



SEALINK INTERNATIONAL BERHAD (800981-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

	3 months ended		12 months ended	
	31 Dec 2013 RM'000 (Unaudited)	31 Dec 2012 RM'000 (Unaudited)	31 Dec 2013 RM'000 (Unaudited)	31 Dec 2012 RM'000 (Audited)
Revenue	73,159	27,001	207,599	121,430
Cost of sales	<u>(52,137)</u>	<u>(19,125)</u>	<u>(152,242)</u>	<u>(85,017)</u>
Gross profit	21,022	7,876	55,357	36,413
Other operating income	7,965	7,027	13,052	19,493
Other operating expenses	(18,125)	(23,856)	(19,206)	(23,856)
Administrative expenses	(6,181)	(11,486)	(19,911)	(26,529)
Finance expenses	(3,506)	(2,740)	(13,357)	(12,294)
Share of result of an associate	(212)	795	990	1,800
Share of result of a joint venture	<u>(61)</u>	<u>-</u>	<u>(42)</u>	<u>-</u>
Profit/(loss) before tax	902	(22,384)	16,883	(4,973)
Income tax expense	415	1,116	(4,401)	(4,120)
Profit/(loss) for the period	<u>1,317</u>	<u>(21,268)</u>	<u>12,482</u>	<u>(9,093)</u>
Profit attributable to:				
Owners of the Parent	<u>1,317</u>	<u>(21,268)</u>	<u>12,482</u>	<u>(9,093)</u>
	<u>1,317</u>	<u>(21,268)</u>	<u>12,482</u>	<u>(9,093)</u>
Earnings per share (sen)				
- Basic EPS	0.26	(4.25)	2.50	(1.82)
- Diluted EPS	0.26	(4.25)	2.50	(1.82)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

(CONTINUED)

	3 months ended		12 months ended	
	31 Dec 2013 RM'000 (Unaudited)	31 Dec 2012 RM'000 (Unaudited)	31 Dec 2013 RM'000 (Unaudited)	31 Dec 2012 RM'000 (Audited)
Profit/(loss) for the period	1,317	(21,268)	12,482	(9,093)
Other Comprehensive Income :				
Exchange differences on translation of foreign operations	5,018	1,351	4,578	1,628
Total Comprehensive Income for the period	<u>6,335</u>	<u>(19,917)</u>	<u>17,060</u>	<u>(7,465)</u>
Total comprehensive income attributable to:				
Owners of the Parent	<u>6,335</u>	<u>(19,917)</u>	<u>17,060</u>	<u>(7,465)</u>
	<u>6,335</u>	<u>(19,917)</u>	<u>17,060</u>	<u>(7,465)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	As at 31 DEC 2013 RM'000 (Unaudited)	As at 31 Dec 2012 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	669,064	444,676
Land use rights	12,972	13,550
Investment in an associate	4,358	3,526
Investment in a joint venture	1,893	-
Other receivables	26,734	37,483
	715,021	499,235
Current Assets		
Inventories	74,379	278,797
Trade and other receivables	108,409	62,018
Tax recoverable	159	2,366
Cash and cash equivalents	77,605	113,482
	260,552	456,663
Total Assets	975,573	955,898
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share Capital	250,000	250,000
Share Premium	79,087	79,087
Retained earnings	113,180	100,698
Other components of equity	7,380	2,802
Total Equity	449,647	432,587
Non-Current Liabilities		
Long-term borrowings	250,384	236,918
Deferred tax liabilities	57,310	55,634
	307,694	292,552
Current Liabilities		
Provision	1,500	3,199
Short-term borrowings	165,872	164,285
Trade and other payables	50,520	62,399
Provision for taxation	340	876
	218,232	230,759
Total Liabilities	525,926	523,311
Total Equity and Liabilities	975,573	955,898
Net asset per share (sen)	89.93	86.52

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

	Attributable to Owners of the Parent					Total Equity (Audited) RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Foreign currency translation reserve RM'000	Total RM'000	
Balance as at 1 January 2012	250,000	79,087	114,791	1,174	445,052	445,052
Dividend	-	-	(5,000)	-	(5,000)	(5,000)
Total comprehensive income for the period	-	-	(9,093)	1,628	(7,465)	(7,465)
Balance as at 31 December 2012	250,000	79,087	100,698	2,802	432,587	432,587

