



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019

	Individual 3 months ended		Cumulative 12 months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue	23,003	37,941	66,068	69,788
Cost of sales	<u>(26,159)</u>	<u>(45,423)</u>	<u>(81,715)</u>	<u>(86,837)</u>
Gross profit/(loss)	(3,156)	(7,482)	(15,647)	(17,049)
Other operating income	260	17,881	1,996	24,440
Other operating expenses	(5,113)	(66)	(5,118)	(2,983)
Administrative expenses	<u>(4,457)</u>	<u>(3,302)</u>	<u>(12,371)</u>	<u>(15,951)</u>
Operating loss	(12,466)	7,031	(31,140)	(11,543)
Finance income	42	954	1,602	1,975
Finance expenses	(1,914)	(2,846)	(7,851)	(10,482)
Share of result of an associate	52	(167)	(606)	(2,414)
Share of result of jointly controlled entities	<u>(130)</u>	<u>88</u>	<u>154</u>	<u>(299)</u>
Loss before tax	(14,416)	5,060	(37,841)	(22,763)
Income tax expense	144	(778)	400	2,347
Loss for the period, net of tax	<u>(14,272)</u>	<u>4,282</u>	<u>(37,441)</u>	<u>(20,416)</u>
Loss attributable to:				
Owners of the Parent	<u>(14,272)</u>	<u>4,282</u>	<u>(37,441)</u>	<u>(20,416)</u>
	<u>(14,272)</u>	<u>4,282</u>	<u>(37,441)</u>	<u>(20,416)</u>
Earnings per share (sen)				
- Basic EPS	(2.85)	0.86	(7.49)	(4.08)
- Diluted EPS	(2.85)	0.86	(7.49)	(4.08)

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 2019

(CONTINUED)

	Individual 3 months ended		Cumulative 12 months ended	
	31 Dec 2019 RM'000 (Unaudited)	31 Dec 2018 RM'000 (Unaudited)	31 Dec 2019 RM'000 (Unaudited)	31 Dec 2018 RM'000 (Audited)
Loss for the period, net of tax	(14,272)	4,282	(37,441)	(20,416)
Other Comprehensive Income :				
Exchange differences on translation of foreign operations	(3,437)	284	(1,375)	3,537
Total Comprehensive Income for the period, net of tax	<u>(17,709)</u>	<u>4,566</u>	<u>(38,816)</u>	<u>(16,879)</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>(17,709)</u>	<u>4,566</u>	<u>(38,816)</u>	<u>(16,879)</u>
	<u>(17,709)</u>	<u>4,566</u>	<u>(38,816)</u>	<u>(16,879)</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DEC 2019**

	As at 31 Dec 2019 RM'000 (Unaudited)	As at 31 Dec 2018 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	416,538	455,121
Land use rights	3,836	4,094
Investment in an associate	775	1,381
Investment in a joint venture	6,593	6,440
Other receivables	-	13,541
	427,742	480,577
Current Assets		
Inventories	12,672	15,295
Trade and other receivables	58,098	56,896
Investment securities	68	66
Tax recoverable	134	1,042
Cash and cash equivalents	8,434	28,776
	79,406	102,075
Total Assets	507,148	582,652
EQUITY AND LIABILITIES		
Current Liabilities		
Loans and borrowings	74,532	87,212
Trade and other payables	44,482	47,266
Provision for taxation	1,464	216
	120,478	134,694
Net current liabilities	(41,072)	(32,619)
Loans and borrowings	35,655	56,198
Deferred tax liabilities	21,574	23,503
	57,229	79,701
Total Liabilities	177,707	214,395
Net assets	329,441	368,257
Equity attributable to owners of the Company		
Share Capital	329,087	329,087
Retained earnings	(54,256)	(16,815)
Other components of equity	54,610	55,985
Total Equity	329,441	368,257
Total Equity and Liabilities	507,148	582,652
Net asset per share (sen)	65.89	73.65

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DEC 2019

	<----- Attributable to Owners of the Parent ----->				
	Non-distributable		Distributable	Non-distributable	
	Share Capital	Share Premium	(Accumulated losses)/Retained earnings	Foreign currency translation reserve	Total Equity (Unaudited)
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2019	329,087	-	(16,815)	55,985	368,257
Total comprehensive loss for the period	-	-	(37,441)	(1,375)	(38,816)
Closing balance at 31 December 2019	329,087	-	(54,256)	54,610	329,441
Opening balance at 1 January 2018	329,087	-	3,601	52,448	385,136
Dividend	-	-	-	-	-
Operating profit	-	-	-	-	-
Total comprehensive loss for the period	-	-	(20,416)	3,537	(16,879)
Closing balance at 31 December 2018	329,087	-	(16,815)	55,985	368,257

