

**ALAM MARITIM RESOURCES BERHAD (700849-K)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2006**

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

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**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

**RESULTS**

	<b>Group</b>	<b>Company</b>
	<b>2006</b>	<b>2006</b>
	<b>RM</b>	<b>RM</b>
Profit for the year	<u>50,020,846</u>	<u>3,432,476</u>
Attributable to:		
Equity holders of the Company	49,487,202	3,432,476
Minority interests	533,644	-
	<u>50,020,846</u>	<u>3,432,476</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the 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 other than the negative goodwill arising from the acquisition of subsidiaries as disclosed in Note 12 to the financial statements.

**DIVIDEND**

No dividend has been paid or declared by the Company since the end of the previous financial year.

**DIVIDEND (CONTD.)**

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 1.5 sen per ordinary share less 27% taxation on 162,538,482 ordinary shares, amounting to a dividend payable of RM1,779,796 (1.10 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

**DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	(appointed on 2 May 2006)
Azmi bin Ahmad	(appointed on 2 May 2006)
Shaharuddin bin Warno @ Rahmad	(appointed on 2 May 2006)
Mohd Abd Rahman bin Mohd Hashim	(appointed on 2 May 2006)
Ab Razak bin Hashim	(appointed on 2 May 2006)
Dato' Mohamad Idris bin Mansor	(appointed on 2 May 2006)
Ab Wahab bin Haji Ibrahim	(appointed on 2 May 2006)
Ahmad Hassanudin bin Ahmad Kamaluddin	(appointed on 6 December 2006)
Lee Yew Beng	(resigned on 2 May 2006)
Foo Ming Fwee	(resigned on 2 May 2006)

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Company's Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company, as shown in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

← Number of Ordinary Shares of RM0.50 Each →  
1.1.2006    Acquired                      Sold    31.12.2006

**The Company****Direct Interest:**

Dato' Captain Ahmad Sufian @ Qurnain

bin Abdul Rashid	-	175,000	-	175,000
Azmi bin Ahmad	-	1,016,200	(527,500)	488,700
Shaharuddin bin Warno @ Rahmad	-	1,016,200	-	1,016,200
Mohd Abd Rahman bin Mohd Hashim	-	1,130,800	(1,114,600)	16,200
Ab Razak bin Hashim	-	1,016,200	(1,016,200)	-
Dato' Mohamad Idris bin Mansor	-	125,000	-	125,000
YB Haji Ab Wahab bin Haji Ibrahim	-	125,000	(41,000)	84,000
Ahmad Hassanudin bin Ahmad Kamaluddin	-	545,000	(250,000)	295,000

**Indirect Interest:**

Azmi bin Ahmad	-	90,353,896	-	90,353,896
Shaharuddin bin Warno @ Rahmad	-	90,353,896	-	90,353,896
Mohd Abd Rahman bin Mohd Hashim	-	90,353,896	-	90,353,896
Ab Razak bin Hashim	-	90,353,896	-	90,353,896

**Number of Options Over Ordinary Shares of**  
1.1.2006    Granted                      Exercised    31.12.2006

**The Company**

Dato' Captain Ahmad Sufian @ Qurnain

bin Abdul Rashid	-	500,000	(25,000)	475,000
Azmi bin Ahmad	-	2,292,500	-	2,292,500
Shaharuddin bin Warno @ Rahmad	-	2,292,500	-	2,292,500
Mohd Abd Rahman bin Mohd Hashim	-	2,292,500	(114,600)	2,177,900
Ab Razak bin Hashim	-	2,292,500	-	2,292,500
Dato' Mohamad Idris bin Mansor	-	400,000	-	400,000
YB Haji Ab Wahab bin Haji Ibrahim	-	400,000	-	400,000
Ahmad Hassanudin bin Ahmad Kamaluddin	-	1,200,000	-	1,200,000

## ISSUE OF SHARES

During the financial year, the Company increased its:

- a) authorised ordinary share capital from RM1 to RM250,000,000 through the creation of 499,999,998 ordinary shares of RM0.50 each; and
- b) issued and paid-up ordinary share capital from RM1 to RM81,269,241 by way of:
  - (i) issuance of 29,219,200 new ordinary shares of RM0.50 each through the Initial Public Offering ("IPO") at the IPO price of RM1.65 per ordinary share;
  - (ii) issuance of 133,116,880 new ordinary shares of RM0.50 each for the acquisition of the entire issued and paid-up capital of Alam Maritim (M) Sdn. Bhd. ("AMSB") from the previous shareholders; and
  - (iii) the issuance of 202,400 new ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM1.65 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## EMPLOYEE SHARE OPTIONS SCHEME

The AMRB Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2006. The ESOS was implemented on 20 July 2006 and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 19 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the option holders, who have been granted options to subscribe for less than 800,000 ordinary shares of RM0.50 each. The names of option holders granted options to subscribe for 800,000 or more ordinary shares of RM0.50 each during the financial year are as follows:

	← Number of Ordinary Shares of RM0.50 Each →			
	1.1.2006	Granted	Exercised	31.12.2006
Azman bin Shabudin	-	850,000	-	850,000
Mohd Fozi bin Ismail	-	850,000	-	850,000

## **EMPLOYEE SHARE OPTIONS SCHEME (CONTD.)**

The exercise prices, grant and expiry dates of the share options are as disclosed in Note 19. Details of options granted to directors are disclosed in the section on Directors' Interest in this report.