	Attributable to Owners of the Parent					Total Equity (Unaudited) RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Foreign currency translation reserve RM'000	Total RM'000	
Balance as at 1 January 2013	250,000	79,087	100,698	2,802	432,587	432,587
Total comprehensive income for the period	-	-	12,482	4,578	17,060	17,060
Balance as at 31 December 2013	250,000	79,087	113,180	7,380	449,647	449,647

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

	Year-to-date Ended	
	31 Dec 2013	31 Dec 2012
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash Flows From Operating Activities		
Profit/(loss) before tax	16,883	(4,973)
Adjustments for:		
Interest income	(4,214)	(3,867)
Interest expenses	13,357	13,178
Amortisation of land use rights	579	579
Deposit written off	-	3,038
Depreciation of property, plant and equipment	37,554	32,354
Gain on disposal of property, plant and equipment	(5,279)	-
Gain on disposal of non- current asset held for sale	-	(7,535)
Impairment loss on others receivables	4,306	3,000
Impairment loss on capital work-in-progress	12,879	12,416
Inventories written off	476	3,900
Property, plant and equipment written off	3	572
Provision for maintenance warranties	-	1,199
Reversal of deposit written off	(1,323)	-
Reversal of provision for maintenance warranties	(1,166)	-
Reversal of impairment loss on trade receivables	-	(4,281)
Share of result of an associate	(990)	(1,800)
Share of result of a joint venture	42	-
Unrealised (gain)/loss on foreign exchange	(1,279)	1,342
Total adjustments	<u>54,945</u>	<u>54,095</u>
Operating profit before working capital changes	71,828	49,122
Changes in working capital		
Decrease/(increase) in inventories	214,244	(73,553)
(Increase)/decrease in trade and other receivables	(49,506)	25,073
Decrease in trade and other payables	(15,699)	(10,867)
Increase in amount due to ultimate holding company	-	(129)
Net change in associate balances	10,134	10,518
Total changes in working capital	<u>159,173</u>	<u>(48,958)</u>
Cash flows from operations	231,001	164
Interest paid	(18,791)	(19,020)
Income tax refund	2,446	494
Income tax paid	(5,554)	(4,957)
Net Cash Flows From/(used in) Operating Activities	<u>209,102</u>	<u>(23,319)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

	Year-to-date Ended	
	31 Dec 2013	31 Dec 2012
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash Flows From Investing Activities		
Acquisition of investment in a joint venture	(2,780)	-
Acquisition of investment in an associate	-	(50)
Increase in non current asset held for sale	-	(13,014)
Purchase of property, plant and equipment	(278,538)	(40,273)
Dividend received	-	600
Proceeds from disposal of property, plant and equipment	17,529	514
Proceeds from disposal of non-current asset held for sale	-	54,458
Interest received	4,214	4,720
Waive of land premium	-	435
Net Cash Flows (Used In) /From Investing Activities	(259,575)	7,390
Cash Flows From Financing Activities		
Net movement in fixed deposits pledged	(3,369)	20,507
Net movement in cash at bank restricted in use	23,294	(23,269)
Net movements in trade financing	(12,854)	(18,792)
Proceeds from term loans	74,319	113,568
Proceeds from finance lease	160	-
Repayments of term loans	(60,428)	(54,827)
Repayments of hire purchase payables	(14)	(41)
Dividends paid to shareholders	-	(5,000)
Net Cash Flows From Financing Activities	21,108	32,146
Net (Decrease)/Increase in Cash and Cash Equivalents	(29,365)	16,217
Effect of changes in foreign exchange rates	8,855	(708)
Cash and Cash Equivalents at the beginning of financial year	53,928	38,419
Cash and Cash Equivalents at the end of financial period	33,418	53,928

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

Cash and bank balances	77,605	113,482
Bank overdraft	(24,768)	(20,182)
	52,837	93,300
Less: Fixed deposits pledged and cash at bank restricted in use	(19,419)	(39,372)
	33,418	53,928

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134) :
INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements has been prepared on the historical cost basis, unless otherwise stated.

