



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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014

	Individual 3 months ended		Cumulative 6 months ended	
	30 Jun 2014 RM'000 (Unaudited)	30 Jun 2013 RM'000 (Unaudited)	30 Jun 2014 RM'000 (Unaudited)	30 Jun 2013 RM'000 (Unaudited)
Revenue	31,708	46,599	67,900	97,114
Cost of sales	<u>(21,651)</u>	<u>(36,315)</u>	<u>(46,202)</u>	<u>(74,867)</u>
Gross profit	10,057	10,284	21,698	22,247
Other operating income	1,540	1,717	4,107	3,929
Other operating expenses	(254)	(1)	(296)	(1)
Administrative expenses	(6,627)	(4,026)	(11,580)	(9,753)
Finance expenses	(3,728)	(3,332)	(7,680)	(6,485)
Share of result of an associate	587	400	837	800
Share of result of a jointly controlled entity	<u>207</u>	<u>-</u>	<u>441</u>	<u>-</u>
Profit before tax	1,782	5,042	7,527	10,737
Income tax expense	(175)	(1,652)	(1,273)	(3,035)
Profit for the period	<u>1,607</u>	<u>3,390</u>	<u>6,254</u>	<u>7,702</u>
Profit attributable to:				
Owners of the Parent	<u>1,607</u>	<u>3,390</u>	<u>6,254</u>	<u>7,702</u>
	<u>1,607</u>	<u>3,390</u>	<u>6,254</u>	<u>7,702</u>
Earnings per share (sen)				
- Basic EPS	0.32	0.68	1.25	1.54
- Diluted EPS	0.32	0.68	1.25	1.54

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014

(CONTINUED)

	Individual 3 months ended		Cumulative 6 months ended	
	30 Jun 2014 RM'000 (Unaudited)	30 Jun 2013 RM'000 (Unaudited)	30 Jun 2014 RM'000 (Unaudited)	30 Jun 2013 RM'000 (Unaudited)
Profit for the period	1,607	3,390	6,254	7,702
Other Comprehensive Income :				
Exchange differences on translation of foreign operations	(1,458)	887	(1,458)	1,045
Total Comprehensive Income for the period	<u>149</u>	<u>4,277</u>	<u>4,796</u>	<u>8,747</u>
Total comprehensive income attributable to:				
Owners of the Parent	<u>149</u>	<u>4,277</u>	<u>4,796</u>	<u>8,747</u>
	<u>149</u>	<u>4,277</u>	<u>4,796</u>	<u>8,747</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 JUNE 2014

	As at 30 June 2014 RM'000 (Unaudited)	As at 31 Dec 2013 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	632,589	668,274
Land use rights	12,682	12,972
Investment in an associate	5,285	4,702
Investment in a joint venture	1,535	813
Other receivables	20,847	26,734
	672,938	713,495
Current Assets		
Inventories	106,327	72,979
Trade and other receivables	46,147	105,373
Tax recoverable	3,358	2,645
Cash and cash equivalents	97,218	77,775
	253,050	258,772
Total Assets	925,988	972,267
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share Capital	250,000	250,000
Share Premium	79,087	79,087
Retained earnings	115,511	114,257
Other components of equity	5,841	7,299
Total Equity	450,439	450,643
Non-Current Liabilities		
Loans and borrowings	221,413	250,419
Deferred tax liabilities	52,589	56,563
	274,002	306,982
Current Liabilities		
Provision	1,500	1,500
Loans and borrowings	153,597	165,737
Trade and other payables	42,582	47,114
Provision for taxation	3,868	291
	201,547	214,642
Total Liabilities	475,549	521,624
Total Equity and Liabilities	925,988	972,267
Net asset per share (sen)	90.09	90.13

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 30 JUNE 2014

	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	-	-	7,702	1,045	8,747	8,747
Balance as at 30 June 2013	250,000	79,087	108,400	3,847	441,334	441,334

	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 2014	250,000	79,087	114,257	7,299	450,643	450,643
Dividend	-	-	(5,000)	-	(5,000)	(5,000)
Total comprehensive income for the period	-	-	6,254	(1,458)	4,796	4,796
Balance as at 30 June 2014	250,000	79,087	115,511	5,841	450,439	450,439