## **OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for 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; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) 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 liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**OTHER STATUTORY INFORMATION (CONTD.)**

(f) In the opinion of the directors:

- (i) no contingent 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 or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

The significant events during the financial year are disclosed in Note 12 and Note 33 to the financial statements.

**SUBSEQUENT EVENTS**

The subsequent events are disclosed in Note 37 to the financial statements.

**AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2007.



Dato' Captain Ahmad Sufian @ Qurnain  
bin Abdul Rashid



Azmi bin Ahmad

Kuala Lumpur, Malaysia



**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965**

We, Shaharuddin bin Warno @ Rahmad and Azmi bin Ahmad, being two of the directors of Alam Maritim Resources Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 10 to 72 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2007.



Dato' Captain Ahmad Sufian @ Qurnain  
bin Abdul Rashid



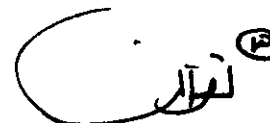
Azmi bin Ahmad

Kuala Lumpur, Malaysia

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965**

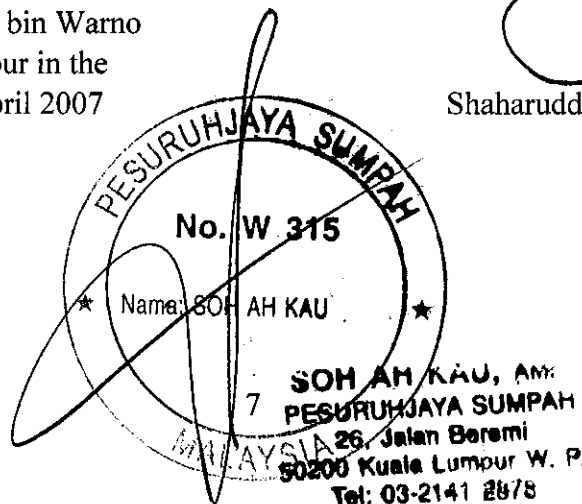
I, Shaharuddin bin Warno @ Rahmad, being the director primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 72 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed, Shaharuddin bin Warno  
@ Rahmad at Kuala Lumpur in the  
Federal Territory on 23 April 2007



Shaharuddin bin Warno @ Rahmad

Before me,



700849-K

Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
ALAM MARITIM RESOURCES BERHAD  
(Incorporated in Malaysia)**

We have audited the accompanying financial statements set out on pages 10 to 72. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

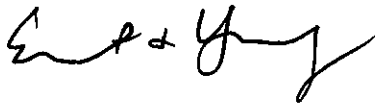
- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

700849-K

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
ALAM MARITIM RESOURCES BERHAD (CONTD.)  
(Incorporated in Malaysia)**

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



Ernst & Young  
AF: 0039  
Chartered Accountants



Ahmad Zahirudin bin Abdul Rahim  
No. 2607/12/08(J)  
Partner

Kuala Lumpur, Malaysia  
23 April 2007

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	Group 2006 RM	Company	
			1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
Revenue	3	151,161,092	5,000,000	-
Cost of sales		(95,295,426)	-	-
Gross profit		55,865,666	5,000,000	-
Other income		32,844,304	292,228	-
Employee benefits expense	4	(8,425,336)	(374,406)	-
Other expenses		(7,541,277)	(24,084)	(20,590)
Operating profit/(loss)		72,743,357	4,893,738	(20,590)
Finance costs	6	(12,188,307)	(4,511)	-
Share of profit of an associate		298,224	-	-
Profit/(loss) before tax	7	60,853,274	4,889,227	(20,590)
Income tax expense	8	(10,832,428)	(1,456,751)	-
Profit/(loss) for the year/period		50,020,846	3,432,476	(20,590)
Attributable to:				
Equity holders of the Company		49,487,202	3,432,476	(20,590)
Minority interests		533,644	-	-
		50,020,846	3,432,476	(20,590)
Earnings per share attributable to equity holders of the Company:				
Basic (Sen)	9	32.6		
Diluted (Sen)	9	30.5		

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

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**BALANCE SHEETS AS AT 31 DECEMBER 2006**

	Note	Group 2006 RM	Company 2006 RM	2005 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, vessels and equipment	11	452,371,767	259,398	-
Investments in subsidiaries	12	-	100,302,070	-
Investment in an associate	13	648,503	-	-
		<u>453,020,270</u>	<u>100,561,468</u>	<u>-</u>
<b>Current assets</b>				
Amount due from subsidiaries	14	-	15,104,296	-
Trade receivables	15	89,119,621	-	-
Other receivables	17	3,427,643	-	711,521
Tax recoverable		14,779	-	-
Cash and bank balances	18	19,120,533	3,641,911	1
		<u>111,682,576</u>	<u>18,746,207</u>	<u>711,522</u>
<b>TOTAL ASSETS</b>		<u>564,702,846</u>	<u>119,307,675</u>	<u>711,522</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	20	81,269,241	81,269,241	1
Share premium	20	30,748,238	30,748,238	-
Other reserves	21	3,504,883	3,504,883	-
Retained earnings	22	49,466,612	3,411,886	(20,590)
		<u>164,988,974</u>	<u>118,934,248</u>	<u>(20,589)</u>
<b>Minority interests</b>		9,183,720	-	-
<b>Total equity</b>		<u>174,172,694</u>	<u>118,934,248</u>	<u>(20,589)</u>

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**BALANCE SHEETS AS AT 31 DECEMBER 2006 (CONTD.)**