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by Malaysian Accounting Standards Boards ("MFRS") and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

On 1 January 2013, the Group adopted the following new and amended MFRS and IC interpretations mandatory for annual financial period beginning on or after 1 January 2013.

Amendment to MFRS 101	Presentation of Items Of Other Comprehensive Income
MFRS 3	Business Combinations (IFRS 3 <i>Business Combinations</i> issued by IASB in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 127	Consolidated and Separate Financial Statements (IAS27 as revised by IASB in December 2003)
MFRS 128	Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to MFRS 7	Disclosures- Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 132	Financial Instruments: Presentation (Annual Improvement 2009 -2011 Cycle)
Amendments to MFRS 134	Interim Financial reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134) :
INTERIM FINANCIAL REPORTING

A1. Basis of Preparation (Continued)

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

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

Amendments to MFRS 10, MFRS12 and MRS127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non- Financial Assets

MFRS effective for annual periods beginning on or after 1 January 2015

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

The adoption of above standards and amendments are expected to have no significant impact on the financial statements of the Group upon their initial application.

A2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Company ("Sealink International Berhad") and its subsidiaries for the year ended 31 December 2012 were not qualified.

A3. Seasonal or cyclical factors

The Group's performance is affected by the oil and gas industry. The demand for our vessels are closely associated with the cyclical fluctuations of the oil and gas industry.

A4. Items of unusual nature and amount

There was no item that affect assets, liabilities, equity, net income, or cash flows that are unusual in nature, size, or incidence during the current quarter under review.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134) :
INTERIM FINANCIAL REPORTING

A5. Material changes in estimates

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

A6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter.

A7. Dividends Paid

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

A8. Segmental information

The results and other information of the Group as at 31 December 2013 are as follows:

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	92,966	114,633	-	-	207,599
Inter-segment sales	80,529	19,951	-	(100,480)	-
Total revenue	173,495	134,584	-	(100,480)	207,599
Segment profit/(loss) (Note A)	445	18,970	4,711	(7,243)	16,883

Note A

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

Segment profit	24,126
Dividend from subsidiaries	(1,540)
Dividend from an associate	(250)
Loss from inter-segment sales	(4,649)
Share of result of an associate	990
Share of result of a joint venture	(42)
Finance costs	3,810
Unallocated corporate expenses	(5,562)
Profit before tax	16,883

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134) :
INTERIM FINANCIAL REPORTING

A8. Segmental information (Continued)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Assets and liabilities					
Segment assets	318,103	895,553	282,022	(520,105)	975,573
Segment liabilities	246,098	603,070	163,127	(486,369)	525,926
Net assets	72,005	292,483	118,895	(33,736)	449,647
Other segmental information					
Depreciation	7,401	27,459	4,724	(2,030)	37,554
Amortisation of land use rights	105	424	50	-	579

A9. Capital commitments

Capital commitments are as follows:

	Approved and contracted for RM'000	Approved but not contracted for RM'000
Property, plant and equipment	3,833	177,969

A10. Material events subsequent to the end of period reported

There were no material event subsequent to the end of the interim period reported which has not been reflected under the current quarter and financial year to date.

A11. Changes in composition of the Group

There were no changes in composition of the Group for the current quarter ended 31 December 2013.

A12. Contingent liabilities

There are no additional contingent liabilities since the last annual balance sheet date.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134) :
INTERIM FINANCIAL REPORTING

A13. Related party transactions

Transactions between the Group and related parties are as follows:

	Transaction value for 3 months ended 31 Dec 2013 RM	Current Year-to-date 31 Dec 2013 RM
(i) Transactions with companies in which certain Directors of the Company have substantial interest :		
Ming Kiong Agencies (Singapore) Pte Ltd - Rental of office at Far East shopping centre, Singapore	34,684	136,620
Manmohan's (Labuan) Sdn Bhd - Rental of office at Lot 20, Labuan	3,000	12,000
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd - Lease of office at Lot 1035, Piasau	26,250	105,000
Syarikat Lambir Timber Sdn Bhd - Chartering of vessels	52,500	210,000
Rajah & Tann - Provision of legal services	564,561	941,300
Khoo & Co, Advocates and Solicitors - Provision of legal services	7,438	28,444
(ii) Transactions with Director :		
Yong Foh Choi - Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1,500	6,000
	689,933	1,439,364