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014

	Year-to-date Ended	
	30 Jun 2014	30 Jun 2013
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash Flows From Operating Activities		
Profit before tax	7,527	10,737
Adjustments for:		
Interest income	(1,491)	(2,441)
Interest expenses	7,682	6,484
Amortisation of land use rights	289	289
Bad debts written off	180	-
Depreciation of property, plant and equipment	22,465	16,668
Gain on disposal of property, plant and equipment	(849)	(61)
Property, plant and equipment written off	99	2
Reversal of provision for maintenance warranties	-	(1,699)
Reversal of impairment loss on trade receivables	(180)	-
Share of result of an associate	(837)	(800)
Share of result of a joint venture	(441)	-
Unrealised gain on foreign exchange	(1,535)	(147)
Total adjustments	<u>25,382</u>	<u>18,295</u>
Operating profit before working capital changes	32,909	29,032
Changes in working capital		
(Increase)/Decrease in inventories	(31,567)	93,355
Decrease/(Increase) in trade and other receivables	63,396	(6,707)
Decrease in trade and other payables	(9,529)	(25,171)
Net change in associate balances	4,262	4,941
Total changes in working capital	<u>26,562</u>	<u>66,418</u>
Cash flows from operations	59,471	95,450
Interest paid	(9,240)	(9,084)
Income tax refund	-	85
Income tax paid	(2,765)	(1,601)
Net Cash Flows From Operating Activities	<u>47,466</u>	<u>84,850</u>
Cash Flows From Investing Activities		
Acquisition of investment in a joint venture	(220)	-
Purchase of property, plant and equipment	(2,812)	(108,842)
Proceeds from disposal of property, plant and equipment	11,120	86
Interest received	1,490	2,441
Net Cash Flows From/(Used in) Investing Activities	<u>9,578</u>	<u>(106,315)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

SEALINK INTERNATIONAL BERHAD (800981-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014

	Year-to-date Ended	
	30 Jun 2014	30 Jun 2013
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash Flows From Financing Activities		
Net movement in fixed deposits pledged	40	1,005
Net movement in cash at bank restricted in use	(37)	23,997
Net movements in trade financing	(210)	(13,918)
Proceeds from term loans	11,600	39,532
Proceeds from finance lease	-	160
Repayment of obligations under finance leases	(15)	-
Repayments of term loans	(35,803)	(32,014)
Net Cash Flows (Used in)/From Financing Activities	(24,425)	18,762
Net Increase/(Decrease) in Cash and Cash Equivalents	32,619	(2,703)
Effect of changes in foreign exchange rates	(1,063)	665
Cash and Cash Equivalents at the beginning of financial year	33,660	53,928
Cash and Cash Equivalents at the end of financial period	65,216	51,890

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

Cash and bank balances	97,218	84,309
Bank overdraft	(12,503)	(17,919)
	84,715	66,390
Less: Fixed deposits pledged and cash at bank restricted in use	(19,499)	(14,500)
	65,216	51,890

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2013. 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 2013.

On 1 January 2014, the Group adopted the following new and amended MFRS and IC interpretations mandatory for annual financial period 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
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

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 July 2014

Amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 116, MFRS 124 and MFRS 138, Annual Improvements 2010-2012 Cycle

Amendments to MFRS 3, MFRS 13 and MFRS 140, Annual Improvements 2011 -2013 Cycle

Amendments to MFRS 119, Defined Benefit Plan: Employee Contributions

MFRS effective date to be announced

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

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

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

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

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 2013 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.

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 June 2014 are as follows:

	Shipbuilding	Chartering	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	3,728	64,172	-	-	67,900
Inter-segment sales	14,333	18,859	-	(33,192)	-
Total revenue	<u>18,061</u>	<u>83,031</u>	<u>-</u>	<u>(33,192)</u>	<u>67,900</u>
Segment profit/(loss) (Note A)	<u>(11,695)</u>	<u>12,538</u>	<u>43</u>	<u>6,641</u>	<u>7,527</u>

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

A8. Segmental information (continued)

Note A

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

Segment profit	886
Dividend from an associate	(300)
Loss from inter-segment sales	5,567
Share of result of an associate	837
Share of result of a joint venture	441
Finance costs	2,086
Unallocated corporate expenses	(1,990)
Profit before tax	<u>7,527</u>

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Assets and liabilities					
Segment assets	267,066	839,227	263,606	(443,911)	925,988
Segment liabilities	207,592	543,659	142,610	(418,312)	475,549
Net assets	<u>59,474</u>	<u>295,568</u>	<u>120,996</u>	<u>(25,599)</u>	<u>450,439</u>
Other segmental information					
Depreciation	3,596	14,380	5,761	(1,272)	22,465
Amortisation of land use rights	52	212	25	-	289

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	<u>112</u>	<u>177,969</u>

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.

A11. Changes in composition of the Group

There were no changes in composition of the Group for the current quarter ended 30 June 2014.