Note A

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019

	Year-to-date Ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash Flows From Operating Activities		
Loss before tax	(37,841)	(22,763)
Adjustments for:		
Interest income	(1,602)	(1,975)
Interest expenses	7,851	10,482
Amortisation of land use rights	258	507
Depreciation of property, plant and equipment	37,459	38,788
Loss / (Gain) on disposal of property, plant and equipment	(171)	(683)
Gain on disposal of land use rights	-	(19,497)
Impairment loss on trade and other receivables	5,113	-
Inventories written off	64	64
Property, plant and equipment written off	5	203
Reversal of impairment loss on trade receivables	-	(437)
Reversal of inventory written down	-	(605)
Share of result of an associate	606	2,414
Share of result of joint controlled entities	(154)	299
Unrealised loss/(gain) on foreign exchange	555	(958)
Total adjustments	49,984	28,603
Operating profit before working capital changes	12,143	5,840
Changes in working capital		
(Increase)/Decrease in inventories	2,091	19,397
(Increase)/Decrease in trade and other receivables	4,525	(28,279)
(Increase)/Decrease in other current assets	-	(1,973)
Increase/(Decrease) in trade and other payables	(2,585)	4,205
Net change in holding company balances	6,002	10,915
Total changes in working capital	10,033	4,265
Cash flows from operations	22,176	10,105
Interest paid	(7,851)	(10,482)
Interest received	1,602	1,975
Income tax refunded	1,097	134
Income tax paid	(1,547)	(1,050)
Real property gain tax paid	-	(788)
Net Cash Flows From Operating Activities	15,477	(107)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019

	Year-to-date Ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(14,580)	(1,059)
Proceeds from disposal of property, plant and equipment	13,975	19,548
Proceeds from disposal of land use rights	-	25,552
Purchase of investment in securities	-	(2)
Net Cash Flows Used in Investing Activities	(605)	44,039
Cash Flows From Financing Activities		
Net movement in fixed deposits pledged	761	-
Net movement in revolving credit	(7,635)	-
Net movement in short term deposits restricted in use	(2)	(203)
Net movements in trade financing	-	(1,201)
Net movements in short term deposits pledged	-	10,375
Net movement in cash at bank restricted in use	-	464
Repayments of obligations under finance leases	(4)	(80)
Repayment of loans and borrowings	(30,416)	(29,896)
Net Cash Flows Used In Financing Activities	(37,296)	(20,541)
Net (Decrease)/Increase in Cash and Cash Equivalents	(22,424)	23,391
Effect of changes in foreign exchange rates	23	130
Cash and Cash Equivalents at the beginning of financial year	12,251	(11,268)
Cash and Cash Equivalents at the end of financial period	(10,150)	12,253

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

Cash and bank balances	8,434	28,776
Bank overdraft	(17,332)	(14,511)
	(8,898)	14,265
Less: Fixed deposits pledged and cash at bank restricted in use	(1,252)	(2,012)
	(10,150)	12,253

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

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

A1. Basis of Preparation

The interim financial statements have 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"), the requirements of the Companies Act 2016 in Malaysia 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 2018. 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 2018.

A1.1 Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim financial statements are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 December 2018. The Group intends to adopt the below standards, if applicable.

MFRS effective for annual period beginning on or after 1 January 2020

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- The Conceptual Framework for Financial Reporting

MFRS effective for annual period beginning on or after 1 January 2021

- MFRS 17 Insurance Contracts

MFRS effective date of these Standards have been deferred, and yet to be announced

- Amendments to MFRS 10 Consolidated Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between and Investor and its Associates or Joint Venture*

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 2018 were not qualified.

A3. Seasonal or cyclical factors

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

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

A7. Dividends Paid

No dividend was paid in the current quarter under review.

