Registration No: 200701042948 (800981-X)

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2022

Registration No: 200701042948 (800981-X)

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

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SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

Directors:	Yong Kiam Sam Wong Chie Bin Eric Khoo Chuan Syn @ Khoo Chuan Syn Toh Kian Sing Yong Nyet Yun (Appointed on 1.6.2022) Datuk Sebastian Ting Chiew Yew (Retired on 31.5.2022)
Secretary:	Yeo Puay Huang
Registered office and principal place of business:	Lot 1035, Block 4, MCLD Piasau Industrial Area 98000 Miri, Sarawak
Auditors:	Grant Thornton Malaysia PLT (Member of Grant Thornton International Ltd.) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
Stock exchange listing:	Bursa Malaysia Securities Berhad - Main Market

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal activities

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial year.

Financial results

	Group RM	Company RM
Net (loss)/profit for the financial year	(20,174,901)	28,253,047
Net loss attributable to:		
Owners of the Company	(20,174,901)	

Dividends

There were no dividends proposed, declared or paid by the Company since the end of previous financial year.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

Directors

The Directors who held office during the financial year and up to the date of this report are:

Yong Kiam Sam*
Wong Chie Bin
Eric Khoo Chuan Syn @ Khoo Chuan Syn
Toh Kian Sing
Yong Nyet Yun (Appointed on 1.6.2022)
Datuk Sebastian Ting Chiew Yew (Retired on 31.5.2022)

* also Director of the subsidiaries

The name of the Director of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above is as follows:

Yong Foh Choi

Directors' interests

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors at the end of the financial year are as follows:

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
The Company:				
Direct interest				
Yong Kiam Sam	67,382,399	1,000,000	-	68,382,399
Wong Chie Bin	90,000	100,000	-	190,000
Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	-	-	30,000
Yong Nyet Yun	150,000*	-	-	150,000
Deemed interest				
Yong Kiam Sam #	109,080,800	-	-	109,080,800

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Direct interest in the shares of Sealink Holdings Sdn. Bhd.				
Yong Kiam Sam	500,000	-	-	500,000

Deemed interest by virtue of his shareholdings in Sealink Holdings Sdn. Bhd..
* At date of appointment

By virtue of his interest in shares in the Company, Yong Kiam Sam is also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

Toh Kian Sing does not have any interest in shares in the Company or its related corporations during the financial year.

Directors' remuneration and other benefits

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:

	Group RM	**Company RM**
Executive		
Salaries and other emoluments	738,141	6,091
Fees	22,000	22,000
Defined contribution plan	63,332	720
	823,473	28,811
Non-executive		
Fees	293,000	293,000
	1,116,473	321,811

Directors' remuneration and other benefits (cont'd)

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than Directors' remuneration as disclosed in above and Note 30 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Issue of shares and debentures

There were no issuance of shares and debentures during the financial year.

Indemnity and insurance for Directors and Officers

The Group maintained a Directors and Officers liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Group. The total amount of insurance premium effected for any Directors and Officers of the Group during the financial year was RM68,000. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

Other statutory information (cont'd)

At the date of this report, the Directors are not aware of any circumstances (cont'd):

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

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

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

Significant event after the reporting date

Significant event after the reporting date is disclosed in Note 35 to the Financial Statements.

Auditors

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

The amount of audit and other fees paid to or payable to the Auditors and its member firms by the Group and the Company for the financial year ended 31 December 2022 amounted to RM188,500 and RM49,500 respectively. Further details are disclosed in Note 26 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been arising from this indemnify for the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

…..…….	)	
YONG KIAM SAM	)	
	)	DIRECTORS
....…….	)	
YONG NYET YUN	)	

12 April 2023

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 15 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

....	....
YONG KIAM SAM	YONG NYET YUN

12 April 2023

STATUTORY DECLARATION

I, Angelia Chong Pei Cheng, being the Officer primarily responsible for the financial management of Sealink International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 15 to 87 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)
the abovenamed at Miri in the State of	)
Sarawak this day of	)
12 April 2023	) ....

ANGELIA CHONG PEI CHENG
(MIA No: 19359)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths
Zaidah Binti Yak (Q129)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)
Registration No: 200701042948 (800981-X)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sealink International Berhad, which comprise the statements of financial position as at 31 December 2022, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on the Audit of the Financial Statements (cont'd)

Material uncertainty related to going concern

We draw attention to Note 2 to the Financial Statements which indicates that the Group incurred a net loss of RM20,174,901 during the financial year and as of that date, the total current liabilities of the Group exceeded its total current assets by RM49,903,403. These events or conditions indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as going concern. The ability of the Group to continue as a going concern is dependent on the attaining future profitable operations of the Group and the continue financial support from a major corporate shareholder of the Company. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Group

Impairment of vessels

The risk –

The carrying amount of the Group's vessels might exceed their recoverable amounts and therefore the carrying amount had to be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

We have identified the carrying value of the Group's vessels as a key audit matter because of its significance to total assets in the consolidated financial statements and the estimation of recoverable amount involved a significant degree of judgement and assumptions made by the Group such as estimated fair value of the vessels as provided by an external valuer and estimated future cash flows for value-in-used which includes the assumptions on utilisation rates, disposal values, charter hire rates and discount rates applied.

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Report on the Audit of the Financial Statements (cont'd)

Key audit matters (cont'd)

Group (cont'd)

Impairment of vessels (cont'd)

Our response –

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- obtained an understanding on the management's assessment on the recoverability of the vessels and evaluated the appropriateness of the methodology and approach applied.
- evaluated and interviewed the external valuer on his competence, capabilities and objectivity and obtained an understanding of the valuation model used.
- compared the valuation with recent transactions of the Group involving other similar vessels.
- evaluated adequacy of the Group's disclosures regarding the impairment of vessels as disclosed in Notes 3.6.1, 4.2, 4.4 and 5 to the Financial Statements.

Company

Impairment of investment in subsidiaries and amount due from subsidiaries

The risk –

We identified the carrying amount of the Company's investment in subsidiaries and amount due from subsidiaries as a key audit matter as it is significant to the total assets of the financial statements of the Company and it required significant judgements in evaluating the appropriateness of the assumptions used in deriving the recoverable amount to assess the impairment and recoverability on the investment in subsidiaries and amount due from subsidiaries.

Report on the Audit of the Financial Statements (cont'd)

Key audit matters (cont'd)

Company (cont'd)

Impairment of investment in subsidiaries and amount due from subsidiaries (cont'd)

Our response –

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- assessed the management's assessment on indicators of impairment of investment in subsidiaries and amount due from subsidiaries.
- assessed the fair value of net tangible assets of the subsidiaries by taking into consideration of the valuation of their assets in subsidiaries.
- assessed the key assumptions used, focusing on projected revenue and related expenses, charter rates, revenue growth rates and residual value of vessels, taking into consideration the current and expected future economic conditions.
- assessed the discount rate used by benchmarking to industry and market data.

Information other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We also (cont'd):

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the Financial Statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LIM SOO SIM
(NO: 03335/11/2023 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
12 April 2023

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	289,508,576	330,246,906	1,481	2,415
Investment in subsidiaries	6	-	-	258,467,917	259,943,368
Investment in an associate	7	-	-	-	-
Investment in a joint venture	8	3,333,563	1,895,412	634,359	467,859
Amount due from subsidiaries	6	-	-	66,354,923	76,055,111
Amount due from a joint venture	8	3,454,988	5,429,276	-	-
Fixed deposits with licensed banks	9	1,007,029	988,761	-	-
Total non-current assets		297,304,156	338,560,355	325,458,680	336,468,753
Current assets					
Inventories	10	5,648,541	5,413,508	-	-
Contract assets	21	355,588	702,163	-	-
Contract costs	11	169,146	125,052	-	-
Trade receivables	12	2,512,561	3,293,406	-	-
Other receivables	13	4,132,333	1,776,776	702,527	700,983
Amount due from subsidiaries	6	-	-	58,100,735	55,921,224
Amount due from a joint venture	8	12,139,672	5,490,115	-	-
Tax recoverable		536,921	770,278	38,915	76,430
Fixed deposits with licensed banks	9	276,816	271,496	-	-
Cash and bank balances		6,829,537	2,482,362	523,932	71,330
Total current assets		32,601,115	20,325,156	59,366,109	56,769,967
Asset held for sale	14	577,113	577,113	-	-
Total assets		330,482,384	359,462,624	384,824,789	393,238,720
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company					
Share capital	15	329,086,883	329,086,883	329,086,883	329,086,883
(Accumulated losses)/ retained earnings		(179,872,982)	(159,698,081)	12,695,973	(15,557,074)
Foreign currency translation reserve		65,122,613	57,908,698	-	-
Total equity		214,336,514	227,297,500	341,782,856	313,529,809

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Amount due to subsidiaries	6	-	-	8,746,561	-
Borrowings	16	9,799,683	17,692,112	-	-
Lease liabilities	17	-	8,936	-	-
Deferred tax liabilities	18	9,971,669	11,494,930	-	-
Other payables	19	13,870,000	14,065,000	13,870,000	14,065,000
Total non-current liabilities		33,641,352	43,260,978	22,616,561	14,065,000
Current liabilities					
Trade payables	20	8,761,727	7,881,174	-	-
Other payables	19	25,167,951	24,705,177	7,287,918	7,914,486
Contract liabilities	21	19,855	50,882	-	-
Amount due to subsidiaries	6	-	-	13,137,454	57,729,425
Borrowings	16	48,500,018	56,151,492	-	-
Lease liabilities	17	9,611	20,033	-	-
Tax payable		45,356	95,388	-	-
Total current liabilities		82,504,518	88,904,146	20,425,372	65,643,911
Total liabilities		116,145,870	132,165,124	43,041,933	79,708,911
Total equity and liabilities		330,482,384	359,462,624	384,824,789	393,238,720

The accompanying notes form an integral part of the fnancial statements.

