

**SEALINK INTERNATIONAL BERHAD (800981-X)**

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2016**

	Individual 3 months ended		Cumulative 9 months ended	
	30 Sept 2016 RM'000 (Unaudited)	30 Sept 2015 RM'000 (Unaudited)	30 Sept 2016 RM'000 (Unaudited)	30 Sept 2015 RM'000 (Unaudited)
Revenue	13,857	46,195	109,740	116,083
Cost of sales	<u>(17,146)</u>	<u>(46,454)</u>	<u>(116,907)</u>	<u>(95,619)</u>
Gross (loss) / profit	(3,289)	(259)	(7,167)	20,464
Other operating income	2,631	1,346	5,569	3,216
Other operating expenses	(11)	(1,938)	(137)	(4,164)
Administrative expenses	(4,120)	(5,585)	(12,966)	(13,626)
Finance expenses	(2,888)	(3,522)	(9,641)	(10,370)
Share of result of an associate	(16)	155	(1,171)	11
Share of result of a jointly controlled entity	<u>(137)</u>	<u>(1,383)</u>	<u>-</u>	<u>(1,960)</u>
Loss before tax	(7,830)	(11,186)	(25,513)	(6,429)
Income tax expense	527	5,386	3,131	5,005
Loss for the period	<u>(7,303)</u>	<u>(5,800)</u>	<u>(22,382)</u>	<u>(1,424)</u>
Loss attributable to:				
Owners of the Parent	<u>(7,303)</u>	<u>(5,800)</u>	<u>(22,382)</u>	<u>(1,424)</u>
	<u>(7,303)</u>	<u>(5,800)</u>	<u>(22,382)</u>	<u>(1,424)</u>
Earnings per share (sen)				
- Basic EPS	(1.46)	(1.16)	(4.48)	(0.28)
- Diluted EPS	(1.46)	(1.16)	(4.48)	(0.28)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 30 SEPTEMBER 2016

(CONTINUED)

	Individual 3 months ended		Cumulative 9 months ended	
	30 Sept 2016 RM'000 (Unaudited)	30 Sept 2015 RM'000 (Unaudited)	30 Sept 2016 RM'000 (Unaudited)	30 Sept 2015 RM'000 (Unaudited)
Loss for the period	(7,303)	(5,800)	(22,382)	(1,424)
Other Comprehensive Income :				
Exchange differences on translation of foreign operations	51,738	38,722	(8,811)	53,282
Total Comprehensive Income for the period	<u>44,435</u>	<u>32,922</u>	<u>(31,193)</u>	<u>51,858</u>
Total comprehensive income attributable to:				
Owners of the Parent	<u>44,435</u>	<u>32,922</u>	<u>(31,193)</u>	<u>51,858</u>
	<u>44,435</u>	<u>32,922</u>	<u>(31,193)</u>	<u>51,858</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

	As at 30 Sept 2016 RM'000 (Unaudited)	As at 31 Dec 2015 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	624,570	658,192
Land use rights	11,380	11,814
Investment in an associate	4,901	6,003
Investment in a joint venture	7,755	9,153
Other receivables	6,092	3,916
	654,698	689,078
Current Assets		
Inventories	48,976	84,289
Trade and other receivables	33,629	50,352
Investment securities	63	329
Tax recoverable	950	1,419
Cash and cash equivalents	50,036	78,659
	133,654	215,048
Total Assets	788,352	904,126
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share Capital	250,000	250,000
Share Premium	79,087	79,087
Retained earnings	87,604	109,986
Other components of equity	51,738	60,549
Total Equity	468,429	499,622
Non-Current Liabilities		
Loans and borrowings	111,983	155,039
Deferred tax liabilities	31,283	34,823
	143,266	189,862
Current Liabilities		
Loans and borrowings	145,459	169,028
Trade and other payables	30,645	44,593
Provision for taxation	553	1,021
	176,657	214,642
Total Liabilities	319,923	404,504
Total Equity and Liabilities	788,352	904,126
Net asset per share (sen)	93.69	99.92

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2016

	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 2015	250,000	79,087	117,515	13,475	460,077	460,077
Total comprehensive income for the period	-	-	(1,424)	53,282	51,858	51,858
Balance as at 30 September 2015	250,000	79,087	116,091	66,757	511,935	511,935

	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 2016	250,000	79,087	109,986	60,549	499,622	499,622
Total comprehensive income for the period	-	-	(22,382)	(8,811)	(31,193)	(31,193)
Balance as at 30 September 2016	250,000	79,087	87,604	51,738	468,429	468,429