	Note	Group 2006 RM	Company 2006 RM	2005 RM
<b>Non-current liabilities</b>				
Borrowings	23	242,972,197	220,755	-
Deferred tax liabilities	26	33,536,045	1,251	-
		<u>276,508,242</u>	<u>222,006</u>	<u>-</u>
<b>Current liabilities</b>				
Borrowings	23	53,603,091	22,188	-
Trade payables	27	41,354,241	-	-
Other payables	28	12,622,524	73,733	732,111
Tax payable		6,442,054	55,500	-
		<u>114,021,910</u>	<u>151,421</u>	<u>732,111</u>
<b>Total liabilities</b>		<u>390,530,152</u>	<u>373,427</u>	<u>732,111</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>564,702,846</u>	<u>119,307,675</u>	<u>711,522</u>

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

**ALAM MARITIM RESOURCES BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	← Attributable to Equity Holders of the Company →					Minority Interests	Total Equity
	Share Capital (Note 20) RM	Share Premium (Note 20) RM	Other Reserves (Note 21) RM	(Accumulated Loss)/ Retained Earnings RM	Distributable Total RM		
<b>GROUP</b>							
<b>At 1 January 2006</b>	1	-	-	(20,590)	(20,589)	-	(20,589)
Profit for the year, representing total recognised income and expense for the year	-	-	-	49,487,202	49,487,202	533,644	50,020,846
Issue of ordinary shares:							
Acquisition of subsidiaries (Note 12 (a))	66,558,440	-	-	-	66,558,440	2,167,676	68,726,116
Issued for cash	14,609,600	33,602,080	-	-	48,211,680	-	48,211,680
Pursuant to ESOS	101,200	232,760	-	-	333,960	-	333,960
Share issue costs	-	(3,086,602)	-	-	(3,086,602)	-	(3,086,602)
Disposal of equity interest in subsidiaries (Note 12(c))	-	-	-	-	-	6,482,400	6,482,400
Share options granted under ESOS (Note 4)	-	-	3,504,883	-	3,504,883	-	3,504,883
<b>At 31 December 2006</b>	<b>81,269,241</b>	<b>30,748,238</b>	<b>3,504,883</b>	<b>49,466,612</b>	<b>164,988,974</b>	<b>9,183,720</b>	<b>174,172,694</b>

**ALAM MARITIM RESOURCES BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTD.)**

	← Non-Distributable →		Distributable		Total Equity RM
	Share Capital (Note 20) RM	Share Premium (Note 20) RM	Other Reserves (Note 21) RM	(Accumulated Loss)/ Retained Earnings RM	
<b>COMPANY</b>					
<b>At 23 June 2005 (date of incorporation)</b>	1	-	-	-	1
Loss for the period representing, total recognised income and expense for the period	-	-	-	(20,590)	(20,590)
<b>At 31 December 2005</b>	<u>1</u>	<u>-</u>	<u>-</u>	<u>(20,590)</u>	<u>(20,589)</u>
<b>At 1 January 2006</b>	1	-	-	(20,590)	(20,589)
Profit for the year representing, total recognised income and expense for the year	-	-	-	3,432,476	3,432,476
Issue of ordinary shares:					
Acquisition of subsidiaries (Note 12 (a))	66,558,440	-	-	-	66,558,440
Issued for cash Pursuant to ESOS	14,609,600	33,602,080	-	-	48,211,680
Share issue costs	-	(3,086,602)	-	-	(3,086,602)
Share options granted under ESOS (Note 4)	-	-	3,504,883	-	3,504,883
<b>At 31 December 2006</b>	<u>81,269,241</u>	<u>30,748,238</u>	<u>3,504,883</u>	<u>3,411,886</u>	<u>118,934,248</u>

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



**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**CASH FLOW STATEMENTS**  
**FOR THE YEAR 31 DECEMBER 2006**

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
<b>Cash Flows from Operating Activities</b>			
Profit/(loss) before tax	60,853,274	4,889,227	(20,590)
Adjustments for:			
Interest income	(178,207)	(91,303)	-
Dividend income	-	(5,000,000)	-
Depreciation of property, vessels and equipment (Note 11)	14,332,030	18,528	-
Interest expense	12,188,307	4,511	-
Share options granted under ESOS (Note 4)	3,504,883	292,565	-
Provision for doubtful debts	127,437	-	-
Bad debts written off	231,367	-	-
Unrealised gain on foreign exchange	(6,910,819)	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 12(a))	(23,935,855)	-	-
Share of profits of an associate	(298,224)	-	-
Operating profit/(loss) before working capital changes	59,914,193	113,528	(20,590)
Changes in working capital:			
(Increase)/decrease in receivables	(14,598,174)	711,521	(711,521)
Increase/(decrease) in payables	6,291,614	(950,943)	732,111
Cash generated from/(used in) operations	51,607,633	(125,894)	-
Taxes paid	(1,690,541)	(1,400,000)	-
Interest paid	(12,188,307)	(4,511)	-
Net cash generated from/(used in) operating activities	37,728,785	(1,530,405)	-