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	21	65,295,332	37,955,057	34,257,373	1,275,500
Cost of sales		(69,789,960)	(57,771,204)	-	-
Gross (loss)/profit		(4,494,628)	(19,816,147)	34,257,373	1,275,500
Other income	22	2,408,359	7,187,815	2,558,862	1,472,820
Financial assets:					
- Impairment loss	23	(369,197)	(7,507,254)	(6,947,140)	(24,427,561)
- Reversal of previously recognised impairment loss	23	532,037	957,310	856,964	-
Non-financial assets:					
- Impairment loss	23	(3,117,963)	(21,351,312)	-	(82,518,247)
- Reversal of previously recognised impairment loss	23	3,359,720	-	-	-
Administrative expenses		(16,487,241)	(19,426,621)	(2,939,433)	(2,410,877)
Other operating expenses		(37,595)	(5,592,546)	(1,416)	-
Operating (loss)/profit		(18,206,508)	(65,548,755)	27,785,210	(106,608,365)
Finance income	24	499,772	467,727	2,838,546	2,501,943
Finance costs	25	(4,733,134)	(4,925,610)	(2,219,174)	(3,936,254)
Share of gain of a joint venture		1,271,651	374,716	-	-
(Loss)/Profit before tax	26	(21,168,219)	(69,631,922)	28,404,582	(108,042,676)
Tax income/(expense)	27	993,318	4,262,610	(151,535)	44,694
(Loss)/Profit for the financial year		(20,174,901)	(65,369,312)	28,253,047	(107,997,982)

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss					
-Exchange translation differences		7,213,915	5,116,450	-	-
Total comprehensive (loss)/income for the financial year		(12,960,986)	(60,252,862)	28,253,047	(107,997,982)
(Loss)/Profit for financial year attributable to:					
Owners of the Company		(20,174,901)	(65,369,312)	28,253,047	(107,997,982)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(12,960,986)	(60,252,862)	28,253,047	(107,997,982)
Earnings per share					
Basic/diluted loss per share attributable to owners of the Company (sen)	28	(4.03)	(13.07)	-	-

The accompanying notes form an integral part of the fnancial statements.

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital RM	(Accumulated losses)/ retained earnings RM	Foreign currency translation reserve RM	Total equity RM
Group				
Balance at 1 January 2021	329,086,883	(94,328,769)	52,792,248	287,550,362
Loss for the financial year	-	(65,369,312)	-	(65,369,312)
Other comprehensive income for the financial year	-	-	5,116,450	5,116,450
Total comprehensive (loss)/income for the financial year	-	(65,369,312)	5,116,450	(60,252,862)
Balance at 31 December 2021	329,086,883	(159,698,081)	57,908,698	227,297,500
Loss for the financial year	-	(20,174,901)	-	(20,174,901)
Other comprehensive income for the financial year	-	-	7,213,915	7,213,915
Total comprehensive (loss)/income for the financial year	-	(20,174,901)	7,213,915	(12,960,986)
Balance at 31 December 2022	329,086,883	(179,872,982)	65,122,613	214,336,514
Company				
Balance at 1 January 2021	329,086,883	92,440,908	-	421,527,791
Total comprehensive loss for the financial year	-	(107,997,982)	-	(107,997,982)
Balance at 31 December 2021	329,086,883	(15,557,074)	-	313,529,809
Total comprehensive income for the financial year	-	28,253,047	-	28,253,047
Balance at 31 December 2022	329,086,883	12,695,973	-	341,782,856

The accompanying notes form an integral part of the financial statements.

Registration No: 200701042948 (800981-X)

SEALINK INTERNATIONAL BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
OPERATING ACTIVITIES				
(Loss)/profit before tax	(21,168,219)	(69,631,922)	28,404,582	(108,042,676)
Adjustments for:				
Depreciation of property, plant and equipment	31,300,736	37,401,913	934	1,037
Dividend income from subsidiaries	-	-	(32,756,000)	-
Gain on disposal of property, plant and equipment	(1,260,467)	(2,870,050)	-	-
Gain on termination of lease contract	-	(46,850)	-	-
Interest expenses	4,733,134	4,925,610	2,219,174	2,446,507
Interest income	(499,772)	(467,727)	(2,838,546)	(2,501,943)
Impairment loss on financial assets:-				
- Trade receivables	369,197	-	-	-
- Amount due from subsidiaries	-	-	6,947,140	24,427,561
- Amount due from an associate	-	7,507,254	-	-
Impairment loss on non-financial assets:-				
- Investment in subsidiaries	-	-	-	82,518,247
- Property, plant and equipment	3,117,963	21,351,312	-	-
Inventories written down	-	5,504,257	-	-
Loss on subsidiaries struck off	-	-	1,416	-
Property, plant and equipments written off	-	64,685	-	-
Reversal of inventories written down	-	(337,033)	-	-
Reversal of impairment loss on financial assets:-				
- Trade receivables	(532,037)	(597,228)	-	-
- Amount due from an associate	-	(360,082)	-	-
- Amount due from subsidiaries	-	-	(856,964)	-
Reversal of impairment loss on non-financial assets:-				
- Property, plant and equipment	(3,359,720)	-	-	-
Share of gain of a joint venture	(1,271,651)	(374,716)	-	-
Unrealised loss/(gain) on foreign exchange	775,726	(1,600,348)	(2,510,862)	(1,201,093)
Unwinding discount on amount due from subsidiaries	-	-	-	1,489,747
Operating cash flows before working capital changes	12,204,890	469,075	(1,389,126)	(862,613)

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
OPERATING ACTIVITIES (CONT'D)					
Operating cash flows before working capital changes (cont'd)		12,204,890	469,075	(1,389,126)	(862,613)
Changes in working capital:					
Inventories		(233,854)	557,540	-	-
Contract assets		328,010	(715,721)	-	-
Contract costs		(44,094)	70,229	-	-
Receivables		2,645,170	9,143,767	(1,544)	(20,494)
Payables		(4,680,794)	39,271	(2,207,190)	468,826
Joint venture		(6,646,002)	1,089,782	-	-
Cash flows generated from/ (used in) operations		3,573,326	10,653,943	(3,597,860)	(414,281)
Interest received		499,772	467,727	2,838,546	2,501,943
Interest paid		(4,733,134)	(4,925,610)	(1,500,367)	(1,810,382)
Tax refund		223,008	307,287	-	-
Tax paid		(569,626)	(632,751)	(114,020)	(15,000)
Net cash (used in)/from operations		(1,006,654)	5,870,596	(2,373,701)	262,280
INVESTING ACTIVITIES					
Proceed from disposal of property, plant and equipment		20,969,648	6,552,993	-	-
Net cash received from subsidiaries struck off		-	-	1,474,035	-
Purchase of property, plant and equipment	B	(325,386)	(129,323)	-	-
Additional subscription of shares in joint venture		(166,500)	-	-	-
Repayment from subsidiaries		-	-	37,026,853	4,222,576
Repayment from:-					
- Associate		-	169,411	-	-
- Joint venture		1,970,733	1,965,986	-	-
Net cash from investing activities		22,448,495	8,559,067	38,500,888	4,222,576

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
FINANCING ACTIVITIES					
(Placement)/uplift of fixed deposits		(23,588)	167,464	-	-
Payment of lease liabilities	C	(20,236)	(321,778)	-	-
Payment of borrowings	C	(17,142,468)	(23,005,322)	-	-
Advances to subsidiaries		-	-	(36,175,010)	(11,396,571)
Advances from a corporate shareholder		500,315	6,805,000	500,315	6,805,000
Net cash flows used in financing activities		(16,685,977)	(16,354,636)	(35,674,695)	(4,591,571)
CASH AND CASH EQUIVALENTS					
Net changes		4,755,864	(1,924,973)	452,492	(106,715)
Effect of exchange rate changes on cash and cash equivalents		25,216	13,391	110	60
At beginning of the financial year		(15,505,422)	(13,593,840)	71,330	177,985
At end of the financial year	A	(10,724,342)	(15,505,422)	523,932	71,330

NOTES TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	6,829,537	2,482,362	523,932	71,330
Fixed deposits with licensed banks	1,283,845	1,260,257	-	-
Bank overdraft	(17,553,879)	(17,987,784)	-	-
	(9,440,497)	(14,245,165)	523,932	71,330
Less: Fixed deposits pledged with licensed banks	(1,283,845)	(1,260,257)	-	-
	(10,724,342)	(15,505,422)	523,932	71,330

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Total acquisition cost	325,386	11,976,102	-	-
Less: Offset with amount due from an associate	-	(11,669,636)	-	-
Less: Additions of right-of-use assets with lease liabilities	-	(177,143)	-	-
Total cash acquisition	325,386	129,323	-	-

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At beginning of year	Others	Additions	Net cash flows	At end of year
	RM	RM	RM	RM	RM
Group					
Lease liabilities					
- 2022	28,969	878	-	(20,236)	9,611
- 2021	385,515	(211,911)	177,143	(321,778)	28,969
Borrowings (excluded bank overdraft)					
- 2022	55,855,820	2,032,470 ^	-	(17,142,468)	40,745,822
- 2021	77,404,384	1,456,758 ^	-	(23,005,322)	55,855,820

^ Arising from effects of translation differences

D. TOTAL CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Included in net cash flows from operating activities:				
Expenses relating to short-term leases	598,043	112,773	18,000	14,400
Expenses relating to leases of low-value assets	3,238	6,780	-	-
Included in net cash flows from financing activities:				
Payment of lease liabilities	20,236	321,778	-	-
Payment of interest of lease liabilities	800	81,712	-	-
	622,317	523,043	18,000	14,400

The accompanying notes form an integral part of the financial statements.