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 30 SEPTEMBER 2016

	Year-to-date Ended	
	30 Sept 2016 RM'000 (Unaudited)	30 Sept 2015 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Loss before tax	(25,513)	(6,429)
Adjustments for:		
Interest income	(1,926)	(1,792)
Interest expenses	9,641	10,369
Amortisation of land use rights	434	434
Deposit written off	-	8
Depreciation of property, plant and equipment	34,234	35,592
(Loss) / Gain on disposal of property, plant and equipment	(16)	46
Impairment loss on trade and other receivables	-	36
Impairment loss on property, plant and equipment	-	3,154
Property, plant and equipment written off	136	-
Inventories written down	1	3,002
Reversal of inventories written down	(3,794)	-
Reversal of impairment loss on trade receivables	(242)	-
Share of result of an associate	1,171	(11)
Share of result of a joint controlled entities	-	1,960
Reversal of unrealised foreign exchange gain	-	11,985
Unrealised loss/(gain) on foreign exchange	(1,469)	3,505
Loss on disposal of investment	-	594
Reserve on consolidation	(1,012)	-
Total adjustments	<u>37,158</u>	<u>68,882</u>
Operating profit before working capital changes	11,645	62,453
Changes in working capital		
(Increase)/Decrease in inventories	40,350	(676)
(Increase)/Decrease in trade and other receivables	14,558	(5,907)
Increase/(Decrease) in trade and other payables	(17,531)	(20,609)
Net change in associate balances	2,392	4,099
Total changes in working capital	<u>39,769</u>	<u>(23,093)</u>
Cash flows from operations	51,414	39,360
Interest paid	(10,900)	(12,794)
Interest received	383	-
Income tax refund	438	654
Income tax paid	(931)	(2,305)
Net Cash Flows From Operating Activities	<u>40,404</u>	<u>24,915</u>
Cash Flows From Investing Activities		
Acquisition of investment in a joint venture	-	(11,000)
Net cash inflow on acquisition of a subsidiary	712	-
Purchase of property, plant and equipment	(728)	(1,766)
Proceeds from disposal of property, plant and equipment	41	11,116
Proceeds from disposal of investment	1,200	1,500
Interest received	1,543	1,792
Net Cash Flows From Investing Activities	<u>2,768</u>	<u>1,642</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2016

	Year-to-date Ended	
	30 Sept 2016 RM'000 (Unaudited)	30 Sept 2015 RM'000 (Unaudited)
Cash Flows From Financing Activities		
Net movement in fixed deposits pledged	(2,230)	71
Net movement in cash at bank restricted in use	-	702
Net movements in trade financing	(200)	(20,300)
Net movement in investment securities	268	-
Proceeds from term loans	-	24,420
Proceeds from finance lease	-	107
Repayment of obligations under finance leases	(39)	(23)
Repayment of term loans	(62,482)	(58,183)
Net Cash Flows Used In Financing Activities	(64,683)	(53,206)
Net Decrease in Cash and Cash Equivalents		
	(21,511)	(26,649)
Effect of changes in foreign exchange rates	(1,445)	6,352
Cash and Cash Equivalents at the beginning of financial year	30,607	52,776
Cash and Cash Equivalents at the end of financial period	7,651	32,479

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

Cash and bank balances	50,036	81,906
Bank overdraft	(22,013)	(26,533)
	28,023	55,373
Less: Fixed deposits pledged and cash at bank restricted in use	(20,372)	(22,894)
	7,651	32,479

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**(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 2015. 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 2015.

On 1 January 2016, the Group adopted the following new and amended MFRS and IC interpretations mandatory for annual financial period 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 10, MFRS 12 and MFRS 128: Investments 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

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

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

- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contract with Customers

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 2015 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.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

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.

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 30 September 2016 are as follows:

	Shipbuilding	Chartering	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	60,117	49,623	-	-	109,740
Inter-segment sales	4,790	17,543	-	(22,333)	-
Total revenue	64,907	67,166	-	(22,333)	109,740
Segment loss (Note A)	(6,192)	(15,313)	(2,133)	(1,875)	(25,513)

Note A

The following items are added to/(deducted from) segment loss to arrive at "Loss before tax from continuing operations" presented in the condensed consolidated income statements:

Segment Loss	(23,638)
Gain on acquisition of shares	1,012
Loss from inter-segment sales	(1,823)
Share of result of an associate	(1,171)
Finance costs	4,749
Unallocated corporate expenses	(4,642)
Loss before tax	(25,513)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

(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	202,879	815,797	126,601	(356,925)	788,352
Segment liabilities	134,354	374,550	123,098	(312,079)	319,923
Net assets	68,525	441,247	3,503	(44,846)	468,429
Other segmental information					
Depreciation	3,960	21,464	11,102	(2,292)	34,234
Amortisation of land use rights	79	318	37	-	434

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	-	126,969

A10. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the interim period reported which have not been reflected under the current quarter.

