilities	159,916,015	244,767,153	563,176,893	602,135,653	122,316,441	160,477,483	(402,236,727)	(485,756,361)	F	443,172,622	521,623,928

38. 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	2014 RM	2013 RM
Deposits written off	9	42,000	-
Inventories written down	9	12,634,776	-
Inventories written off	9	7,985	1,242,655
Reversal of provision for maintenance warranties	9	(1,500,000)	(1,310,535)
Property, plant and equipment written off	9	1,203,916	2,079
Impairment loss on capital work-in-progress	9	-	12,879,267
Impairment loss on trade and other receivables	9	1,234,958	4,306,018
Impairment loss on other current assets	9	57,802	-
		13,681,437	17,119,484

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 profit or loss:

	2014 RM	2013 RM
Dividend from an associate	(300,000)	(250,000)
Dividend from subsidiaries	(15,101,000)	(4,840,000)
Profit from inter-segment sales	(5,860,952)	(5,308,111)
Finance costs	4,852,514	3,413,774
Share of results of an associate	1,742,989	1,333,509
Share of results of a jointly controlled entity	145,145	(52,157)
Unallocated corporate expenses	(5,825,901)	(4,600,983)
	(20,347,205)	(10,303,968)

D Additions to non-current assets consist of:

Property, plant and equipment	52,645,960	61,459,097

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

	2014 RM	2013 RM
Investment in subsidiaries	(269,949,107)	(235,446,107)
Investment in an associate	993,662	1,201,626
Investment in a joint venture	(79,087)	(1,967,221)
Inter-segment assets	(434,107,747)	(510,713,806)
	(703,142,279)	(746,925,508)

38. 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:

	2014 RM	2013 RM
Deferred tax liabilities	1,234,718	1,247,518
Inter-segment liabilities	(403,471,445)	(487,003,879)
	(402,236,727)	(485,756,361)

<u>Geographical information</u>

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

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	115,826,377	200,749,667	611,646,470	657,051,775
Singapore	12,268,009	8,000,572	55,564,328	24,193,511
	128,094,386	208,750,239	667,210,798	681,245,286

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

	2014 RM	2013 RM
Property, plant and equipment	654,817,833	668,273,568
Land use rights	12,392,965	12,971,718
	667,210,798	681,245,286

39. Dividend

	Dividends in respect of Year		Dividends recognised in Year	
	2014 RM	2013 RM	2014 RM	2013 RM
Recognised during the financial year: Dividend on 500,000,000 ordinary shares: Final single tier tax exempt dividend for 2013: 2.00% of RM0.50 each (1 sen per ordinary share)	-	5,000,000	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	-	-

40. Significant events

On 6 June 2013, one of the subsidiaries 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. Both parties had reached an amicable settlement, pursuant to which Boustead paid the subsidiary on 18 December 2014 as full settlement of all claims and counterclaims.

On 7 December 2012, another subsidiary of the Group initiated arbitration before the Kuala Lumpur Regional Centre for Arbitration (KLRCA) against Boustead Penang Shipyard Sdn Bhd (BPS) under a shipbuilding contract dated 3 April 2008 to build two units of 7,000 DWT oil carriers/chemical carriers.

The subsidiary filed its statement of claim against BPS on 8 May 2013 for interest, damages, costs 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. The arbitration is ongoing as parties exchange requests for disclosure.

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

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 30 April 2015.

42. 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 2014 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Recognised during the financial year:				
Total retained earnings of the Company and its subsidiaries:				
- Realised	389,084,377	386,760,497	24,978,223	13,715,725
- Unrealised	(35,400,741)	(41,568,049)	14,441	2,549
	353,683,636	345,192,448	24,992,664	13,718,274
Less: Consolidation adjustments	(236,169,231)	(230,935,826)	-	-
Total retained earnings	117,514,405	114,256,622	24,992,664	13,718,274

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 31.12.2014 (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	**77,482**
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	[7 years] / [60 years] / Lease term expires on 27th February, 2056	**21,670,866**
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	[6 years] / [60 years] / Lease term expires on 31st December, 2027	**485,139**
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	[6 years] / [60 years] / Lease term expires on 24th February, 2052	**1,725,802**
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 warehouse)	SEALINK SENDIRIAN BERHAD (20471-D)	4,039 square. metres, more or less	[35 years] / [60 years] / Lease term expires on 31st December, 2027	**1,555,986**
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	**7,266,367**
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 Kilometre 4, 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	**82,365**

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 31.12.2014 (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]	SEALINK SHIPYARD SDN BHD (195853-D)	4,059 square metres, more or less	[45 years] /[60 years] / Lease term expires on 31st December, 2027	**1,182,963**
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	**10,243,324**
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	[6 years] / [60 years] / Lease term expires on 17th July, 2058	**5,907,671**
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)	9,841 square metres, more or less	[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)	31,330 square metres, more or less	[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 / two (2) blocks of workers quarters	ALIRAN SAKSAMA SDN BHD (473205-H)	19,647 square metres., more or less	[5 years] / [60 years] / Lease term expires on 22nd October, 2067	**3,031,570**