A8. Segmental information

The results and other information of the Group as at 31 December 2019 are as follows:

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	5,311	60,757	-	-	66,068
Inter-segment sales	4,983	20,457	-	(25,440)	-
Total revenue	<u>10,294</u>	<u>81,214</u>	<u>-</u>	<u>(25,440)</u>	<u>66,068</u>
 Segment loss (Note A)	 <u>(3,459)</u>	 <u>46,252</u>	 <u>(1,473)</u>	 <u>(79,161)</u>	 <u>(37,841)</u>

A8. Segmental information (continued)

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	41,318
Dividend from subsidiaries	(77,817)
Loss from inter-segment sales	1,862
Share of result of an associate	(606)
Share of results of jointly controlled entities	154
Finance costs	11,627
Unallocated corporate expenses	<u>(14,379)</u>
Loss before tax	<u><u>(37,841)</u></u>

A8. Segmental information (continued)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total
Assets and liabilities					
Segment assets	111,762	578,793	193,874	(377,282)	507,148
Segment liabilities	<u>72,742</u>	<u>313,738</u>	<u>132,477</u>	<u>(341,251)</u>	<u>177,707</u>
Net assets	<u>39,020</u>	<u>265,056</u>	<u>61,397</u>	<u>(36,031)</u>	<u>329,441</u>
 Other segmental information					
Depreciation	2,841	23,704	13,137	(2,223)	37,459
Amortisation of land use rights	105	104	49	-	258

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

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

There were no changes in composition of the Group for the current quarter ended 31 December 2019.

A12. Contingent liabilities

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

	As at 31 Dec 2019 RM'000	As at 31 Dec 2018 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to a jointly controlled entity	-	-

A13. Related party transactions

Transactions between the Group and related parties are as follows:

	Transaction value for 3 months ended 31 Dec 2019 RM	Current Year-to-date 31 Dec 2019 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	13,932	55,401
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	30,000	120,000

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134) :
INTERIM FINANCIAL REPORTING**
A13. Related party transactions (Continued)

Transactions between the Group and related parties are as follows:

	Transaction value for 3 months ended 31 Dec 2019 RM	Current Year-to-date 31 Dec 2019 RM
(i) Transactions with companies in which certain Directors of the Company have substantial interest :		
Syarikat Lambir Timber Sdn Bhd		
- Chartering of vessels	52,500	210,000
Khoo & Co, Advocates and Solicitors		
- Provision of legal services	-	2,208
Crowe tax (Sarawak) Sdn Bhd		
- Provision of legal and professional services	35,658	40,990
(ii) Transactions with Director :		
Yong Foh Choi		
- Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1,200	4,800
	136,290	445,399

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 QUARTER ENDED 31 DECEMBER 2019

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B1. Review of performance of the Company and its principal subsidiaries****(a) Financial review for current quarter and financial year to date**

	Individual Period		Cumulative Period	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	23,003	37,941	66,068	69,788
Operating (loss)	(12,466)	7,031	(31,140)	(11,543)
(Loss) before tax	(14,416)	5,060	(37,841)	(22,763)
(Loss) after tax	(14,272)	4,282	(37,441)	(20,416)
Revenue				
- Shipbuilding Division	441	431	5,310	25,032
- Ship Charter Division	22,562	10,767	60,758	44,756
	<u>23,003</u>	<u>37,941</u>	<u>66,068</u>	<u>69,788</u>

OPERATING SEGMENTS REVIEW**4Q 2019 vs 4Q 2018****(i) Operating Revenue**

- Despite the slight drop in revenue in 2019, ship charter revenue has increased by 35% from RM45 million in 2018 to RM60 million in 2019 which is in line with higher utilisation of vessels. The Group recorded loss before taxation of RM37.8 million in 2019 as compared to loss before taxation of RM22.7 million in the preceding year's corresponding quarter mainly due to maintenance of shipyard facilities, special survey and reactivation cost of vessels incurred to prepare vessels for charter.
- On a positive note, the cashflows from operations have increased by more than double to RM22 million in the current year ended 31 December 2019 as compared to RM10 million in the preceding year ended 31 December 2018.

Chartering Division

- Chartering division achieved an increase in revenue in the current quarter ended 31 December 2019 by more than double, from RM11 million in the previous corresponding period ended 31 December 2018 to RM23 million quarter ended in the period ended 31 December 2018. This is in line with more contracts won.
- The higher operating loss before tax in the current quarter is mainly due to the impairment on trade and other receivables, special survey and reactivation cost of vessels incurred in current quarter to prepare vessels for charter.