SEALINK INTERNATIONAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 April 2023.

2. Fundamental accounting concept

As at 31 December 2022, the Group incurred a net loss of RM20,174,901 during the financial year and as of that date, the total current liabilities of the Group exceeded its total current assets by RM49,903,403. These events or conditions indicate material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

The financial statements of the Group have been prepared on a going concern basis, the validity of which depends on attaining future profitable operations and the continuing financial support from a major corporate shareholder of the Company. The major corporate shareholder has agreed to provide continuing financial support for the Group to meet its liabilities as and when they fall due.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, or to amounts and classification of liabilities that may be necessary.

3. Basis of preparation

3.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

3.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

3.4 Adoption of amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 4 to the Financial Statements to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial year.

Initial application of the amendments/improvements to the standards did not have any material impact to the financial statements.

3.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

MFRS and amendments to MFRS effective 1 January 2023:

MFRS 17 and Amendments to MFRS 17*#	Insurance Contracts and Amendments to MFRS 17 Insurance Contract
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. **Basis of preparation (cont'd)**

3.5 **Standards issued but not yet effective (cont'd)**

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company (cont'd):

Amendments to MFRSs effective 1 January 2024:

Amendments to MFRS 16*#	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101*	Presentation of Financial Statements - Non-Current Liabilities with Covenants

Amendments to MFRS (effective date deferred indefinitely):

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

* Not applicable to the Company's operation
\# Not applicable to the Group's operation

The Group and the Company intend to adopt these standards and amended standards, if applicable, when they become effective. The initial application of the above standards and amendments are not expected to have any material financial impact to the financial statements of the Group and of the Company.

3.6 **Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affected the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

3. **Basis of preparation (cont'd)**

3.6 **Significant accounting estimates and judgements (cont'd)**

3.6.1 **Estimation uncertainty**

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment and right-of-use-assets to be within 5 to 60 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 December 2022, management assesses that the useful lives represent the expected utility of the assets to the Group and to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting in the adjustment to the Group's and to the Company's assets.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset specific risk factors.

Provision for expected credit losses ("ECLs") of receivables and contract assets

The Group and the Company calculates ECLs for receivables and contract assets based on the Group's and of the Company's historical observed default rates, adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3. **Basis of preparation (cont'd)**

3.6 **Significant accounting estimates and judgements (cont'd)**

3.6.1 **Estimation uncertainty (cont'd)**

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to social preference and economical changes which may cause selling prices to change rapidly and the Group's result to change.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Income taxes and deferred tax liabilities

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. Summary of significant accounting policies

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

4.1 Consolidation

4.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiaries, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4. Summary of significant accounting policies (cont'd)

4.1 Consolidation (cont'd)

4.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4. **Summary of significant accounting policies (cont'd)**

4.1 **Consolidation (cont'd)**

4.1.4 **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 **Investments in associates and joint ventures**

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

4. Summary of significant accounting policies (cont'd)

4.1 Consolidation (cont'd)

4.1.5 Investments in associates and joint ventures (cont'd)

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within "Share of profit of an associate and a joint venture" in the statements of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.2 Property, plant and equipment

All property, plant and equipment, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost. Property, plant and equipment are depreciated based on the estimated useful lives of the assets.

The principal annual depreciation rates used are as follows:

Buildings and wharf	10 – 50 years
Vessels	8 – 20 years
Vessel equipment	1.5 – 10 years
Dry docking cost	2.5 years
Equipment, furniture and fittings	1.5 – 10 years
Plant and machinery	10 years
Motor vehicles	5 years

4. Summary of significant accounting policies (cont'd)

4.2 Property, plant and equipment (cont'd)

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicated that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

4.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.3.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

4. Summary of significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company only carry financial assets at amortised cost on its statements of financial position.

<u>Financial assets at amortised cost</u>

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade and other receivables, amounts due from subsidiaries, an associate and a joint venture, fixed deposits with licensed banks and cash and cash equivalents.

4. **Summary of significant accounting policies (cont'd)**

4.3 **Financial instruments (cont'd)**

4.3.1 **Financial assets (cont'd)**

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

4. Summary of significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Impairment (cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that resulted from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses are the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subjected to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

4.3.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on its statements of financial position.

4. **Summary of significant accounting policies (cont'd)**

4.3 **Financial instruments (cont'd)**

4.3.2 **Financial liabilities (cont'd)**

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade and other payables, amounts due to subsidiaries and borrowings.

Derecognition

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

4.3.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.4 **Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

4. **Summary of significant accounting policies (cont'd)**

4.4 **Impairment of non-financial assets (cont'd)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

4.5 **Non-current asset held for sale**

Non-current asset for sale comprising asset that is expected to be recovered primarily through sale rather than through continuing use.

Classification of the asset as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the asset which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale, the asset is remeasured in accordance with the Group's accounting policies. Thereafter, the asset is generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

4.6 **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.6.1 **As a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4. Summary of significant accounting policies (cont'd)

4.6 Leases (cont'd)

4.6.1 As a lessee (cont'd)

4.6.1.1 Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	6 – 60 years
Building	3 – 4.5 years
Office equipment	10 years
Vessels	2 years

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 4.4 to the Financial Statements.

4.6.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4. Summary of significant accounting policies (cont'd)

4.6 Leases (cont'd)

4.6.1 As a lessee (cont'd)

4.6.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.6.2 As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.7 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined on a first-in-first-out basis.

The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, bank overdrafts and fixed deposits with licensed banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

4. Summary of significant accounting policies (cont'd)

4.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Accumulated losses include all current year's profit/loss and prior years' losses.

All transactions with owners of the Company are recorded separately within equity.

4.10 Revenue

4.10.1 Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(i) ***Construction contract and ship repair***

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

(ii) ***Sales of services***

Revenue from sale of services is recognised at a point in time when control of the assets is transferred to the customers, generally on delivery of the services.

(iii) ***Management services***

Revenue from management fees are recognised overtime on an accrual basis.

4. Summary of significant accounting policies (cont'd)

4.10 Revenue (cont'd)

4.10.1 Revenue from contract with customers (cont'd)

4.10.1.1 Contract balances

(i) ***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) ***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

4.10.2 Revenue from other sources

(i) ***Vessel charter and berthing fees***

Vessel charter fee and berthing fees arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

(ii) ***Interest income***

Interest income is recognised on accrual basis using the effective interest method.

(iii) ***Dividend income***

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

4.11 Contract costs

Contract costs comprise repair and maintenance works provided by the Group and the Company. The contract costs recognised in profit or loss when the related service is fully rendered in accordance with the contract agreement.

4. **Summary of significant accounting policies (cont'd)**

4.12 Employee benefits

4.12.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leaves are recognised when the absences occurred.

4.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

In Singapore, the Group makes contributions to the Central Provident Fund ("CPF") scheme, a defined contribution pension scheme.

4.13 Tax expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

4.13.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

4.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4. Summary of significant accounting policies (cont'd)

4.13 Tax expense (cont'd)

4.13.2 Deferred tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.14 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.14.1 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting year. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

In the statements of financial position, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

4. Summary of significant accounting policies (cont'd)

4.15 Borrowing costs

Borrowing costs are expensed in the year in which they are incurred. Borrowing costs consists of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4.16 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.17 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4.18 Earnings per ordinary share

The Group presents basic and dilute earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

4.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

5. Property, plant and equipment

Group	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2021	678,047,814	7,749,322	82,080,421	7,670,428	38,942,602	2,576,465	3,820,724	820,887,776
Additions	11,669,636	48,805	177,143	55,971	-	24,547	-	11,976,102
Termination of lease assets	(400,555)	-	(464,792)	-	-	-	-	(865,347)
Disposals	(7,017,381)	-	-	(32,871)	-	(237,259)	-	(7,287,511)
Written off	-	-	-	-	(283,198)	(68,500)	-	(351,698)
Exchange rate difference	11,855,537	94,042	1,065	13,207	-	(323)	-	11,963,528
At 31 December 2021	694,155,051	7,892,169	81,793,837	7,706,735	38,659,404	2,294,930	3,820,724	836,322,850
Additions	-	285,064	-	40,322	-	-	-	325,386
Disposals	(70,552,970)	(407,508)	-	(307,686)	-	-	-	(71,268,164)
Written off	-	-	-	-	-	-	(3,820,724)	(3,820,724)
Exchange rate difference	18,229,886	142,970	1,619	47,184	-	1,308	-	18,422,967
At 31 December 2022	641,831,967	7,912,695	81,795,456	7,486,555	38,659,404	2,296,238	-	779,982,315
Accumulated depreciation								
At 1 January 2021	328,975,837	4,243,851	33,210,147	7,375,314	37,011,398	2,576,433	3,820,724	417,213,704
Termination of lease assets	(400,555)	-	(298,982)	-	-	-	-	(699,537)
Charge for the financial year	34,227,378	271,771	2,125,117	106,222	667,745	3,680	-	37,401,913
Disposals	(3,337,838)	-	-	(29,473)	-	(237,257)	-	(3,604,568)
Written off	-	-	-	-	(218,514)	(68,499)	-	(287,013)
Exchange rate difference	4,086,432	66,659	346	11,459	-	(48)	-	4,164,848
At 31 December 2021	363,551,254	4,582,281	35,036,628	7,463,522	37,460,629	2,274,309	3,820,724	454,189,347