A11. Changes in composition of the Group

On 30th August 2016, Sea Legend Shipping Sdn Bhd purchased 499,999 Ordinary shares and 2,500,000 Redeemable preference shares ("RPS") of Mitra Angkasa Sdn Bhd for a total cash consideration of RM585,604 from Malaysian Engineering and Oilfield Services Sdn Bhd.

A12. Contingent liabilities

The following is the additional contingent liabilities since the last annual balance sheet date:

	As at 30 Sept 2016 RM'000	As at 30 Jun 2016 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to jointly controlled entity	-	7,153

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

(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 30 Sept 2016 RM	Current Year-to-date 30 Sept 2016 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	19,993	58,839
Manmohan's (Labuan) Sdn Bhd - Rental of office at Lot 20, Labuan	3,000	9,000
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd - Lease of office at Lot 1035, Piasau	30,000	90,000
Syarikat Lambir Timber Sdn Bhd - Chartering of vessels	52,500	157,500
- Sale of second hand motor vehicle	-	(41,000)
- Manpower supply for maintenance work	(1,106)	(1,106)
Khoo & Co, Advocates and Solicitors - Provision of legal services	660	6,120
Yong Foh Choi & Sons Enterprise Sdn Bhd - Manpower supply for maintenance work	(6,376)	(6,376)
(ii) Transactions with Director :		
Yong Foh Choi - Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1,200	2,700
	99,872	275,678

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

(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 (3Q 2016 Vs. 3Q 2015)

The Group's performance for the current quarter under review compared to 3Q 2015 is as follow:

<u>Revenue</u>	Shipbuilding RM'000	Ship charter RM'000	Consolidated Total RM'000
Revenue (3Q 2016)	337	13,520	13,857
Revenue (3Q 2015)	17,621	28,574	46,195
Variance	<u>(17,284)</u>	<u>(15,054)</u>	<u>(32,338)</u>
Variance (%)	-98%	-53%	-70%

For the quarter ended 30 September 2016, the Group recorded revenue of RM13.9 million, 70% lower than corresponding quarter of the previous year.

Shipbuilding Division

Shipbuilding division recorded revenue of RM0.3 million for 3Q 2016 while the revenue of 3Q 2015 amounted to RM17.6 million included the sale of one offshore support vessel.

Ship Charter Division

Revenue of ship charter division decreased by RM15.1 million or 53% compared to 3Q 2015. The unfavourable variance was mainly due to more vessels on short term contracts were off-hired during the quarter under review.

<u>Profit / (Loss) Before Tax</u>	Shipbuilding RM'000	Ship charter RM'000	Others/ Elimination RM'000	Consolidated Total RM'000
Profit/(loss) before tax (3Q 2016)	(1,524)	(7,922)	1,616	(7,830)
Profit/(loss) before tax (3Q 2015)	(4,680)	(6,801)	295	(11,186)
Variance (%)				-30%

Despite drop in utilization rate of vessels, the Group recorded lower loss before tax of RM7.8 million compared to loss before tax of RM11.2 million in 3Q 2015. The adverse result in 3Q 2015 was mainly due to impairment charge on inventories and assets and share of losses in joint venture companies.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

(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

	3Q 2016	2Q 2016	Variance	%
	RM'000	RM'000	RM'000	
Revenue	13,857	40,385	(26,528)	-66%
Loss before tax	<u>(7,830)</u>	<u>(9,663)</u>	1,833	-19%

Consolidated group revenue for the current quarter decreased by RM26.5 million or 66% compared to preceding quarter mainly attributed to drop in revenue from ship charter and vessel sale. 3 landing crafts were completed and delivered to external buyers in the 1H 2016. Currently the yard has 2 harbour tugs at advance stage of construction. Revenue will only be recognized on confirmed sale.

Loss before tax for the current quarter decreased by RM0.6 million included gain on acquisition of shares in Mitra Angkasa Sdn Bhd.

B3. Commentary on prospects

The industry is continually facing immense challenges due to the reduced oil and gas activities globally and these slowdown had resulted in severe oversupply of offshore support vessels. With the current surplus of offshore support vessels, the Group is very selective in the type of vessels to be built. Main emphasis is currently on enhancing its docking (ship repair) facility. The Group is committed towards optimising the utilization of the Group's vessels. The charter rates are expected to weaken in the midst of oversupply of vessels for the next six months if there are no major new oil and gas activities. If this current oversupply and slowdown persists over the medium term, the impairment of assets may be required. With the ongoing initiatives in rationalizing and optimizing costs and exposures, we believe the Group will be poised and well positioned to tide over the prevailing business challenges.