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**CASH FLOW STATEMENTS (CONTD.)**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
<b>Cash Flows from Investing Activities</b>			
Purchase of property, vessels and equipment (Note 11)	(129,623,457)	-	-
Acquisition of subsidiaries (Note 12 (a))	6,081,115	-	-
Transfer of equity interest in a subsidiary (Note 12(b))	-	(27,018,380)	-
Additional equity investment in a subsidiary (Note 12(c))	-	(6,725,250)	-
Proceeds from disposal of equity interest in subsidiaries (Note 12(c))	6,482,400	-	-
Increase in amount due from subsidiaries	-	(11,599,413)	-
Interest received	178,207	91,303	-
Dividend received	-	5,000,000	-
Net cash used in investing activities	<u>(116,881,735)</u>	<u>(40,251,740)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of ordinary shares (Note 20)	45,459,038	45,459,038	-
Proceeds from issuance of Redeemable Convertible Secured Loan Stocks (Note 24)	28,381,275	-	-
Proceeds from drawdown of term loans	28,967,852	-	-
Proceeds from drawdown of revolving credits	33,644,737	-	-
Repayment of term loans	(11,175,101)	-	-
Repayment of revolving credits	(31,500,000)	-	-
Repayment of hire purchase and lease financing	(184,472)	(34,983)	-
Net cash set aside for collateral and sinking fund	(11,069,733)	-	-
Net cash generated from financing activities	<u>82,523,596</u>	<u>45,424,055</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,370,646</b>	<b>3,641,910</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)</b>	<b><u>3,370,647</u></b>	<b><u>3,641,911</u></b>	<b><u>1</u></b>

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

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006**

**1. CORPORATE INFORMATION**

The Company is a public limited liability Company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities. The registered office is located at 38E and 38F, Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The immediate and ultimate holding company of the Company is SAR Venture Holdings (M) Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal 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 23 April 2007.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies**

#### **(a) Subsidiaries and Basis of Consolidation**

##### **(i) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### **(ii) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (a) Subsidiaries and Basis of Consolidation (Contd.)

##### (ii) Basis of Consolidation (Contd.)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (b) Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (b) Associates (Contd.)

The most recent available audited financial statements of the associate is used by the Group in applying the equity method. The financial statements of the associate is coterminous with those of the Group. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, the investment in an associate is stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

#### (c) Property, Vessels and Equipment, and Depreciation

All items of property, vessels and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, vessels and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold building is depreciated over the period of the lease of 76 years.

Vessels are depreciated in equal annual instalments calculated to reduce to residual value the cost of vessels over their estimated useful lives of between 8 to 25 years.

Drydocking costs are capitalised and amortised over the period of the vessel's next drydocking cycle which is approximately over 2.5 years.

Work-in-progress is not depreciated as the asset is not available for use.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (c) Property, Vessel and Equipment, and Depreciation (Contd.)

Depreciation of other equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Diving equipment	10%
Equipment on vessel	10%
Computers	33.3%
Official equipments	10%
Furniture and fittings	10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end 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, vessels and equipment.

An item of property, vessels and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (d) Construction Contracts

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 reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (d) Construction Contracts (Contd.)

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

#### (e) Impairment of Non-financial Assets

The carrying amounts of assets, other than construction contract assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (f) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### (ii) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (iii) Trade and Other Payables

Trade and other payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

#### (iv) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(f) Financial Instruments (Contd.)**

##### **(v) Redeemable Cumulative Convertible Secured Loan Stocks ("RCCSLS")**

The RCCSLS are recorded at the amount of proceeds received, net of transaction costs.

The RCCSLS are classified as liabilities in the balance sheet and borrowing costs of the RCCSLS are recognised in profit and loss in the period in which they are incurred.

##### **(vi) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### **(g) Leases**

##### **(i) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases that do not transfer substantially all the risks and rewards are classified as operating leases.

##### **(ii) Finance Leases - the Group as Lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(g) Leases (Contd.)**

##### **(ii) Finance Leases - the Group as Lessee (Contd.)**

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, vessel and equipment as described in Note 2.2(c).

##### **(iii) Operating Leases - the Group as Lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### **(iv) Operating Leases - the Group as Lessor**

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as describe in Note 2.2 (1)(i). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **(h) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(h) Income Tax (Contd.)**

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### **(i) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **(j) Employee Benefits**

##### **(i) Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (j) Employee Benefits (Contd.)

##### (ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions 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”).

##### (iii) Share-based Compensation

The Company's Employee Share Options Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (k) Foreign Currencies

##### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(k) Foreign Currencies (Contd.)**

##### **(ii) Foreign Currency Transactions (Contd.)**

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### **(iii) Foreign Operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

#### **(l) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### **(i) Charter Hire of Vessels**

Charter hire of vessels are recognised when the services are rendered and is computed at the contracted daily rate. In the event invoices are yet to be issued at year end, the revenue is accrued to the extent of the services rendered at the balance sheet date.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(i) Revenue Recognition (Contd.)**

##### **(ii) Revenue from Offshore Installation and Construction**

Revenue relating to offshore installation and construction are recognised by reference to stage of completion at the balance sheet date. 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 diving contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

##### **(iii) Diving, underwater services and other shipping related income**

The above revenue are recognised on an accrual basis when the services are rendered.

##### **(iv) Management fees**

Management fees are recognised on an accrual basis based on a predetermined rate.