5. Property, plant and equipment (cont'd)

Group (cont'd)	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation (cont'd)								
At 31 December 2021 (cont'd)	363,551,254	4,582,281	35,036,628	7,463,522	37,460,629	2,274,309	3,820,724	454,189,347
Charge for the financial year	29,362,697	(531,820)	1,958,260	58,885	447,466	5,248	-	31,300,736
Disposals	(49,066,887)	(287,916)	-	(232,260)	-	-	-	(49,587,063)
Written off	-	-	-	-	-	-	(3,820,724)	(3,820,724)
Exchange rate difference	7,042,552	109,559	796	43,935	-	54	-	7,196,896
At 31 December 2022	350,889,616	3,872,104	36,995,684	7,334,082	37,908,095	2,279,611	-	439,279,192
Accumulated impairment								
At 1 January 2021	27,194,196	-	2,356,429	-	-	-	-	29,550,625
Impairment for the financial year	21,310,831	30,969	-	-	9,512	-	-	21,351,312
Exchange rate difference	984,660	-	-	-	-	-	-	984,660
At 31 December 2021	49,489,687	30,969	2,356,429	-	9,512	-	-	51,886,597
Impairment for the financial year	3,109,613	8,350	-	-	-	-	-	3,117,963
Reversal for the financial year	(3,359,720)	-	-	-	-	-	-	(3,359,720)
Disposals	(1,971,920)	-	-	-	-	-	-	(1,971,920)
Exchange rate difference	1,521,627	-	-	-	-	-	-	1,521,627
At 31 December 2022	48,789,287	39,319	2,356,429	-	9,512	-	-	51,194,547
Net carrying amount								
At 31 December 2022	242,153,064	4,001,272	42,443,343	152,473	741,797	16,627	-	289,508,576
At 31 December 2021	281,114,110	3,278,919	44,400,780	243,213	1,189,263	20,621	-	330,246,906

5. **Property, plant and equipment (cont'd)**

***Land, buildings and wharf**

Group	**Land RM**	**Workshop and renovation RM**	**Wharf, yard and buildings RM**	**Total RM**
Cost				
At 1 January 2021	45,232,259	5,006,303	31,841,859	82,080,421
Addition	-	-	177,143	177,143
Termination of lease assets	(10,691)	-	(454,101)	(464,792)
Exchange rate difference	-	-	1,065	1,065
At 31 December 2021	45,221,568	5,006,303	31,565,966	81,793,837
Exchange rate difference	-	-	1,619	1,619
At 31 December 2022	45,221,568	5,006,303	31,567,585	81,795,456
Accumulated depreciation				
At 1 January 2021	13,046,568	3,207,026	16,956,553	33,210,147
Termination of lease assets	(2,354)	-	(296,628)	(298,982)
Charge for the financial year	782,884	262,268	1,079,965	2,125,117
Exchange rate difference	-	-	346	346
At 31 December 2021	13,827,098	3,469,294	17,740,236	35,036,628
Charge for the financial year	840,498	170,478	947,284	1,958,260
Exchange rate difference	-	-	796	796
At 31 December 2022	14,667,596	3,639,772	18,688,316	36,995,684
Accumulated impairment				
At 1 January 2021/ 31 December 2021/ 31 December 2022	-	-	2,356,429	2,356,429
Net carrying amount				
At 31 December 2022	30,553,972	1,366,531	10,522,840	42,443,343
At 31 December 2021	31,394,470	1,537,009	11,469,301	44,400,780

5. Property, plant and equipment (cont'd)

Company	Signboard RM	Office equipment RM	Total RM
Cost			
At 1 January 2021/ 31 December 2021/ 31 December 2022	7,390	13,720	21,110
Accumulated depreciation			
At 1 January 2021	7,389	10,269	17,658
Charge for the financial year	-	1,037	1,037
At 31 December 2021	7,389	11,306	18,695
Charge for the financial year	-	934	934
At 31 December 2022	7,389	12,240	19,629
Net carrying amount			
At 31 December 2022	1	1,480	1,481
At 31 December 2021	1	2,414	2,415

Details of lands are analysed as follow:

	Group 2022 RM	2021 RM
Freehold land	5,360,549	5,360,549
Long term leasehold land	24,467,296	25,204,062
Short term leasehold land	726,127	829,859
	30,553,972	31,394,470

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 17 to the Financial Statements.

The Group performed an assessment during the financial year on the recoverable amount of the property, plant and equipment to determine whether the carrying value of the property, plant and equipment are recoverable. The view was carried out in accordance with MFRS 136 "Impairment of Assets". The estimated recoverable amount is determined based on the higher of an asset's value in use ("VIU") and fair value less costs to sell ("FV").

Based on the impairment test performed, the carrying amount of certain vessels, vessel equipment and docking expenses and plant and machinery were higher than their recoverable amounts, determined using FV, based on the net selling price expected to be received for similar assets. An impairment loss of RM3,117,963 (2021: RM21,351,312) was recognised and included in impairment loss on non-financial assets in profit or loss.

5. **Property, plant and equipment (cont'd)**

While reversal of RM3,359,720 (2021: Nil) for impairment of a vessel was recognised during the financial year was a result of the recoverable amounts determined using fair value is higher than the carrying amount.

The carrying amount of property, plant and equipment pledged to licensed banks as securities for bank facilities granted to the Group as disclosed in Note 16 to the Financial Statements are as follows:

	Group	
	2022 **RM**	**2021** **RM**
Vessels	71,612,191	149,966,552
Freehold land	2,596,928	2,596,928
Leasehold land	22,986,955	23,776,732
	97,196,074	176,340,212

6. **Subsidiaries**

6.1 **Investment in subsidiaries**

	Company	
	2022 **RM**	**2021** **RM**
Unquoted shares, at cost:		
- Ordinary shares	211,813,172	228,463,172
- Redeemable convertible preference shares	167,845,750	167,845,750
	379,658,922	396,308,922
Less: Impairment losses		
At beginning of financial year	(136,365,554)	(53,847,307)
Recognised	-	(82,518,247)
Reversal	15,174,549	-
At end of financial year	(121,191,005)	(136,365,554)
	258,467,917	259,943,368

An impairment assessment on the carrying amounts of interests in subsidiaries at the reporting date was undertaken based on higher of the fair value less costs of disposal and the value in use for those subsidiaries with indicators of impairment.

During the financial year, the reversal of impairment loss amounting to RM15,174,549 was due to the respective subsidiaries being struck off.

6. **Subsidiaries (cont'd)**

6.1 **Investment in subsidiaries (cont'd)**

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %
Cergas Majusama Sdn. Bhd. @	Malaysia	Inactive	-	100
Sealink Management Sdn. Bhd. @	Malaysia	Inactive	-	100
Sealink Marine Sdn. Bhd. @	Malaysia	Inactive	-	100
Era Surplus Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Midas Choice Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Godrimaju Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Euroedge Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Seabright Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Engineering and Slipway Sdn. Bhd.	Malaysia	Shipbuilding	100	100
Sealink Pacific Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Sdn. Bhd.	Malaysia	Chartering of marine vessels and letting of properties	100	100
Sutherfield Resources Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Sealink Shipyard Sdn. Bhd.	Malaysia	Shipbuilding	100	100
Sea-Good Pte Ltd. *	Singapore	Chartering of marine vessels	100	100
Seabright (Singapore) Private Limited *	Singapore	Vessel owner	100	100
Sealink Offshore (L) Ltd.	Federal Territory of Labuan, Malaysia	Investment holding and chartering of marine vessels	100	100
Subsidiary of Era Surplus Sdn. Bhd.				
Seasten Sdn. Bhd.	Malaysia	Vessel owner and operator	100	100
Subsidiary of Midas Choice Sdn. Bhd.				
Sea Legend Shipping Sdn. Bhd.	Malaysia	Investment holding	100	100
Subsidiary of Sea Legend Shipping Sdn. Bhd.				
Mitra Angkasa Sdn. Bhd.	Malaysia	Chartering of marine vessels	100	100
Subsidiary of Sealink Engineering and Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Letting of properties	100	100

6. **Subsidiaries (cont'd)**

6.1 **Investment in subsidiaries (cont'd)**

Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Principal place of business	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristal View Sdn. Bhd.	Malaysia	Property holding	100	100
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Letting of properties	100	100
Subsidiaries of Sealink Offshore (L) Ltd.				
Sealink Antarabangsa Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessels	100	100
Perkasa Asia Corporation Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessels	100	100

* Audited by a firm other than Grant Thornton Malaysia PLT
@ Struck off during the financial year

6.2 **Amount due from/to subsidiaries**

	Company 2022 RM	Company 2021 RM
<u>Non-current</u>		
Amount due from subsidiaries	91,981,179	94,734,227
Less: Allowance for expected credit losses		
At beginning of financial year	(18,679,116)	-
Recognised	(6,947,140)	(18,679,116)
At end of financial year	(25,626,256)	(18,679,116)
	66,354,923	76,055,111

6. Subsidiaries (cont'd)

6.2 Amount due from/to subsidiaries (cont'd)

	Company 2022 RM	Company 2021 RM
Current		
Amount due from subsidiaries	62,992,216	61,669,669
Less: Allowance for expected credit losses		
At beginning of financial year	(5,748,445)	-
Recognised	-	(5,748,445)
Recovered	856,964	-
At end of financial year	(4,891,481)	(5,748,445)
	58,100,735	55,921,224
Total amount due from subsidiaries	124,455,658	131,976,335
Non-current		
Amount due to subsidiaries	8,746,561	-
Current		
Amount due to subsidiaries	13,137,454	57,729,425
Total amount due to subsidiaries	21,884,015	57,729,425

Amount due from subsidiaries is non-trade in nature, unsecured, non-interest bearing and receivable on demand except for an amount of RM61,178,973 (2021: RM99,362,909) which bears interest rate at 2.98% (2021: 1.89%) per annum.