ANALYSIS OF SHAREHOLDINGS (Ordinary Shares) As at 30 April 2015

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	4	0.12	200	0.00
100 - 1,000	739	22.65	169,200	0.03
1,001 - 10,000	1,155	35.41	7,567,600	1.51
10,001 - 100,000	1,147	35.16	40,323,800	8.06
100,001 - 24,999,999 (*)	214	6.56	79,759,201	15.95
25,000,000 AND ABOVE (**)	3	0.09	372,179,999	74.44
TOTAL	**3,262**	**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

NAME	DIRECT NO. OF SHARES HELD	%*	INDIRECT 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 2015

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	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG SING NGUONG (M05) LEVEL 3 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	6,832,900	1.37
5	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
6	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	3,639,300	0.73
7	LAU KA TEE LOT 320 1ST FLOOR JALAN NAHKODA GAMPAR P O BOX 1665 98008 MIRI	2,017,900	0.40
8	DATA HASRAT SDN BHD 25TH FLOOR BANGUNAN AMBANK GROUP JALAN RAJA CHULAN 50200 KUALA LUMPUR	2,000,000	0.40
9	YII SIEW SANG LOT 732 JALAN LIMAU 4 PUJUT 5B 98000 MIRI	1,960,000	0.39
10	TING HUA PING NO 15-B JLN SAWI 96000 SIBU	1,763,700	0.35

ANALYSIS OF SHAREHOLDINGS
(Ordinary Shares) As at 30 April 2015

	HOLDER NAME AND ADDRESS	Shareholdings	%
11	LAI CHUN LIAN NO 77 PASAR BATU 7 JALAN PENRISSEN 93250 KUCHING	1,695,500	0.34
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (M02) LEVEL 3 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	1,180,000	0.24
13	TAN CHEOW HO 12 JALAN SS1/38 47300 PETALING JAYA	1,100,000	0.22
14	TENGKU AB MALEK BIN TENGKU MOHAMED NO 46 JALAN BUNGA MELATI 2/2 40000 SHAH ALAM	1,100,000	0.22
15	TOH PIK CHAI P.O.BOX 1516 96008 SIBU	1,055,300	0.21
16	LEASING CORPORATION SDN BHD NO 18 LORONG YAP KWAN SENG 50450 KUALA LUMPUR	1,009,000	0.20
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH PIK CHAI (M05) LEVEL 3 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	949,900	0.19
18	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEW CHEONG BER (M02) LEVEL 3 WISMA SRI PINANG 60 GREEN HALL 10200 GEORGETOWN	937,000	0.19
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (CEB) 10TH FLOOR ,PLAZA OSK JALAN AMPANG 50450 WILAYAH PERSEKUTUAN	900,000	0.18
20	BAHTERA OFFSHORE (M) SDN BHD NO 39A JALAN USJ 21/11 UEP SUBANG JAYA 47600 PETALING	800,000	0.16
21	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR AGROSEGAR SDN. BHD. (SFC) P.O BOX 10326 50710 KUALA LUMPUR	800,000	0.16

	HOLDER NAME AND ADDRESS	Shareholdings	%
22	SP JUTAJAYA SDN. BHD. 10-1 1ST FLOOR KOMPLEKS UDARAMA JALAN 3/64A OFF JALAN IPOH 50350 KUALA LUMPUR	764,100	0.15
23	NG WAN WA LOT 100 JALAN JERMERLANG KUNING SIERRAMAS 47000 SUNGAI BULOH	750,000	0.15
24	LEE CHEE KOK 10 JALAN 3/2A TEMPLER HEIGHTS 48000 RAWANG	720,000	0.14
25	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	705,000	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	TEH POH GUAN 39 JLN BUKIT HIJAU 26/24 SEKSYEN 26 40400 SHAH ALAM	651,700	0.13
28	WONG ANN PANG @ SEOW TUN SIN 24 PECK SEAH STREET #09-02 NEHSONS BUILDING SINGAPORE 079314	650,000	0.13
29	ONG BENG KEE 1 JALAN S.P. SEENIVASAGAM 30000 IPOH	600,000	0.12
30	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VOON FOOK SOON (E-PDG/JPN) 7 8 & 9 JALAN CHAN BEE KIEW OFF JALAN PADUNGAN 93100 KUCHING	600,000	0.12
	TOTAL	**411,798,899**	**82.36**
	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 Seventh Annual General Meeting of the Company to be held on Wednesday, 10 June 2015 at 11:30 a.m. and at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' Fees for the financial year ending 31 December 2015.		
2.	To re-appoint Mr Yong Foh Choi, who shall retire pursuant to Section 129(6) of the Companies Act, 1965 as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting.		
3.	To re-elect Mr Eric Khoo Chuan Syn @ Khoo Chuan Syn, who shall retire in accordance with Article 89 of the Company's Articles of Association as a Director of the Company.		
4.	To re-elect Mr Wong Chie Bin, who shall retire in accordance with Article 89 of the Company's Articles of Association as a Director of the Company.		
5.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration.		
6.	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 3 June 2015 be regarded as Members and shall be entitled to attend, speak and vote at the Seventh 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

1st fold here