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

A12. Contingent liabilities

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

	Year-to-date 30 Jun 2014 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to jointly controlled entity	10,153

A13. Related party transactions

Transactions between the Group and related parties are as follows:

	Transaction value for 3 months ended 30 Jun 2014 RM	Current Year-to-date 30 Jun 2014 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	34,805	69,900
Manmohan's (Labuan) Sdn Bhd - Rental of office at Lot 20, Labuan	3,000	6,000
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd - Lease of office at Lot 1035, Piasau	27,500	52,500
Syarikat Lambir Timber Sdn Bhd - Chartering of vessels	52,500	105,000
Rajah & Tann - Provision of legal services	131,904	213,014
Khoo & Co, Advocates and Solicitors - Provision of legal services	41,350	183,025
Crowe Horwath - Provision of consultancy services	55,000	55,000
(ii) Transactions with Director :		
Yong Foh Choi - Rental of staff quarter at Lot 334, Jalan Lutong-Pujut	1,500	3,000
	<u>347,559</u>	<u>687,438</u>

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 SECOND QUARTER ENDED 30 JUNE 2014

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

B1. Review of performance of the Company and its principal subsidiaries

Current quarter compared with corresponding quarter of the previous financial year (2Q 2014 Vs. 2Q 2013)

The Group's performance for the current quarter under review compared to 2Q 2013 is as follow:

	Shipbuilding RM'000	Ship charter RM'000	Consolidated Total RM'000
Revenue (2Q 2014)	496	31,212	31,708
Revenue (2Q 2013)	<u>21,348</u>	<u>25,251</u>	<u>46,599</u>
Variance	<u>(20,852)</u>	<u>5,961</u>	<u>(14,891)</u>
<i>Variance (%)</i>	<i>-98%</i>	<i>24%</i>	<i>-32%</i>

The Group's revenue for the current quarter achieved at RM31.7 million decreased by RM14.9 million or 32% compared to preceding quarter's RM46.6 million due to drop in shipbuilding revenue.

Shipbuilding Division

Shipbuilding division recorded revenue of only RM496,000 for the quarter under review. As at 30th June 2014, 6 vessels are under construction. As revenue is recognised based on percentage of completion (once it is sold), this attributed to the temporary drop in revenue in the current quarter until sales are confirmed for the new vessels that are being constructed now.

Ship Charter Division

Revenue of ship charter division increased 24% compared to 2Q 2013 attributed to charter earnings from the two new hybrid vessels.

	Shipbuilding RM'000	Ship charter RM'000	Others/ Elimination RM'000	Consolidated Total RM'000
(Loss)/profit before tax (2Q 2014)	(6,488)	4,208	4,062	1,782
(Loss)/profit before tax (2Q 2013)	(4,670)	7,699	2,013	5,042
<i>Variance (%)</i>				<i>65%</i>

Despite increased revenue from charter hire, the Group recorded profit before tax of RM1.8 million for current quarter, lower than previous financial year corresponding period due to unrealised foreign exchange loss on intercompany loan and higher loss suffered by the shipbuilding division.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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

B1. Review of performance of the Company and its principal subsidiaries (continued)

(b) YTD 1H 2014 compared with YTD 1H 2013

The Group's performance for 1st half of 2014 compared with corresponding period in 2013 is as follow:-

	Shipbuilding RM'000	Chartering RM'000	Consolidated Total RM'000
Revenue (1H 2014)	3,728	64,172	67,900
Revenue (1H 2013)	50,352	46,762	97,114
Variance	<u>(46,624)</u>	<u>17,410</u>	<u>(29,214)</u>
Variance (%)	-93%	37%	-30%

The Group recorded revenue of RM67.9 million in the 1st half of 2014 against RM97.1 million in the corresponding financial period. The increase in charter hire revenue was offset by the substantial drop in shipbuilding revenue resulted in overall revenue drop by 30%.

Shipbuilding

Significant drop in shipbuilding revenue in 1st half of 2014 compared to corresponding period due to drop in number of vessels sold. One offshore support vessel was delivered in the 1st quarter of 2014. However substantial portion of the revenue was recognised in the preceding quarter based on stage of completion method.

Ship charter

Ship charter segment recorded 37% increase in revenue compared to corresponding financial period mainly due to additional revenue generated from the two new hybrid vessels in the 1st half of 2014.

	Shipbuilding RM'000	Chartering RM'000	Others/ Elimination RM'000	Consolidated Total RM'000
(Loss)/profit before tax (1H 2014)	(11,695)	12,538	6,684	7,527
(Loss)/profit before tax (1H 2013)	(3,451)	13,540	648	10,737
Variance (%)				30%

The Group recorded profit before tax of RM7.53 million for the 1st half of 2014 which is 30% lower than corresponding period in preceding year due to higher finance expenses and foreign exchange loss.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(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 30 Jun 2014 RM'000	Preceding Quarter ended 31 March 2014 RM'000	Variance RM'000	%
Revenue	31,708	36,192	(4,484)	-12%
Profit before tax	<u>1,782</u>	<u>5,745</u>	(3,963)	-69%

The Group recorded revenue of RM31.7 million, 12% lower than preceding quarter. The unfavourable result was attributed to decreased revenue from vessel sale and charter hire.