Amount due to subsidiaries is non-trade in nature, unsecured, non-interest bearing and payable on demand except for an amount of RM12,800,762 (2021: RM44,067,761) which bears interest rate at 2.98% (2021: 1.89%) per annum.

7. Associate

7.1 Investment in an associate

	Group 2022 RM	Group 2021 RM
Unquoted shares, at cost	3,500,000	3,500,000
Share of post-acquisition reserves	(3,500,000)	(3,500,000)
	-	-

7. **Associate (cont'd)**

7.1 **Investment in an associate (cont'd)**

Details of the associate is as follows:

Name of associate	Principal place of business	Principal activities	Effective equity interest 2022 %	2021 %
Sea Legend Shipping Sdn. Bhd.				
Logistine Sdn. Bhd. *^	Malaysia	Providing offshore support vessels, equipment and engineering consultation for oil and gas activities.	25	25

* Audited by a firm other than Grant Thornton Malaysia PLT

^ Management account is not available for disclosure purposes and certain subsidiaries are taking legal actions against the associate for the amount owing to the Group as detailed in Note 34 to the Financial Statements.

7.2 **Amount due from an associate**

	Group 2022 RM	2021 RM
Trade	-	-
Less: Allowance for expected credit losses		
At beginning of financial year	-	(155,901)
Reversal	-	155,901
At end of financial year	-	-
	-	-
Non-trade	11,065,437	11,065,437
Less: Allowance for expected credit losses		
At beginning of financial year	(11,065,437)	(3,762,364)
Recognised	-	(7,507,254)
Reversal	-	204,181
At end of financial year	(11,065,437)	(11,065,437)
	-	-
Amount due from an associate, net	-	-

In the previous year, the impairment loss on amount due from an associate were reversed during the financial year as a result of receipts.

Amounts due from an associate are non-interest bearing, unsecured and receivable on demand.

8. Joint venture

8.1 Investment in a joint venture

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unquoted shares, at cost:				
- Ordinary shares	634,359	467,859	634,359	467,859
Share of post-acquisition reserves	2,699,204	1,427,553	-	-
	3,333,563	1,895,412	634,359	467,859

Details of the joint venture are as follows:

Name of joint venture	**Principal place of business**	**Principal activity**	**Effective equity interest 2022 %**	**Effective equity interest 2021 %**
Era Sureway Sdn. Bhd.	Malaysia	Chartering of marine vessels	45	45

The following table summarises the information of the Group's joint venture as follows:

	2022 RM	**2021 RM**
Financial position as at 31 December		
Non-current assets	9,973,076	10,858,345
Current assets	22,411,960	11,500,747
Non-current liabilities	(4,131,996)	(6,257,047)
Current liabilities	(20,866,606)	(11,890,017)
Summary of financial performance for the financial year ended 31 December		
Net profit/total comprehensive income for the financial year	2,825,891	832,703
Included in net profit/total comprehensive income:		
Revenue	55,637,798	25,248,894
Depreciation and amortisation	(917,274)	(890,284)
Interest income	35,141	29,635
Interest expense	(463,161)	(599,964)
Tax expense	(1,400,858)	(439,448)

On 27 July 2022, Era Sureway Sdn. Bhd. has issued and allotment of 370,000 units of RM1 per ordinary shares. The Group have acquired 166,500 ordinary shares representing 45% of the equity interest in Era Sureway Sdn. Bhd. for a total cash consideration of RM166,500.

8. Joint venture (cont'd)

8.2 Amount due from a joint venture

	Group 2022 RM	Group 2021 RM
Non-current		
- Non-trade	3,454,988	5,429,276
Current		
- Trade	10,153,527	3,507,525
- Non-trade	1,986,145	1,982,590
	12,139,672	5,490,115
	15,594,660	10,919,391

Amount due from a joint venture is unsecured, non-interest bearing and receivable on demand except for non-trade amount of RM5,429,276 (2021: RM7,403,564) which has fixed term of repayment with effective interest rate charged at 6.95% (2021: 6.95%) per annum.

9. Fixed deposits with licensed banks

The fixed deposits with licensed banks of the Group amounting to RM1,283,845 (2021: RM1,260,257) are pledged to the licensed banks for bank guarantee issued on behalf of the Group to third party for business purposes.

The Group effective interest rates of fixed deposits range from 1.50% to 2.85% (2021: 1.50% to 1.85%) with maturity period range from 6 to 350 days (2021: 30 to 365 days) respectively.

10. Inventories

	Group 2022 RM	Group 2021 RM
Parts, materials and consumables	5,303,351	5,071,027
Machinery and equipment	345,190	342,481
	5,648,541	5,413,508

10. Inventories (cont'd)

	Group 2022 RM	Group 2021 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	8,519,061	7,975,667
Inventories written down	-	5,504,257
Reversal of inventories written down	-	(337,033)

11. Contract costs

	Group 2022 RM	Group 2021 RM
Repair and maintenance works	169,146	125,052

12. Trade receivables

	Group 2022 RM	Group 2021 RM
Trade receivables	5,974,680	6,918,365
Less: Allowance for expected credit losses		
At beginning of financial year	(3,624,959)	(4,222,187)
Recognised	(369,197)	-
Reversal	532,037	597,228
At end of financial year	(3,462,119)	(3,624,959)
	2,512,561	3,293,406

Trade receivables are non-interest bearing and generally on 30 days (2021: 30 days) terms.

The impairment loss on trade receivables were reversed during the financial year as a result of receipts.

13. Other receivables

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-trade receivables	3,209,730	1,288,350	699,527	698,583
Less: Allowance for expected credit losses				
At beginning/end of financial year	(181,205)	(181,205)	-	-
	3,028,525	1,107,145	699,527	698,583
Refundable deposits	372,904	301,405	3,000	2,400
Prepayments	730,904	368,226	-	-
	4,132,333	1,776,776	702,527	700,983

14. Asset held for sale

	Group	
	2022	2021
	RM	RM
Condominium	577,113	577,113

The management is still actively looking for potential buyer by engaging third party sales agent.

15. Share capital

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	units	units	RM	RM
Issued and fully paid with no par value				
At 1 January/31 December	500,000,000	500,000,000	329,086,883	329,086,883

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

16. Borrowings

	Group 2022 RM	Group 2021 RM
Secured:		
<u>Non-current</u>		
Term loans	9,799,683	17,692,112
<u>Current</u>		
Bank overdraft	17,553,879	17,987,784
Revolving credits	22,014,580	28,014,580
Term loans	8,931,559	10,149,128
	48,500,018	56,151,492
	58,299,701	73,843,604

The bank overdraft, revolving credits and term loans are secured by way of:

(a) charges over leasehold land of the Group,
(b) charges over freehold land of the Group,
(c) charges over certain vessels of the Group,
(d) fixed deposits with licensed banks,
(e) short-term deposit of a Director of the subsidiary,
(f) assignment of time charter proceeds, and
(g) corporate guarantee by the Company.

The effective interest rates of borrowings are as follows:

	Group 2022 %	Group 2021 %
Bank overdraft	5.10 – 8.14	4.10 – 7.14
Revolving credits	3.81 – 5.29	3.43 – 4.16
Term loans	5.99 – 7.33	5.99 – 6.17

17. Right-of-use assets and lease liabilities

As a lessee

The Group has lease contracts for land, buildings, vessels and office equipment. The Group's obligations under these leases are secured by the lessor's title to the leased assets.

17. Right-of-use assets and lease liabilities (cont'd)

17.1 Right-of-use assets

Group	Leasehold land RM	Buildings RM	Vessels RM	Office equipment RM	Total RM
Cost					
At 1 January 2021	39,871,710	516,114	400,555	14,400	40,802,779
Addition	-	177,143	-	-	177,143
Termination of lease contract	(10,691)	(454,101)	(400,555)	-	(865,347)
Exchange rate difference	-	1,065	-	-	1,065
At 31 December 2021	39,861,019	240,221	-	14,400	40,115,640
Exchange rate difference	-	1,619	-	-	1,619
At 31 December 2022	39,861,019	241,840	-	14,400	40,117,259
Accumulated depreciation					
At 1 January 2021	13,046,568	326,927	400,555	5,400	13,779,450
Charge for the year	782,884	182,324	-	1,440	966,648
Termination of lease contract	(2,354)	(296,628)	(400,555)	-	(699,537)
Exchange rate difference	-	346	-	-	346
At 31 December 2021	13,827,098	212,969	-	6,840	14,046,907
Charge for the year	840,498	19,340	-	1,440	861,278
Exchange rate difference	-	796	-	-	796
At 31 December 2022	14,667,596	233,105	-	8,280	14,908,981
Net carrying amount					
At 31 December 2022	25,193,423	8,735	-	6,120	25,208,278
At 31 December 2021	26,033,921	27,252	-	7,560	26,068,733

17.2 Lease liabilities

	Group 2022 RM	Group 2021 RM
<u>Current</u>		
Less than 1 year	9,611	20,033
<u>Non-current</u>		
More than 1 year but less than 5 years	-	8,936
	9,611	28,969

The lease liabilities bear interest at rate of 5% (2021: 5%) per annum.