##### **(v) Interest Income**

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

##### **(vi) Dividend Income**

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in Accounting Policies Arising from Adoption of New and Revised Financial Reporting Standards ("FRS")

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets held for Sales and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group has not early adopted the following new and revised FRSs that are:

Effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

Effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 <sub>2004</sub>	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

IC Interpretation 1 : Changes in Existing Decommissioning, Restoration  
and Similar Liabilities

IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5 : Rights to Interest arising from Decommissioning, Restoration  
and Environmental Rehabilitation Funds

IC Interpretation 6 : Liabilities arising from Participation in a Specific Market  
- Waste Electrical and Electronic Equipment

IC Interpretation 7 : Applying the Restatement Approach under FRS 129 2004  
Financial Reporting in Hyperinflationary Economies

IC Interpretation 8 : Scope of FRS 2

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in Accounting Policies Arising from Adoption of New and Revised Financial Reporting Standards ("FRS") (Contd.)

Effective date deferred indefinitely:

FRS 139 Financial Instruments : Recognition and Measurement

The adoption of FRS 119<sub>2004</sub>, FRS 6 and the above IC Interpretations are not expected to have any significant effects on the financial statements of the Group and of the Company for the year ending 31 December 2007. The effects on the adoption of FRS 117, 124 and 139 have been exempted from disclosure.

The adoption of FRS 5, 102, 108, 110, 116, 127, 128, 131, 132, 133, 136, 138 and 140 do not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their financial impact on the Group, resulting from the adoption of the other new and revised FRSs are as discussed below:

#### (a) FRS 2 : Share-based Payment

This FRS requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

During the year, the Company implemented a new equity-settled, share-based compensation plan for the employees of the Group, known as the AMRB Employee Share Options Scheme ("ESOS"). With the adoption of FRS 2, the compensation expense ("ESOS expense") relating to share options is recognized in profit or loss over the vesting periods of the grant with a corresponding increase in the equity (Share Option Reserve). Prior to 1 January 2006, no compensation expense was recognized in the income statement for share option granted.

The total amount to be recognized as ESOS expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options expected to vest on the vesting dates. The fair value of the share option is computed by using the Black Scholes Option Valuation Model. The adoption of FRS 2 during the year has the effect of reducing the Group's profit before tax by RM3,504,883.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.3 Changes in Accounting Policies Arising from Adoption of New and Revised Financial Reporting Standards ("FRS") (Contd.)**

#### **(b) FRS 101 : Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of consolidated balance sheet, consolidated income statement as well as the consolidated statement of changes in equity. Among other things, minority interests are now presented within total equity in the consolidated balance sheet and are presented as an allocation of the total profit or loss for the period in the consolidated income statement. In addition, the Group's share of profit of the associated company is stated net of tax and minority interests in the consolidated income statement.

FRS 101 also requires disclosure on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent, minority interests and potential shareholders.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101.

#### **(c) FRS 121 : The Effects of Changes in Foreign Exchange Rates**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Under the revised FRS 121, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are to be recognised in the consolidated income statement.

The change did not materially affect the financial statements of the Group and of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Significant Accounting Estimates and Judgements

#### (a) Critical Judgements Made in Applying Accounting Policies

The following are the judgments made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### (i) Treatment of Contract Variation

During the financial year, the Group had recognised in the financial statements uncertified variation orders arising from a construction diving contract. The directors had sought legal consultation on the probability of the customer approving these uncertified variation orders. The directors are of the opinion that the amount of uncertified variation orders recognised in the financial statements represents the best estimate based on legal consultation and the favourable progress of discussions with the customer. The directors are of the opinion that these uncertified variation orders recognised are recoverable. It is therefore appropriate to recognise these uncertified variation orders as part of amount due from customer as at the balance sheet date. The Group will suffer an estimated loss of approximately RM14,000,000 if all variation orders claimed from this particular customer is eventually disapproved.

#### (b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Depreciation of Vessels and Equipment on Vessel

The cost of vessels and equipment on vessel are depreciated on a straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's vessels to be between 8 to 25 years and equipment on vessel to be 10 years. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

**3. REVENUE**

	<b>Group</b>	<b>Company</b>	
		<b>1.1.2006</b>	<b>23.6.2005</b>
	<b>to</b>	<b>to</b>	
	<b>2006</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Charter hire	118,736,840	-	-
Offshore installation and construction	21,458,721	-	-
Ship catering	5,422,246	-	-
Rental of equipment	1,766,040	-	-
Diving and underwater services	732,925	-	-
Dividend income	-	5,000,000	-
Other shipping related income	3,044,320	-	-
	<u>151,161,092</u>	<u>5,000,000</u>	<u>-</u>

**4. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>	<b>Company</b>	
		<b>1.1.2006</b>	<b>23.6.2005</b>
	<b>to</b>	<b>to</b>	
	<b>2006</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries, bonuses and allowances	3,466,986	81,841	-
Contributions to defined contribution plan			
- EPF	399,832	-	-
Social security contributions	16,860	-	-
Share options granted under ESOS			
(Note 19)	3,504,883	292,565	-
Other staff related expenses	1,036,775	-	-
	<u>8,425,336</u>	<u>374,406</u>	<u>-</u>

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM3,391,749 as further disclosed in Note 5.