Barring any unforeseen circumstances or events, we anticipate that the remaining 2016 will continue to be a challenging year where charter rates will likely be flat or weaken, with shipbuilding activities curtailed since crude oil prices are not expected to be northbound from the current levels in the short term.

B4. Variance between actual profit from forecast profit

Not applicable as no profit forecast was published.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

B5. Loss before tax

Included in the loss before tax are the following items:

	9 months ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Other income	(2,374)	(1,470)
Interest income	(1,926)	(1,792)
Interest expense	9,641	10,369
Deposit written off	-	8
Depreciation of property, plant and equipment	34,234	35,592
Amortisation of land use rights	434	434
Impairment loss on trade and other receivables	-	36
Impairment loss on property, plant and equipment	-	3,154
Property, plant and equipment written off	136	-
Inventories written down	1	3,002
(Gain) / loss on disposal of property, plant and equipment	(16)	46
Reversal of inventories written down	(3,794)	-
Reversal of impairment loss on trade receivables	(242)	-
Reverse on consolidation	(1,011)	-
Net foreign exchange (gain)/Loss	1,167	(1,871)

B6. Taxation

	Current Quarter 30 Sept 2016 RM'000	Current Year-to-date 30 Sept 2016 RM'000
Malaysian income tax	133	409
Deferred tax reversal	(660)	(3,540)
Total tax credit	(527)	(3,131)

The Group booked in tax credit of RM3.1 million for the financial period ended 30th September 2016 due to reversal of deferred tax relating to temporary differences as well as the different income tax rate applicable to subsidiaries of the Group in other jurisdictions.

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.

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

B10. Group borrowings and debt securities

Total Group's borrowings as at 30 September 2016 were as follows:

1. <u>Total Borrowings</u>	Secured RM'000
Short-term borrowings	145,459
Long-term borrowings	111,983
	<u>257,442</u>
2. <u>Borrowings denominated in US Dollars</u>	Secured USD'000
Short-term borrowings	9,500
Long-term borrowings	18,268
	<u>27,768</u>

B11. Derivative Financial Instruments

There are no outstanding derivatives at the reporting period.

B12. Material litigation

On 7 December 2012, one of the subsidiaries of the Group initiated arbitration before the Kuala Lumpur Regional Centre for Arbitration (KLRC) 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.

On 12 October 2016, BPS proposed and the Subsidiary had accepted a settlement sum of USD1.5 million as full and final settlement of all claims and counterclaims arising out of the shipbuilding contract dated 3 April 2008, on the basis that each party is to bear its own legal costs in relation to the claims and counterclaims, including but not limited to the costs incurred in the arbitration under the Kuala Lumpur Regional Centre for Arbitration Rules 2013.

BPS paid the sum of USD1.5 million on 27 October 2016 as per terms of the settlement agreement.

B13. Dividend payable

No interim dividend has been declared for the current quarter ended 30 September 2016.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

B14. Earnings per Share

	3 months ended		9 months ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
(Loss)/Profit attributable to Owners of the Parent (RM'000)	<u>(7,303)</u>	<u>(5,800)</u>	<u>(22,382)</u>	<u>(1,424)</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>(1.46)</u>	<u>(1.16)</u>	<u>(4.48)</u>	<u>(0.28)</u>
Diluted earnings per share (sen)	<u>(1.46)</u>	<u>(1.16)</u>	<u>(4.48)</u>	<u>(0.28)</u>

Basic earnings per share of the Company is calculated by dividing net (loss)/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.

B15. Disclosure of Realised and Unrealised Profits

The retained profits as at 30 September 2016 and 31 December 2015 are analysed as follows:

	As at 30 Sept 2016 RM'000	As at 31 Dec 2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	330,356	395,746
- Unrealised	<u>(29,814)</u>	<u>(45,710)</u>
	300,542	350,036
Consolidation adjustments	<u>(212,938)</u>	<u>(240,050)</u>
Total Group retained profits as per consolidated accounts	<u>87,604</u>	<u>109,986</u>

B16. Authorisation For Issue

The interim report for the third quarter ended 30 September 2016 was authorised for issue by the Board resolution of the directors dated 17 November 2016.

By Order Of The Board

Yeo Puay Huang (f)
Company Secretary
17-November-2016