17. Right-of-use assets and lease liabilities (cont'd)

17.2 Lease liabilities (cont'd)

Set out below is the movement of the lease liabilities during the financial year:

	Group	
	2022 RM	2021 RM
At beginning of financial year	28,969	385,515
Addition	-	177,143
Accretion of interest	800	81,712
Termination of lease contract	-	(212,660)
Payments	(21,036)	(403,490)
Exchange rate difference	878	749
At end of financial year	9,611	28,969

The following are the amounts relating to right-of-use assets recognised in profit or loss:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Depreciation of right-of-use assets	861,278	966,648	-	-
Interest expense on lease liabilities	800	81,712	-	-
Gain on termination of lease contract	-	(46,850)	-	-
Expense relating to short-term leases	598,043	112,773	18,000	14,400
Expense relating to leases of low-value assets	3,238	6,780	-	-

18. Deferred tax liabilities

	Group	
	2022 RM	2021 RM
At beginning of financial year	11,494,930	16,147,726
Recognised in profit or loss	(1,523,261)	(4,652,796)
At end of financial year	9,971,669	11,494,930

18. **Deferred tax liabilities (cont'd)**

The component and movement of deferred tax liabilities and assets prior to offsetting are as follows:-

	Property, plant and equipment RM	Unabsorbed tax losses RM	Unutilised capital allowances RM	Others RM	Total RM
At 1 January 2021	35,921,600	(8,373,900)	(10,714,506)	(685,468)	16,147,726
Recognised in profit or loss	(3,237,889)	(259,043)	(1,155,864)	-	(4,652,796)
At 31 December 2021	32,683,711	(8,632,943)	(11,870,370)	(685,468)	11,494,930
Recognised in profit or loss	(2,236,339)	469,230	243,848	-	(1,523,261)
At 31 December 2022	30,447,372	(8,163,713)	(11,626,522)	(685,468)	9,971,669

19. **Other payables**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Non-trade payables	13,870,000	14,065,000	13,870,000	14,065,000
Current				
Non-trade payables	17,535,298	18,763,997	6,125,952	6,926,230
Accruals	7,613,619	5,928,351	1,161,966	988,256
Deposits received	13,000	5,200	-	-
Service tax payable	6,034	7,629	-	-
	25,167,951	24,705,177	7,287,918	7,914,486
	39,037,951	38,770,177	21,157,918	21,979,486

Included in non-trade payables of the Group is an amount of RM9,784,325 (2021: RM9,288,910) due to companies in which certain Directors of the Company have substantial financial interests and it is unsecured, interest free and repayable on demand.

Included in non-trade payables of the Group and of the Company is an amount of RM19,446,956 (2021: RM18,818,894) due to a corporate shareholder with interest bearing at 4.50% (2021: 4.50%) per annum and payable within the tenor of 36 months (2021: 36 months).

20. **Trade payables**

Group

Trade payables are non-interest bearing with normal credit term granted range from 30 to 90 days (2021: 30 to 90 days) term.

21. Revenue

21.1 Type of revenue

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue from other sources				
Charter hire fees	55,580,167	33,961,110	-	-
Berthing fees	-	4,400	-	-
Dividend income	-	-	32,756,000	-
	55,580,167	33,965,510	32,756,000	-
Revenue from contract with customers				
Ship repair income	1,259,467	698,609	-	-
Vessels sundry income	7,863,856	2,795,928	-	-
Sale of services	591,842	495,010	-	-
Management fees	-	-	1,501,373	1,275,500
	9,715,165	3,989,547	1,501,373	1,275,500
	65,295,332	37,955,057	34,257,373	1,275,500
Timing of recognition				
Satisfied at a point in time	8,693,965	1,117,787	-	-
Satisfied over time	1,021,200	2,871,760	1,501,373	1,275,500
	9,715,165	3,989,547	1,501,373	1,275,500

21.2 Contract balances

	Group 2022 RM	Group 2021 RM
At beginning of the year	651,281	(61,949)
Revenue recognised during the year	3,997,336	1,149,622
Progress billing issued during the year	(4,312,884)	(436,392)
At end of the year	335,733	651,281
Analysed as follows:		
- Contract assets	355,588	702,163
- Contract liabilities	(19,855)	(50,882)
	335,733	651,281

Contract assets primarily relate to the Group's right to consideration for work completed on ship repair contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 (2021: 30) days and payment is expected within 90 (2021: 90) days.

21. **Revenue (cont'd)**

21.2 **Contract balances (cont'd)**

Contract liabilities primarily relate to advance consideration received from a customer for ship repair contracts for which revenue is recognised over time for the repair work. The contract liabilities are expected to be recognised as revenue over a period of 90 (2021: 90) days.

22. Other income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Gain on disposal of property, plant and equipment	1,260,467	2,870,050	-	-
Gain on foreign exchanges:				
- Realised	565,328	928,484	-	223,727
- Unrealised	-	1,600,348	2,510,862	1,201,093
Gain on termination of lease contract	-	46,850	-	-
Maintenance income	-	54,821	-	-
Reversal of inventories written down	-	337,033	-	-
Rental income	162,000	129,600	-	-
Accounting fee	-	-	48,000	48,000
Sundry income	420,564	1,220,629	-	-
	2,408,359	7,187,815	2,558,862	1,472,820

23. Net impairment loss on financial assets and non-financial assets

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Financial assets				
Impairment loss on:-				
- Trade receivables	(369,197)	-	-	-
- Amount due from an associate	-	(7,507,254)	-	-
- Amount due from subsidiaries	-	-	(6,947,140)	(24,427,561)
	(369,197)	(7,507,254)	(6,947,140)	(24,427,561)
Reversal of impairment loss on:-				
- Trade receivables	532,037	597,228	-	-
- Amount due from an associate	-	360,082	-	-
- Amount due from subsidiaries	-	-	856,964	-
	532,037	957,310	856,964	-
Non-financial assets				
Impairment loss on:-				
- Property, plant and equipment	(3,117,963)	(21,351,312)	-	-
- Investment in subsidiaries	-	-	-	(82,518,247)
	(3,117,963)	(21,351,312)	-	(82,518,247)
Reversal of impairment loss on:-				
- Property, plant and equipment	3,359,720	-	-	-

24. Finance income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Interest income from:				
- Current account	5,095	3,078	228	1,843
- Short term deposits	25,611	20,684	-	-
- Joint venture	451,656	443,965	-	-
- Subsidiaries	-	-	2,838,318	2,500,100
- Others	17,410	-	-	-
	499,772	467,727	2,838,546	2,501,943

25. Finance costs

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Interest expenses on:				
- Term loans	1,769,484	1,968,711	-	-
- Bank overdraft	1,246,439	1,085,585	-	-
- Revolving credits	997,604	1,153,477	-	-
- Lease liabilities	800	81,712	-	-
- Subsidiaries	-	-	1,500,367	1,810,382
- Corporate shareholder	718,807	636,125	718,807	636,125
- Unwinding discounts	-	-	-	1,489,747
	4,733,134	4,925,610	2,219,174	3,936,254

26. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Auditors'remuneration related to:				
Statutory audits				
- Grant Thornton Malaysia PLT	180,000	170,000	41,000	39,000
- Other auditors	38,468	36,819	-	-
Assurance-related services:				
- Grant Thornton Malaysia PLT	5,000	5,000	5,000	5,000
Other services:				
- Grant Thornton Malaysia PLT	3,500	-	3,500	-

27. Tax (income)/expense

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current tax:				
- Current year	580,110	435,009	151,535	-
- Over provision in prior year	(50,167)	(44,823)	-	(44,694)
	529,943	390,186	151,535	(44,694)

27. **Tax (income)/expense (cont'd)**

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Deferred tax:				
- Current year	(1,515,400)	(3,592,068)	-	-
- Over provision in prior year	(7,861)	(1,060,728)	-	-
	(1,523,261)	(4,652,796)	-	-
Total tax (income)/expense	(993,318)	(4,262,610)	151,535	(44,694)

Malaysian income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimated taxable profits for the financial year.

The reconciliation of tax expense applicable to (loss)/profit before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
(Loss)/profit before tax	(21,168,219)	(69,631,922)	28,404,582	(108,042,676)
Tax at statutory tax rate of 24%	(5,080,373)	(16,711,661)	6,817,100	(25,930,242)
Tax effect in respect of:				
Expenses not deductible for tax purposes	15,334,909	12,372,985	1,664,976	26,218,504
Income not subject to tax	(9,408,054)	(711,370)	(8,245,272)	(288,262)
Movement of deferred tax assets not recognised	(1,476,576)	1,982,919	(85,269)	-
Over provision in prior year				
- current tax	(50,167)	(44,823)	-	(44,694)
- deferred tax	(7,861)	(1,060,728)	-	-
Share of results of a joint venture	(305,196)	(89,932)	-	-
Total tax (income)/ expenses	(993,318)	(4,262,610)	151,535	(44,694)

27. **Tax (income)/expense (cont'd)**

Deferred tax assets have not been unutilised in respect of the following items:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Unabsorbed tax losses	80,172,687	82,101,826	-	355,325
Unabsorbed capital allowances	10,224,789	14,448,051	388	350
	90,397,476	96,549,877	388	355,675

The potential deferred tax assets of the Group and of the Company have not been recognised in respect of the above items as it is not certain that whether sufficient future taxable profits will be available in which the Group and the Company can utilise these benefits.