Shipbuilding Division

- Revenue remained consistent for shipbuilding division in the quarter ended 31 December 2019.

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

	4Q 2019	3Q 2019	Variance	%
	RM'000	RM'000	RM'000	
Revenue	23,003	24,029	(1,026)	-4%
Loss before tax	<u>(14,416)</u>	<u>(3,418)</u>	(10,998)	-322%

Current Quarter vs preceding quarter

- Despite the seasonal variation due to monsoon season, the Group managed to achieve a higher revenue for chartering from RM20m in the preceding quarter as compared to RM22.5 million in the current quarter. The current quarter loss is mainly due to maintenance of shipyard facilities, special survey and reactivation costs to prepare vessels for charter, impairment of trade and other receivables and higher unrealised foreign exchange losses.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS****B3. Commentary on prospects**

There is more optimism over prospects for the oil and gas industry on the back of stable oil prices, prompting higher levels of offshore drilling activity, construction and maintenance projects. The Group will continue to manage costs and increase efficiency in this recovery economic climate to improve our competitiveness and resilience. Riding on our strong foundation, we are confident that the Group will achieve good results going forward. The group's borrowings reduced significantly from RM143 million in 2018 to RM 110 million in 2019. This speaks well on the viability of the Group's business despite the tough conditions in which it operates. At the same time, with reduced gearing the Group will have a stronger balance sheet to take on additional financing to fund expansion. By the end of Quarter 1 2020, we will settle the term loans for most of our vessels, henceforth, only two vessels are encumbered to the Bank. This will ease the Group's cashflow and profitability.

Based on industry analyst reports, the oil market reacted positively to the Organisation of the Petroleum Exporting Countries' (OPEC) recent decision to extend oil output cuts by another 9 months to March 2020 and US sanctions against exporters Iran and Venezuela. Meanwhile, analyst believes that oil prices will see some stabilisation for 2020, supported by demand and supply fundamentals. On the back of gradually steadying oil prices, analysts expect to see greater investments in the upstream space for the coming years.

Local upstream activities are expected to stay elevated from high levels seen in 2019, as guided in Petronas' Activity Outlook for 2020-2022. Kenanga research has identified biggest winners to include marine vessel providers, benefiting from a huge surge in the number of anchor handling tugs supply (AHTS) vessels. Base activities in maintenance are projected to increase for both onshore and offshore in tandem with this outlook.

The Group's chartering revenue increased quarter on quarter which indicates signs of a gradual pick-up of its core activity of ship charter. The group's ship charter revenue has increased by 35% from RM45 million in 2018 to RM66 million in 2019 which is in line with higher utilisation of vessels and more contracts won. In addition, the cashflows from operations have increased by more than double to RM22 million in the current year ended 31 December 2019 as compared to RM10 million in the preceding year ended 31 December 2018.

According to the research arm of Kenanga Investment Bank Berhad, contract flow started to show signs of a gradual pick-up for the past four to five quarters. The newer jobs came mostly from the upstream activities. Research also indicates that the upward revision in most upstream sub-segments' activities could be due to the delayed work orders last year being pushed to 2019 which may potentially lead to better contract flows and further provide order-book replenishment opportunities for the support sectors. The improved contract flow is, nonetheless, a positive sign coming on the back of recent stabilising oil prices, as a result of (i) under investments in the yesteryears, coupled with (ii) increased local activities, as guided by Petronas' latest activity outlook and increased upstream spending. While 2019 has mostly been a rebound year, the analysts are expecting to see a continuation of the elevated activity levels going into 2020.

The Group will continue its emphasis on its core activities of ship building, ship charter and ship repair. The Group's shipbuilding division will be looking towards building vessels which have a niche market as well as enhancing its docking (ship repair) facilities, whilst continuous efforts will be taken towards optimising capacity utilisation of the Group's vessels. The Group is also looking at building new vessels that are more energy efficient and environment friendly, in line with tighter environmental regulations in the maritime industry. With the ongoing initiatives in sustainable cost rationalisation and exposures, we believe the Group is well positioned to tide over the current business challenges, of which the worst seem to be over.

With the Government lending stronger support to the maritime industry with the recent launch of the Malaysia Shipping Master plan, the country is set to become a self-sufficient and internationally competitive nation that can benefit us along the maritime industry supply chain. The local oil and gas sector will get more push from the government this year amid rising exploration and production activities.