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favorable than those transacted with unrelated parties.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B1. Review of performance of the Company and its principal subsidiaries****(a) Current quarter compared with corresponding quarter of the previous financial year (4Q 2013 Vs. 4Q 2012)**

The Group's performance for the current quarter under review compared to 4Q 2012 is as follow:

	Shipbuilding RM'000	Chartering RM'000	Consolidated Total RM'000
Revenue (4Q 2013)	40,428	32,731	73,159
Revenue (4Q 2012)	(343)	27,344	27,001
Variance	<u>40,771</u>	<u>5,387</u>	<u>46,158</u>
<i>Variance (%)</i>	<i>>100%</i>	<i>20%</i>	<i>171%</i>

Both shipbuilding and ship charter segment performed better than previous corresponding period resulted in a significant jump in revenue by 171%.

Revenue from shipbuilding was derived from progressive work recognised on sale of one offshore support vessel which expected to be delivered in Q1 2014 to external party, while the sale of 2 vessels to internal companies was eliminated. The ship charter segment recorded higher revenue of 20% partly due to additional revenue generated from the hybrid vessels in the 2nd half of 2013.

	Shipbuilding RM'000	Chartering RM'000	Others/ Elimination RM'000	Consolidated Total RM'000
Profit/(loss) before tax (4Q 2013)	8,980	(5,892)	(2,186)	902
(Loss)/profit before tax (4Q 2012)	(14,898)	(5,414)	(2,072)	(22,384)
<i>Variance (%)</i>				<i>104%</i>

The Group recorded profit before tax of RM902,000 for current quarter against loss of RM22.4 million in Q4 2012 due to improved revenue from both shipbuilding and ship charter segments, however the favorable result was offset by impairment charge on other receivables and property, plant and equipment (work-in progress) amounted to RM4.3 million and RM12.88 million respectively.

The Group also recognised profit of RM4.7 million on the disposal of a building which was rented out prior to the disposal.

Shipbuilding

Shipbuilding segment registered profit before tax of RM8.98 million after provision for impairment charge of RM4.3 million in current quarter as compared to loss of RM14.89 million in previous corresponding quarter.

Ship charter

Although revenue from ship charter segment improved by 20%, the additional impairment charge of RM12.88 million on the property, plant and equipment (work in-progress) on one of the vessel contracted with third party has resulted in a loss of RM5.89 million.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B1. Review of performance of the Company and its principal subsidiaries (continued)****(b) YTD 2013 compared with YTD 2012**

The Group's performance for the year 2013 compared with corresponding period in 2012 is as follow:-

	Shipbuilding	339876 Chartering	Consolidated Total
	RM'000	RM'000	RM'000
Revenue (2013)	92,966	114,633	207,599
Revenue (2012)	22,765	98,665	121,430
Variance	<u>70,201</u>	<u>15,968</u>	<u>86,169</u>
<i>Variance (%)</i>	<i>308%</i>	<i>16%</i>	<i>71%</i>

The Group achieved revenue of RM207.6 million for current financial period, increased by RM86.2 million or 71% compared to corresponding period last year due to increased revenue from both division.

Shipbuilding

Revenue from shipbuilding segment increased by 308% compared to previous corresponding period principally due to increased in number of vessels sold.

Ship charter

Ship charter segment recorded 16% increase in revenue compared to corresponding financial period mainly due to additional revenue generated from the two new hybrid vessels in the 2nd half of 2013.

	Shipbuilding	Chartering	Others/ Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000
Profit before tax (YTD 2013)	445	18,970	(2,532)	16,883
(Loss)/profit before tax (YTD 2012)	(30,227)	17,320	7,934	(4,973)
<i>Variance (%)</i>				<i>439%</i>

The Group recorded profit before tax of RM16.88 million for the current financial period, compared to loss of RM4.97 million in year 2012 due to increased in vessel sale and charter revenue from the new hybrid vessels.