The unrecognised unabsorbed tax losses and unutilised capital allowances of the Group and of the Company can be carried forward to offset against future taxable profits of the Group and the Company respectively.

The expiry terms of the unabsorbed tax losses of the Group and of the Company will be available for carry forward for a period of 10 (2021: 10) consecutive years. Upon expiry of the 10 (2021: 10) years, the unabsorbed tax losses will be disregarded.

The expiry terms of the unrecognised unabsorbed tax losses are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
- Year of assessment 2028	60,970,514	63,575,091	-	-
- Year of assessment 2029	6,298,260	5,617,693	-	-
- Year of assessment 2030	6,431,935	7,290,710	-	355,325
- Year of assessment 2031	3,491,638	5,618,332	-	-
- Year of assessment 2032	2,980,340	-	-	-
	80,172,687	82,101,826	-	355,325

28. Loss per share

Basic/diluted loss per share amounts are calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	**2021**
Net loss for the financial year attributable to ordinary equity holders of the Company (RM)	(20,174,901)	(65,369,312)
Weighted average number of ordinary shares in issue (unit)	500,000,000	500,000,000
Basic/diluted loss per share (sen)	(4.03)	(13.07)

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic loss per share.

29. Employee benefits expense

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	14,892,687	12,873,098	1,719,768	1,518,362
Social security contributions	193,381	159,442	12,621	9,581
Defined contribution plan	1,462,491	1,345,375	198,664	181,042
Other benefits	14,335	10,942	-	-
	16,562,894	14,388,857	1,931,053	1,708,985

29. Employee benefits expense (cont'd)

Included in abovementioned is the Directors' remuneration as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Executive				
Salaries, wages and other emoluments	738,141	714,605	6,091	6,083
Fees	22,000	22,000	22,000	22,000
Defined contribution plan	63,332	61,400	720	720
	823,473	798,005	28,811	28,803
Non-executive				
Fees	293,000	293,000	293,000	293,000
	1,116,473	1,091,005	321,811	321,803
Director of subsidiaries				
Salaries and other emoluments	296,976	296,990	-	-
Defined contribution plan	2,260	2,260	-	-
	299,236	299,250	-	-
Total Directors' remuneration	1,415,709	1,390,255	321,811	321,803

30. Related party disclosures

30.1 Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms.

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Transactions with subsidiaries				
- Dividend income	-	-	(32,756,000)	-
- Management fee	-	-	(1,501,373)	(1,275,500)
- Interest income	-	-	(2,838,318)	(2,500,100)
- Interest expenses	-	-	1,500,367	1,810,382
- Sundry income	-	-	-	-
Transaction with a related company				
- Rental expenses	78,000	129,600	18,000	14,400
Transactions with companies in which certain Directors have interest				
- Charter hire fee	210,000	246,000	-	-
- Rental expenses	187,800	262,173	-	-
- Legal and professional fees	13,365	10,997	-	-
Transactions with a joint venture				
- Accounting fee	-	-	(48,000)	(48,000)
- Administrative income	(66,757)	(52,907)	-	-
- Berthing fees	-	4,400	-	-
- Charter hire fees	38,057,642	10,457,524	-	-
- Ship management income	(300,000)	(262,500)	-	-
- Repair and maintenance	15,507	36,996	-	-
- Rental income	(18,000)	(14,400)	-	-
- Demobilisation fees	1,352,700	413,000	-	-
- Interest income	(451,656)	(443,965)	-	-
Transaction with corporate shareholder				
- Interest expense	718,807	636,125	718,807	636,125

30. **Related party disclosures (cont'd)**

30.2 **Related party balances**

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6, 7, 8 and 19 to the Financial Statements.

30.3 **Compensation of key management personnel**

Key management personnels are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

The remuneration of the Directors and other members of key management personnel during the financial year are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	1,598,633	1,581,759	571,248	561,087
Defined contribution plan	124,844	129,398	62,892	67,104
	1,723,477	1,711,157	634,140	628,191

31. **Operating segment**

Business segment

For management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

(i) Chartering of vessels
(ii) Shipbuilding
(iii) Others consist of investment holding and letting of properties

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between segments were entered into the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Inter-segment pricing is determined on negotiated basis.

The effects of such inter-segment transactions are eliminated on consolidation.

31. **Operating segment (cont'd)**

Group 2022	Note	Chartering RM	Shipbuilding RM	Others RM	Elimination RM	Consolidated RM
External revenue		63,756,450	1,538,882	-	-	65,295,332
Inter segment revenue	(i)	12,636,485	3,808,813	34,335,373	(50,780,671)	-
Total revenue		76,392,935	5,347,695	34,335,373	(50,780,671)	65,295,332
Depreciation of property, plant and equipment		(30,774,066)	(1,971,486)	(307,116)	1,751,932	(31,300,736)
Interest expense		(4,507,866)	(2,277,848)	(2,594,582)	4,647,162	(4,733,134)
Interest income		787,521	1,388,567	2,965,378	(4,641,694)	499,772
Share of gain of a joint venture		1,271,651	-	-	-	1,271,651
Tax income/(expenses)		1,373,466	(217,731)	(162,417)	-	993,318
Other non-cash (expenses)/income	(ii)	(14,809)	(356,320)	-	-	(371,129)
Net profit/(loss) for the financial year	(iii)	(17,442,477)	(5,011,990)	27,750,716	(25,471,150)	(20,174,901)
Additions to non-current assets:						
- Property, plant and equipment		313,383	12,003	-	-	325,386
Investment in a joint venture		3,333,563	-	-	-	3,333,563
Segment assets	(iv)	355,240,225	55,972,148	403,122,423	(483,852,412)	330,482,384
Segment liabilities	(v)	260,733,928	54,628,268	55,365,569	(254,581,895)	116,145,870

31. **Operating segment (cont'd)**

Business segment (cont'd)

Group (cont'd) 2021	Note	Chartering RM	Shipbuilding RM	Others RM	Elimination RM	Consolidated RM
External revenue		37,072,660	882,397	-	-	37,955,057
Inter segment revenue	(i)	9,342,066	4,246,449	1,353,500	(14,942,015)	-
Total revenue		46,414,726	5,128,846	1,353,500	(14,942,015)	37,955,057
Depreciation of property, plant and equipment		(36,905,246)	(2,395,127)	(327,221)	2,225,681	(37,401,913)
Interest expense		(6,070,427)	(2,330,863)	(4,363,733)	7,839,413	(4,925,610)
Interest income		949,676	1,873,867	2,681,670	(5,037,486)	467,727
Share of gain of a joint venture		374,716	-	-	-	374,716
Tax income/(expenses)		4,477,868	(239,826)	24,568	-	4,262,610
Other non-cash (expenses)/income	(ii)	(27,821,508)	(4,865,552)	1,201,093	-	(31,485,967)
Net (loss)/profit for the financial year	(iii)	(59,213,672)	(9,322,151)	(108,222,684)	111,389,195	(65,369,312)
Additions to non-current assets:						
- Property, plant and equipment		11,964,855	11,247	-	-	11,976,102
Investment in a joint venture		1,895,412	-	-	-	1,895,412
Segment assets	(iv)	348,547,633	86,953,073	392,219,129	(468,257,211)	359,462,624
Segment liabilities	(v)	211,024,303	60,796,193	76,424,195	(216,079,567)	132,165,124

31. **Operating segment (cont'd)**

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Other material non-cash (expenses)/income comprise the following items:

	2022 RM	2021 RM
Gain on termination of lease contract	-	46,850
Impairment loss on:		
- trade receivables	(369,197)	-
- amount due from an associate	-	(7,507,254)
- property, plant and equipment	(3,117,963)	(21,351,312)
Reversal of impairment loss on:		
- trade receivables	532,037	597,228
- amount due from an associate	-	360,082
- property, plant and equipment	3,359,720	-
Inventories written down	-	(5,504,257)
Reversal of inventories written down	-	337,033
Property, plant and equipment written off	-	(64,685)
Unrealised (loss)/gain on foreign exchange	(775,726)	1,600,348
	(371,129)	(31,485,967)

(iii) The following items are added to/(deducted from) segment (loss)/profit to arrive at "Loss for the financial year" presented in the consolidated statement of profit or loss and other comprehensive income.

	2022 RM	2021 RM
Profit from inter-segment sales	(34,789,515)	(1,529,073)
Impairment loss in investment in subsidiaries	-	82,518,247
Impairment loss in amount due from subsidiaries	6,947,140	24,427,561
Reversal of impairment loss on amount due from subsidiaries	(856,964)	-
Unallocated corporate expenses	3,222,721	3,170,533
Finance costs	5,468	2,801,927
	(25,471,150)	111,389,195

31. **Operating segment (cont'd)**

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):

(iv) The following items are deducted from segment operating assets to arrive at total assets reported in consolidated statement of financial position:

	2022 RM	2021 RM
Inter-segment assets	(481,381)	(2,689,651)
Investment in subsidiaries	(262,777,942)	(249,499,893)
Amount due from inter companies	(220,593,089)	(216,067,667)
	(483,852,412)	(468,257,211)

(v) The following items are deducted from segment operating liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2022 RM	2021 RM
Inter-segment liabilities	-	5,772
Amount due to inter companies	(254,581,895)	(216,085,339)
	(254,581,895)	(216,079,567)

Geographical information

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

	Revenue		Non-current assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	63,367,884	33,744,131	289,498,764	327,730,483
Singapore	31,045	2,047,061	9,812	2,516,423
Vietnam	1,896,403	2,163,865	-	-
	65,295,332	37,955,057	289,508,576	330,246,906

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

	2022 RM	2021 RM
Property, plant and equipment	289,508,576	330,246,906

31. **Operating segment (cont'd)**

Geographical information (cont'd)

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue that generated from chartering segment:

	2022 RM	2021 RM
Customer A	9,376,063	8,428,606
Customer B	-	4,428,918

32. **Financial instruments**

32.1 **Financial risk management**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from receivables and contract assets. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Group and the Company do not expect to incur material credit losses of their financial assets or other financial instruments except for those impairment has been provided.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) **Credit risk (cont'd)**

As at the reporting date, the Group and the Company have concentration of credit risk of which 82% (2021: 38%) of trade receivables are owing by 4 (2021: 1) customers.