## 5. DIRECTORS' REMUNERATION

	Company		
	Group	1.1.2006 to 31.12.2006	23.6.2005 to 31.12.2005
	RM	RM	RM
Executive directors' remuneration (Note 4):			
Fees	15,000	-	-
Other emoluments	3,376,748	-	-
	<u>3,391,748</u>	<u>-</u>	<u>-</u>
Non-executive directors remuneration (Note 7):			
Fees	65,773	65,773	-
Other emoluments	597,204	597,204	-
	<u>662,977</u>	<u>662,977</u>	<u>-</u>
Total directors remuneration	4,054,725	662,977	-
Estimated money value of benefits-in-kind	113,800	11,568	-
Total directors remuneration including benefits-in-kind	<u>4,168,525</u>	<u>674,545</u>	<u>-</u>

The details of remuneration receivable by directors of the Company during the year are as follows:

	Company		
	Group	1.1.2006 to 31.12.2006	23.6.2005 to 31.12.2005
	RM	RM	RM
<b>Executive:</b>			
Salaries and other emoluments	982,284	-	-
Fees	15,000	-	-
Bonus:			
- current year's provisions	230,687	-	-
Defined contribution plan - EPF	140,604	-	-
Share option granted under ESOS	1,440,438	-	-
Estimated money value of benefits-in-kind	95,800	-	-
Total executive directors' remuneration	<u>2,904,813</u>	<u>-</u>	<u>-</u>

**5. DIRECTORS' REMUNERATION (CONTD.)**

	<b>Group</b>	<b>Company</b>	
		<b>1.1.2006</b>	<b>23.6.2005</b>
	<b>2006</b>	<b>to</b>	<b>to</b>
	<b>RM</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
		<b>RM</b>	<b>RM</b>
<b>Non-executive:</b>			
Fees and other emoluments	260,273	70,273	-
Share option granted under ESOS	392,704	204,206	-
Estimated money value of benefits-in-kind	18,000	9,000	-
<b>Total non-executive directors'</b> <b>remuneration</b>	<b>670,977</b>	<b>283,479</b>	<b>-</b>
<b>Total directors' remuneration</b>	<b>3,575,790</b>	<b>283,479</b>	<b>-</b>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	<b>Number of Directors</b>
<b>Executive directors:</b>	
RM300,000 - RM400,000	3
RM400,001 - RM500,000	1
<b>Non-executive directors:</b>	
RM20,000 - RM30,000	2
RM30,001 - RM40,000	1

Employee benefits expense of the Company's executive directors are borne by a subsidiary.

**6. FINANCE COSTS**

	<b>Group</b>	<b>Company</b>	
		<b>1.1.2006</b>	<b>23.6.2005</b>
	<b>to</b>	<b>to</b>	
	<b>31.12.2006</b>	<b>31.12.2005</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense on:			
Term loans	11,088,846	-	-
Other borrowings	754,394		
Hire purchase and finance lease liabilities	192,663	4,511	-
Redeemable Cumulative Convertible Secured Loan Stocks	152,404	-	-
	<u>12,188,307</u>	<u>4,511</u>	<u>-</u>

**7. PROFIT BEFORE TAX**

	<b>Group</b>	<b>Company</b>	
		<b>1.1.2006</b>	<b>23.6.2005</b>
	<b>to</b>	<b>to</b>	
	<b>31.12.2006</b>	<b>31.12.2005</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before tax is stated after charging/(crediting):			
Employee benefits expense (Note 4)	8,425,336	374,406	-
Non-executive directors' remuneration (Note 5)	662,977	662,977	-
Auditors' remuneration:			
- statutory audits	100,625	1,500	1,500
- other services	299,250	266,250	-
Operating leases:			
- lease payments for premises	80,492	-	-
- lease payments for survey equipment	10,922,000	-	-
- lease payments for tugs/barges	82,977	-	-
Depreciation of property, vessels and equipment (Note 11)	14,332,030	18,528	-
Interest income	(178,207)	(91,303)	-
Provision for doubtful debts	127,437	-	-
Bad debts written off	231,367	-	-
Unrealised gain on foreign exchange	(6,910,819)	-	-
Realised gain on foreign exchange	(865,311)	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 12(a))	<u>(23,935,855)</u>	<u>-</u>	<u>-</u>



**8. INCOME TAX EXPENSE**

	<b>Group</b>	<b>Company</b>	
		<b>1.1.2006</b>	<b>23.6.2005</b>
	<b>2006</b>	<b>to</b>	<b>to</b>
	<b>RM</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
		<b>RM</b>	<b>RM</b>
Current income tax:			
Malaysian income tax	4,633,155	1,455,500	-
Underprovision in prior year	381,915	-	-
	<u>5,015,070</u>	<u>1,455,500</u>	<u>-</u>
Deferred tax (Note 26):			
Relating to origination and reversal of temporary differences	6,896,246	1,251	-
Relating to change in tax rates	(1,078,888)	-	-
	<u>5,817,358</u>	<u>1,251</u>	<u>-</u>
	<u>10,832,428</u>	<u>1,456,751</u>	<u>-</u>

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

**8. INCOME TAX EXPENSE (CONTD.)**

	<b>Group 2006 RM</b>	<b>Company</b>	
		<b>1.1.2006 to 31.12.2006 RM</b>	<b>23.6.2005 to 31.12.2005 RM</b>
Profit/(loss) before tax	60,853,274	4,889,227	(20,590)
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	16,952,803	1,368,984	(5,765)
Effect of income subject to tax rate of 20%	(94,926)	-	-
Effect of income not subject to tax	(8,550,955)	-	-
Effect of expenses not deductible for tax purposes	3,222,479	87,767	5,765
Effect of change in tax rates on opening balance of deferred tax	(1,078,888)	-	-
Underprovision of income tax in prior year	381,915	-	-
Income tax expense for the year	10,832,428	1,456,751	-