The outlook for the global shipping sector into 2020 will remain stable, as higher expected earnings are counterbalanced by the US-China trade tensions and worldwide regulatory risks, says Moody's Investors Service. Based on AmBank research, with the outbreak of the coronavirus, it is likely to have some dampening impact on its economic performance in Malaysia. Nevertheless, with the current Covid-19 outbreak, analysts believe that its impact on Malaysia's economy would likely lead to moderate growth in the near term as the immediate weaker outlook is expected to be partially weathered by the potential uptick in domestic activities in the second half of 2020, mainly through a substantial contribution from government fiscal measures and the lagged impact of further monetary easing.

Barring any unforeseen circumstances or events, The Board is optimistic that demand for offshore marine support vessels will further improve in anticipation of a shipping recovery.

SEALINK INTERNATIONAL BERHAD (800981-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**(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. Loss before tax

Included in the loss before tax are the following items:

	12 months ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
Interest income	(1,602)	(1,975)
Interest expenses	7,851	10,482
Amortisation of land use rights	258	507
Depreciation of property, plant and equipment	37,459	38,788
Loss / (Gain) on disposal of property, plant and equipment	(171)	(683)
Impairment loss on trade and other receivables	5,113	-
Gain on disposal of land use rights	-	(19,497)
Inventories written off	64	64
Property, plant and equipment written off	5	203
Reversal of impairment loss on trade and receivables	-	(437)
Reversal of inventory written down	-	(605)
Share of result of an associate	606	2,414
Share of result of joint controlled entities	(154)	299
Unrealised loss/(gain) on foreign exchange	555	(958)

B6. Taxation

	Current	Year-to-date
	Quarter	Year-to-date
	31 Dec 2019	31 Dec 2019
	RM'000	RM'000
Malaysian income tax	(470)	1,531
Deferred tax reversal	326	(1,930)
Total tax	(144)	(400)

The effective tax rate for the Group for the financial period was lower than statutory tax rate due to reversal of deferred tax relating to temporary differences as well as the different tax rate applicable to subsidiaries of the Group in other jurisdictions.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

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

B7. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and no other sales of properties for the current quarter and financial year ended 31 December 2019.

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 2019 were as follows:

As at 31 December 2019						
	Short term		Long term		Total borrowings	
	Foreign currency	RM'000	Foreign currency	RM'000	Foreign currency	RM'000
Secured						
- Bank overdraft	-	17,332	-	-	-	17,332
- Revolving credits	-	37,165	-	-	-	37,165
- Loans (USD)	3,027	12,391	6,276	25,688	9,303	38,079
- Loans (SGD)	1,096	3,333	2,144	6,519	3,240	9,852
- Loans (RM)	-	4,310	-	3,448	-	7,758
- Obligations under finance leases	-	2	-	-	-	2
		74,532		35,655		110,187

As at 31 December 2018						
	Short term		Long term		Total borrowings	
	Foreign	RM'000	Foreign	RM'000	Foreign currency	RM'000
Secured						
- Bank overdraft	-	14,511	-	-	-	14,511
- Revolving credits	-	44,799	-	-	-	44,799
- Loans (USD)	2,986	10,076	10,829	40,952	13,815	51,028
- Loans (SGD)	905	10,238	3,373	10,240	4,278	20,478
- Loans (RM)	-	7,583	-	5,005	-	12,588
- Obligations under finance leases	-	5	-	1	-	6
		87,212		56,198		143,410

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**B11. Derivative Financial Instruments**

There are no outstanding derivatives at the reporting period.

B12. Material litigation

There was no material litigation for the current quarter and financial year to date.

B13. Dividend payable

No interim dividend has been declared for the current quarter ended 31 December 2019

B14. Earnings per Share

	3 months ended		12 months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to Owners of the Parent (RM'000)	<u>(14,272)</u>	<u>4,282</u>	<u>(37,441)</u>	<u>(20,416)</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>(2.85)</u>	<u>0.86</u>	<u>(7.49)</u>	<u>(4.08)</u>
Diluted earnings per share (sen)	<u>(2.85)</u>	<u>0.86</u>	<u>(7.49)</u>	<u>(4.08)</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. Authorisation For Issue

The quarterly report for the fourth quarter ended 31 December 2019 was authorised for issue by the Board resolution of the directors dated 25th February 2020

By Order Of The Board
25-February-2020