Despite significant jump in revenue of shipbuilding, the division only recorded profit before tax of RM445,000 partly due to profit on sale to companies within the Group is eliminated.

Profit before tax of Shipbuilding segment included reversal of deposit written off and maintenance warranty provided in year 2012 amounted to RM2.4 million in total.

Profit before tax of ship charter segment increased, compared to previous year despite additional impairment charge of RM12.88 million on property, plant and equipment (work-in progress).

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	Current Quarter ended 31 Dec 2013 RM'000	Preceding Quarter ended 30 Sep 2013 RM'000	Variance RM'000	%
Revenue	73,159	37,326	35,833	96%
Profit before tax	<u>902</u>	<u>5,244</u>	(4,342)	-83%

The Group recorded higher revenue of RM73.16 million representing an increase of RM35.83 million or 96% over the preceding quarter mainly due to recognition of progressive work on one offshore supply vessel by shipbuilding segment which will be delivered in 1Q 2014.

Profit before taxation ("PBT") of the Group for the current quarter of RM902,000 was lower than preceding quarter by RM4.34 million or 83% partly due to impairment charge of RM4.3 million on other receivables and RM12.88 million on property, plant and equipment (work-in progress).

B3. Commentary on prospects

The oil and gas industry in Malaysia is expanding rapidly over the last few years with the award of more offshore installations. These new installations are in addition to the enhanced oil recovery ("EOR") projects awarded and finalised currently. Players in the oil and gas industry believes that Petronas will continue to maintain a high capital expenditure to boost the oil production activities before Malaysia becomes a net oil importer.

The overall results of SIB Group has improved in 2013 and are expected to improve further going forward as the SIB Group expands its vessel fleet and increase the production from the shipbuilding division.

With the new platforms and EOR projects expected to come on-stream within the next 12 - 24 months, we believe that the demand and rates for the charter and sale of our marine offshore support vessels ("OSV") will improve from those obtained in 2013. The Group's chartering division had been awarded extensions for several long-term charter contracts. In 2013, The Group had taken delivery of two sophisticated hybrid vessels which is currently operating in Malaysia. SIB Group is modernizing the vessel fleet by disposing of the older and smaller vessels to improve the charter and utilisation. SIB Group has also embarked on the building of new vessels to meet the increased demand from the oil and gas industry. Barring unforeseen circumstances, the SIB Group is optimistic that the ship chartering and shipbuilding divisions would perform reasonably well in the next 12 months. The oil and gas industry is getting more competitive and SIB Group will improve and maintain its market share in the oil and gas industry through the additions of new and larger vessels for the deep water operations.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

B4. Variance between actual profit from forecast profit

Not applicable as no profit forecast was published.

B5. Profit before tax

Included in the profit before tax are the following item:

	Year-to-date Ended	
	31 Dec 2013	31 Dec 2012
	RM'000	RM'000
Other income	(3,559)	(3,810)
Interest income	(4,214)	(3,867)
Interest expense	13,357	13,178
Reversal of deposit written off	(1,323)	-
Depreciation of property, plant and equipment	37,554	32,354
Deposit written off	-	3,038
Amortisation of land use rights	579	579
Impairment loss on other receivables	4,306	3,000
Impairment loss on property, plant and equipment	12,879	12,416
Inventories written off	476	3,900
Property, plant and equipment written off	3	572
Gain or loss on disposal of non-current asset held for sale	-	(7,535)
Gain or loss on disposal of property, plant and equipment	(5,279)	-
Reversal of provision for maintenance warranties	(1,166)	-
Reversal of impairment loss on trade receivables	-	(4,281)
(Gain)/loss on foreign exchange		
- Realised	(2,099)	(2,211)
- Unrealised	(1,279)	1,342
	<u>(1,279)</u>	<u>1,342</u>

B6. Taxation

	Current Quarter 31 Dec 2013 RM'000	Current Year-to-date 31 Dec 2013 RM'000
Malaysian income tax	(2,852)	2,726
Deferred income tax	2,437	1,675
Total tax expenses	<u>(415)</u>	<u>4,401</u>

The effective tax rate of the Group for the year was slightly higher than statutory tax rate principally due to impairment provided which was not tax deductible.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

B7. Profit from sale of unquoted investments and/or properties

There were no disposal of unquoted investment and properties for the current quarter and financial year to date.