**9. EARNINGS PER SHARE****(a) Basic**

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

	<b>2006</b>
Profit attributable to ordinary equity holders of the Company	49,487,202
Weighted average number of ordinary shares in issue	151,934,109
Basic Earnings Per Share (Sen)	<u>32.6</u>

**9. EARNINGS PER SHARE (CONTD.)****(b) Diluted**

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	<b>2006</b>
Profit attributable to ordinary equity holders of the Company	49,487,202
Weighted average number of ordinary shares in issue	151,934,109
Effects of dilution from share options granted to employees	<u>10,569,246</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>162,503,355</u>
Diluted Earnings Per Share (Sen)	<u>30.5</u>

**10. DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 1.5 sen per ordinary share less 27% taxation on 162,538,482 ordinary shares, amounting to a dividend payable of RM1,779,796 (1.10 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

## 11. PROPERTY, VESSELS AND EQUIPMENT

Group	Leasehold Building RM	Vessels RM	Drydocking RM	Equipment on Vessel RM	Motor Vehicles RM	Computers, Office Equipments, Furniture and Fittings RM	Renovations RM	Work-in-Progress RM	Total RM
Cost									
At 1.1.2006	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 12 (a))	1,490,000	348,891,167	2,733,648	10,666,861	2,048,823	777,258	748,476	-	367,356,233
Additions	920,000	31,964,625	1,845,776	3,517,085	277,926	142,159	-	90,955,886	129,623,457
Reclassification	-	2,611,375	5,965,416	-	-	-	-	(8,576,791)	-
At 31.12.2006	2,410,000	383,467,167	10,544,840	14,183,946	2,326,749	919,417	748,476	82,379,095	496,979,690
Accumulated Depreciation									
At 1.1.2006	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 12 (a))	65,350	25,223,026	1,933,506	1,802,435	839,006	280,169	132,401	-	30,275,893
Charge for the year	13,070	9,578,172	3,370,094	887,298	280,625	152,875	49,896	-	14,332,030
At 31.12.2006	78,420	34,801,198	5,303,600	2,689,733	1,119,631	433,044	182,297	-	44,607,923
Net Carrying Amount									
At 31.12.2006	2,331,580	348,665,969	5,241,240	11,494,213	1,207,118	486,373	566,179	82,379,095	452,371,767

**11. PROPERTY, VESSELS AND EQUIPMENT (CONTD.)**

<b>Company</b>	<b>Motor Vehicles RM</b>	<b>Total RM</b>
<b>Cost</b>		
At 1.1.2006	-	-
Additions	<u>277,926</u>	<u>277,926</u>
At 31.12.2006	<u>277,926</u>	<u>277,926</u>
<b>Accumulated Depreciation</b>		
At 1.1.2006	-	-
Charge for the year	<u>18,528</u>	<u>18,528</u>
At 31.12.2006	<u>18,528</u>	<u>18,528</u>
<b>Net Carrying Amount</b>		
At 31.12.2006	<u>259,398</u>	<u>259,398</u>

- (a) During the financial year, the Group and the Company acquired property, vessels and equipment at aggregate cost of RM129,623,457 and RM277,926 (2005: RMNil) respectively of which RMNil and RM277,926 (2005: RMNil) respectively were acquired by means of hire purchase and finance lease arrangements. Net carrying amounts of property, vessels and equipment held under hire purchase and finance lease arrangements are as follows:

	<b>Group 2006 RM</b>	<b>Company 2006 RM</b>	<b>2005 RM</b>
Motor vehicles	<u>1,207,118</u>	<u>259,398</u>	<u>-</u>

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 25.

**11. PROPERTY, VESSELS AND EQUIPMENT (CONTD.)**

- (b) The net carrying amounts of property, vessels and equipment of the Group which are pledged as securities for borrowings as disclosed in Note 23 are as follows:

	<b>Group 2006 RM</b>
Leasehold buildings	2,331,580
Vessels	<u>339,165,141</u>
	<u>341,496,721</u>

- (c) The strata titles for the leasehold buildings with a net carrying amount of RM2,331,580 have not been issued by the relevant authorities.

**12. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<u>100,302,070</u>	<u>-</u>

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:-

<b>Name of Subsidiaries</b>	<b>Proportion of</b>		<b>Principal Activities</b>
	<b>Ownership Interest</b>		
	<b>2006</b>	<b>2005</b>	
	%	%	
<b>(i) Held by the Company:</b>			
Alam Maritim (M) Sdn. Bhd. ("AMSB")	100	-	Ship owning, catering chartering and managing and other shipping related activities
Alam Maritim (L) Inc. ("AMLI")	100	-	Investment holding and ship owning

## 12. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2006 %	2005 %	
<b>(ii) Held through Alam Maritim (M) Sdn. Bhd. ("AMSB")</b>			
Alam Maritim (L) Inc. ("AMLI")	-	100	Investment holding and ship owning
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	60	-	Ship owning, ship operating and chartering
Alam Hidro (M) Sdn. Bhd. ("AHSB")	70	-	Offshore facilities construction and installation and underwater services
Najdah Gemilang Sdn. Bhd. ("Najdah")	100	-	Transportation, ship forwarding and agent, ship chandeling and other related activities
Alam Synergy I (L) Inc. ("ASLI I")	60	-	Ship owning, ship operating and chartering
Alam Synergy II (L) Inc. ("ASLI II")	60	-	Ship owning, ship operating and chartering
Alam Synergy III (L) Inc. ("ASLI III")	60	-	Ship owning, ship operating and chartering

**12. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(a) Acquisition of Subsidiaries**

On 21 April 2006, in conjunction with and as an integral part of the plan to list the operations of the Group on the Main Board of the Bursa Malaysia Securities Berhad, the Company had acquired the entire issued and paid-up share capital of AMSB comprising 20,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM66,558,440 satisfied by the issuance of 133,116,880 new ordinary shares in the Company at par value of RM0.50 per ordinary share, credited as fully paid-up.