The Group reported profit before tax of RM1.7 million for the current quarter, lower than preceding quarter by RM3.9 million due to higher loss suffered by shipbuilding division.

B3. Commentary on prospects

The oil and gas industry in Malaysia has been on the uptrend since 2011 when PETRONAS announced budgeted capital expenditure of RM300 billion for the oil and gas industry for the next 5 years. The contracts for hook-up construction and commissioning jobs, Pan Malaysia integrated offshore installation contracts and Risk Sharing Contracts awarded previously, shall be implemented soon and will drive the demand for the marine offshore support vessels ("OSV") for the next few years. Besides the above, the demand for OSVs supporting the enhanced oil recovery projects should also be expected in 2015. The utilisation of OSVs will only increase once the projects awarded have been implemented. We are also aware that PETRONAS is currently negotiating with charterers to finalise awards and hopefully, these will be finalised by the 3rd quarter of 2014.

The overall results of SIB Group have weakened in the first half of 2014 as compared to the same period in 2013. This is due to the losses suffered from the shipbuilding division coupled with the lower short term charters for vessels obtained due to the delays in the implementation of certain projects.

In 2014, the Group's chartering division have been awarded extensions for several long-term charter contracts. The Group expects more awards to be announced in the second half of 2014. The two hybrid multipurpose platform supply vessels cum anchor handling tugs are currently operating on short term contracts in Asia. The contract extensions and revenue from these hybrid vessels will contribute positively to the SIB Group's overall results.

SIB Group is embarking on building more advanced vessels, including hybrid vessels, to meet the increased requirements from the oil and gas industry. Barring any unforeseen circumstances, the SIB Group is optimistic that the Group would perform reasonably well in the next 12 months.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(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	
	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Other income	(1,767)	(2,441)
Interest income	(1,491)	(1,427)
Interest expense	7,682	6,484
Bad debts written off	180	-
Depreciation of property, plant and equipment	22,465	16,668
Amortisation of land use rights	289	289
Property, plant and equipment written off	99	2
Gain or loss on disposal of property, plant and equipment	(849)	(61)
Reversal of provision for maintenance warranties	-	(1,699)
Reversal of impairment loss on trade receivables	(180)	-
(Gain)/loss on foreign exchange		
- Realised	3,832	(957)
- Unrealised	(1,535)	(147)

B6. Taxation

	Current Quarter 30 Jun 2014 RM'000	Current Year-to-date 30 Jun 2014 RM'000
Malaysian income tax	2,421	5,247
Deferred tax reversal	(2,246)	(3,974)
Total tax expenses	<u>175</u>	<u>1,273</u>

The effective tax rate for the current quarter is 17%, slightly lower than statutory tax rate of 25% mainly due to different tax rate applicable to subsidiaries in other jurisdiction.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(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 30 June 2014 were as follows:

1. Total Borrowings

	Secured RM'000
Short-term borrowings	153,597
Long-term borrowings	221,413
	<u>375,010</u>

2. Borrowings denominated in US Dollars

	Secured USD'000
Short-term borrowings	9,197
Long-term borrowings	34,599
	<u>43,796</u>

B11. Derivative Financial Instruments

There are no outstanding derivatives as at the reporting period.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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

B12. Material litigation

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

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

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

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

B13. Dividend payable

A final single tier tax exempt dividend in respect of the financial year ended 31 December 2013, of 2.0% on 500,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM5,000,000 (1.0 sen per ordinary share) was approved by the shareholders at the Annual General Meeting held on 20 June 2014. The aforesaid final dividend will be paid on 18 September 2014.

B14. Earnings per Share

	3 months ended		6 months ended	
	30 Jun 2014 RM'000	30 Jun 2013 RM'000	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Profit attributable to Owners of the Parent (RM'000)	1,607	3,390	6,254	7,702
Weighted average number of shares in issue ('000)	500,000	500,000	500,000	500,000
Basic earnings per share (sen)	0.32	0.68	1.25	1.54
Diluted earnings per share (sen)	0.32	0.68	1.25	1.54

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.

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

B15. Disclosure of Realised and Unrealised Profits

The retained profits as at 30 June 2014 and 31 December 2013 are analysed as follows:

	As at 30 Jun 2014 RM'000	As at 31 Dec 2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	397,378	386,761
- Unrealised	<u>(51,054)</u>	<u>(41,568)</u>
	346,324	345,193
Consolidation adjustments	<u>(230,813)</u>	<u>(230,936)</u>
Total Group retained profits as per consolidated accounts	<u><u>115,511</u></u>	<u><u>114,257</u></u>

B16. Authorisation For Issue

The interim report for the second quarter ended 30 June 2014 was authorised for issue by the Board resolution of the directors dated 18 August 2014.

By Order Of The Board

**Yeo Puay Huang (f)
Company Secretary
18-August-2014**