B8. Quoted securities

There was no purchase or disposal of quoted securities for the current quarter and financial year to date.

B9. Status of corporate proposal

There is no corporate proposal announced but not completed as at end of the financial period under review.

B10. Group borrowings and debt securities

Total Group's borrowings as at 31 December 2013 were as follows:

1. <u>Total Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short-term borrowings	138,045	27,827	165,872
Long-term borrowings	250,384	-	250,384
	<u>388,429</u>	<u>27,827</u>	<u>416,256</u>
2. <u>Borrowings denominated in US Dollars</u>	Secured	Unsecured	Total
	USD'000	USD'000	USD'000
Short-term borrowings	9,197	-	9,197
Long-term borrowings	39,197	-	39,197
	<u>48,394</u>	<u>-</u>	<u>48,394</u>

B11. Derivative Financial Instruments

There are no outstanding derivatives as at the reporting period.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B12. Material litigation**

On 7 December 2012, Sealink Sdn Bhd ("SSB") initiated arbitration before the Kuala Lumpur Centre for Arbitration ("KLRC") against Boustead Penang Shipyard Sdn Bhd ("BPS") under a shipbuilding contract dated 3 April 2008 to build two (2) units of 7,000 dwt oil carriers/chemical carriers (the "Contract").

SSB claims against BPS, inter alia, the sum of USD4,935,000 which is to be refunded and/or paid to SSB by BPS under the Contract and/or for interest payable by BPS to SSB under the terms of the Contract and/or for damages and/or expenses incurred by SSB pursuant to BPS breaches of the Contract. BPS has filed a counterclaim for RM57,942,087.99 (comprising alleged committed costs to perform the Contract, alleged unlawful deductions under the Contract and interest), as well as costs.

On the existing evidence, the solicitors are of the view that there are reasonably good prospects of recovering the disputed sum, and successfully resisting BPS's counterclaim. SSB has provided for impairment loss of RM994,000 for equipment deposits and interest capitalised for the first vessel and RM11.889 million on the second vessel in year of 2012.

SSB has further provided for additional impairment charge of RM12.88 million for the first vessel in 4Q 2013.

B13. Dividend payable

No interim dividend has been declared for the current quarter ended 31 December 2013.

B14. Earnings per Share

	3 months ended		12 months ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Profit attributable to Owners of the Parent (RM'000)	<u>1,317</u>	<u>(21,268)</u>	<u>12,482</u>	<u>(9,093)</u>
Weighted average number of shares in issue ('000)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Basic earnings per share (sen)	<u>0.26</u>	<u>(4.25)</u>	<u>2.50</u>	<u>(1.82)</u>
Diluted earnings per share (sen)	<u>0.26</u>	<u>(4.25)</u>	<u>2.50</u>	<u>(1.82)</u>

Basic earnings per share of the Company is calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

The computation of diluted earnings per share is the same as basic earnings per share as there were no new shares issued during the reporting period.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

B15. Disclosure of Realised and Unrealised Profits

The retained profits as at 31 December 2013 and 31 December 2012 are analysed as follows:

	As at 31 Dec 2013 RM'000	As at 31 Dec 2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	408,159	373,770
- Unrealised	(56,030)	(47,593)
	<u>352,129</u>	<u>326,177</u>
Consolidation adjustments	(238,949)	(225,479)
Total Group retained profits as per consolidated accounts	<u><u>113,180</u></u>	<u><u>100,698</u></u>

B16. Authorisation For Issue

The interim report for the fourth quarter ended 31 December 2013 was authorised for issue by the Board resolution of the directors dated 25 February 2014.

By Order Of The Board

**Yeo Puay Huang (f)
Company Secretary
25-February-2014**