Following are the areas where the Group and the Company are exposed to credit risk:

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Most of the Group's customers have been transacting with the Group for long-term basis. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether are an individual or a legal entity, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions. Generally, the receivables are written-off if the Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables and contract assets are limited to the carrying amounts as stated in the statements of financial position. No collateral has been arranged during the financial year.

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):

Trade receivables and contract assets (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

Group	**Gross carrying amount RM**	**Expected credit loss RM**	**Net balances RM**
2022			
Not past due	832,061	-	832,061
Past due 1 to 30 days	1,278,683	-	1,278,683
Past due 31 to 60 days	165,770	-	165,770
Past due more than 121 days	236,047	-	236,047
Credit impaired	3,462,119	(3,462,119)	-
	5,974,680	(3,462,119)	2,512,561
Contract assets	355,588	-	355,588
2021			
Not past due	1,125,052	-	1,125,052
Past due 1 to 30 days	1,112,316	-	1,112,316
Past due 31 to 60 days	949,697	-	949,697
Past due 61 to 90 days	106,341	-	106,341
Credit impaired	3,624,959	(3,624,959)	-
	6,918,365	(3,624,959)	3,293,406
Contract assets	702,163	-	702,163

Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):

Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group and the Company have trade and non-trade transactions with subsidiaries, associate and joint venture. The Group and the Company monitor their results regularly.

As at the reporting date, there were no indication that the intercompany balances are not recoverable other than those disclosed in Notes 6 and 7 to the Financial Statements.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial guarantee

The Company provides unsecured financial guarantee to financial institutions in respect of banking by certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that any subsidiaries would default on repayment on borrowings.

The maximum exposure to credit risk is RM58,299,701 (2021: RM73,843,604), represented by the outstanding borrowings of the subsidiaries as at the reporting date.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(b) **Liquidity risk (cont'd)**

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash equivalent to meet their working capital requirements. In addition, the Group and the Company also strive to maintain available banking facilities at a reasonable level to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

Group	**Carrying amount RM**	**Contractual cash flows RM**	**Current Less than 1 year RM**	**Non-current Between 2 to 5 years RM**
2022				
Secured:				
Borrowings	58,299,701	59,760,096	49,528,624	10,231,472
Unsecured:				
Trade payables	8,761,727	8,761,727	8,761,727	-
Other payables	39,031,917	40,744,594	26,243,310	14,501,284
Lease liabilities	9,611	9,641	9,641	-
Total	106,102,956	109,276,058	84,543,302	24,732,756
2021				
Secured:				
Borrowings	73,843,604	76,252,910	57,468,202	18,784,708
Unsecured:				
Trade payables	7,881,174	7,881,174	7,881,174	-
Other payables	38,762,548	40,504,722	25,428,082	15,076,640
Lease liabilities	28,969	31,154	21,747	9,407
Total	120,516,295	124,669,960	90,799,205	33,870,755

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and by the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(b) **Liquidity risk (cont'd)**

The table below summarises the maturity profile of the Group's and Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations (cont'd):

Company	**Carrying amount RM**	**Contractual cash flows RM**	**Current Less than 1 year RM**	**Non-current Between 2 to 5 years RM**
2022				
Unsecured:				
Other payables	21,157,918	22,394,742	7,893,458	14,501,284
Amount due to subsidiaries	21,884,015	21,884,015	13,137,454	8,746,561
Total	43,041,933	44,278,757	21,030,912	23,247,845
2021				
Unsecured:				
Other payables	21,979,486	23,721,660	8,648,820	15,072,840
Amount due to subsidiaries	57,729,425	57,729,425	57,729,425	-
Total	79,708,911	81,451,085	66,378,245	15,072,840

The above amounts reflected the contractual undiscounted cash flows of the financial liabilities, which may differ from carrying value of the liabilities at the end of the financial year.

	2022 RM	**2021 RM**
Company		
Financial guarantee*	67,227,870	74,727,229

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting year.

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and by the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(c) **Interest rate risk (cont'd)**

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's and the Company's interest rate management objective are to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating rate instruments based on assessment of their existing exposure and desired interest rate profile.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

Group	**2022 RM**	**2021 RM**
Fixed rate instruments:		
Financial assets		
- Fixed deposits with licensed banks	1,283,845	1,260,257
- Amount due from joint venture	5,429,276	7,403,564
Financial liabilities		
- Lease liabilities	(9,611)	(28,969)
- Other payables	(19,446,956)	(18,818,894)
	(12,743,446)	(10,184,042)
Floating rate instrument:		
Financial liability		
- Borrowings	(58,299,701)	(73,843,604)
Company		
Floating rate instruments:		
Financial asset		
- Amount due from subsidiaries	61,178,973	99,362,909
Financial liabilities		
- Amount due to corporate shareholder	(19,446,956)	(18,818,894)
- Amount due to subsidiaries	(3,920,824)	(44,067,761)
	37,811,193	36,476,254

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and by the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(c) **Interest rate risk (cont'd)**

Cash flow sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

The following table illustrates the sensitivity of loss/profit and equity to a reasonably possible change in interest rate of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Increase/(Decrease) Net loss for the financial year		**Increase/(Decrease) Net equity for the financial year**	
	RM +0.5%	**RM -0.5%**	**RM +0.5%**	**RM -0.5%**
Group				
Floating rate instruments				
2022	291,499	(291,499)	(291,499)	291,499
2021	369,218	(369,218)	(369,218)	369,218

	Increase/(Decrease) Net profit/(loss) for the financial year		**Increase/(Decrease) Net equity for the financial year**	
	RM +0.5%	**RM -0.5%**	**RM +0.5%**	**RM -0.5%**
Company				
Floating rate instruments				
2022	189,056	(189,056)	189,056	(189,056)
2021	(182,381)	182,381	182,381	(182,381)

32. **Financial instruments (cont'd)**

32.1 **Financial risk management (cont'd)**

The major areas of financial risks faced by the Group and by the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(d) **Foreign currency risk**

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on financial instruments that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

	2022 Denominated in		2021 Denominated in	
	USD RM	SGD RM	USD RM	SGD RM
Cash and bank balances	813,592	84,139	285,448	3,662
Trade receivables	397,597	-	1,168,079	-
Trade payables	(277,423)	(8,924)	(300,588)	(21,159)
Other payables	-	(9,512,625)	-	(9,010,636)
	933,766	(9,437,410)	1,152,939	(9,028,133)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss and equity for the financial year to a +/-5% (2021: +/-5%) change in the USD and SGD exchange rates at the end of reporting period against the respective functional currency of the companies within the Group, with all variables held constant.

	Increase/(Decrease) Net loss for the financial year		Increase/(Decrease) Net equity for the financial year	
	2022 RM 5%	2021 RM 5%	2022 RM 5%	2021 RM 5%
USD/RM				
- Strengthened	(46,688)	(57,647)	46,688	57,647
- Weakened	46,688	57,647	(46,688)	(57,647)
SGD/RM				
- Strengthened	471,871	451,407	(471,871)	(451,407)
- Weakened	(471,871)	(451,407)	471,871	451,407

32. Financial instruments (cont'd)

32.2 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

32.3 Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and Company do not have financial instrument measured at fair value.

33. Capital management

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders, sell assets to reduce debts or issue new shares.

There were no changes in the Group's approach to capital management during the financial year.

34. Material litigation

On 31 March 2021, the wholly-owned subsidiary of the Company, Euroedge Sdn. Bhd. ("ESB") and other subsidiaries which consist of Sealink Sdn. Bhd. ("SSB") and Sea Legend Shipping Sdn. Bhd. ("Sea Legend"), filed a lawsuit in Kuala Lumpur High Court for a total claim of RM11,514,846, RM54,655 and RM18,679 respectively against Logistine Sdn. Bhd. ("Logistine") for breaching the terms of Memorandum of Agreement ("MOA"), for ship management services and other services provided to Logistine for the operation of Duyong Satu, and for accounting assistance provided to Logistine, respectively. On 21 July 2021, writ and statement of claim had been filed against Logistine.

Logistine had file a lawsuit in Kuala Lumpur High Court against ESB and Sea Legend for a total claim of RM1,000,000 against ESB and general damages to be assessed for deprivation of use of the ESB's vessel, Duyong Dua, and general damages to be assessed for breach of Shareholders Agreement, respectively.

The legal cases are now fixed for case management on 24 July 2023 whilst the trial dates have been fixed on 21 August 2023 to 24 August 2023 and 28 August 2023 to 30 August 2023.

35. Significant event after the reporting date

On 27 January 2023, the Company has acquired 6% equity interest in Era Sureway Sdn. Bhd. for total consideration of RM390,000. As a result, Era Sureway Sdn. Bhd. has changed from a joint venture to become a 51% owned subsidiary.