The acquired subsidiary had contributed the following results to the Group:

	<b>2006</b>
	<b>RM</b>
Revenue	151,161,092
Profit for the year	<u>49,810,130</u>

If the acquisition had occurred on 1 January 2006, the Group's revenue and profit for the year would have been RM214,151,333 and RM54,798,601 respectively.

The assets and liabilities arising from the acquisition are as follows:

	<b>Fair Value Recognised on Acquisition RM</b>	<b>Acquiree's Carrying Amount RM</b>
Property, vessel and equipment (Note 11)	337,080,340	320,663,265
Investment in an associate	350,279	350,279
Goodwill	-	875,490
Trade and other receivables	78,328,168	78,328,168
Cash and bank balances	<u>6,081,115</u>	<u>6,081,115</u>
	<u>421,839,902</u>	<u>406,298,317</u>
Trade and other payables	(50,787,582)	(50,787,582)
Borrowings	(250,671,662)	(250,671,662)
Deferred tax liabilities (Note 26)	<u>(27,718,687)</u>	<u>(27,718,687)</u>
	<u>(329,177,931)</u>	<u>(329,177,931)</u>
Fair value of net assets	92,661,971	
Less: Minority interest	<u>(2,167,676)</u>	
Group's share of net assets	90,494,295	
Negative goodwill arising on acquisition (Note 7)	<u>(23,935,855)</u>	
Purchase consideration satisfied by issuance of new ordinary shares of the Company	<u>66,558,440</u>	



## 12. INVESTMENTS IN SUBSIDIARIES (CONTD.)

### (a) Acquisition of Subsidiaries (Contd.)

There were no other cashflow implications on the acquisition except for the cash and cash equivalents of AMSB and its subsidiaries acquired totalling to RM6,081,115.

There were no acquisitions in the financial year ended 31 December 2005.

### (b) Transfer of Shares and Additional Equity Interest in AMLI

On 24 May 2006, AMSB transferred the entire issued and paid-up share capital of AMLI to the Company comprising 7,110,100 ordinary shares of USD1.00 each for a total transfer consideration of USD7,110,100 or RM27,018,380.

The transfer was completed at no gain no loss.

Subsequent to the transfer, on 25 August 2006, the Company further increased its investment in AMLI by subscribing to 1,830,000 ordinary shares of USD1.00 each in AMLI for USD1,830,000 or RM6,725,250 in cash.

### (c) Incorporation and Transfer of Shares in Alam Synergy I (L) Inc. ("ASLI I"), Alam Synergy II (L) Inc. ("ASLI II) and Alam Synergy III (L) Inc. ("ASLI III)

On 18 September 2006, the Group via its subsidiary AMSB, had incorporated ASLI I, ASLI II and ASLI III with authorised and issued and paid-up share capital of 10,000,000 and 100 ordinary shares of USD1.00 each respectively.

On 6 October 2006, the Group increased the issue and paid-up share capital of ASLI I, ASLI II and ASLI III by 949,900, 949,900 and 2,179,900 ordinary shares of USD1.00 each respectively to 950,000, 950,000 and 2,180,000 ordinary shares of USD1.00 each respectively.

On 6 November 2006, the Group transferred 40% of its shareholdings in ASLI I, ASLI II and ASLI III to Synergy Sparkle Sdn. Bhd. ("SSSB"), comprising 380,000, 380,000 and 872,000 ordinary shares of USD1.00 each for a total transfer consideration of USD380,000, USD380,000 and USD872,000 respectively. The transfer was completed at no gain no loss.

Subsequent to the transfer, on 23 November 2006, the Group had further increased the issued and paid-up share capital of ASLI I, ASLI II and ASLI III by 480,000, 480,000 and 972,000 ordinary shares of USD1.00 each respectively to 1,050,000, 1,050,000 and 2,280,000 ordinary shares of USD 1.00 each respectively.

**12. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(c) Incorporation and Transfer of Shares in Alam Synergy I (L) Inc. ("ASLI I"), Alam Synergy II (L) Inc. ("ASLI II) and Alam Synergy III (L) Inc. ("ASLI III) (Contd.)**

On the same date, the Group transferred 40% of its respective shareholdings in ASLI I, ASLI II and ASLI III to Synergy Sparkle Sdn. Bhd. ("SSSB"), comprising 420,000, 420,000 and 912,000 ordinary shares of USD1.00 each, for a total transfer consideration of USD420,000, USD420,000 and USD912,000 respectively. The transfer was completed at no gain no loss.

Upon the completion of the transfer and as at 31 December 2006, the Group's investments in ASLI I, ASLI II and ASLI III represents 60% equity interest respectively, comprising of 630,000, 630,000 and 1,368,000 ordinary shares of USD1.00 each respectively.

Proceeds from the transfer of shares in ASLI I, ASLI II and ASLI III to SSSB at no gain no loss amounts to RM6,482,400.

**13. INVESTMENT IN AN ASSOCIATE**

	<b>Group 2006 RM</b>
Unquoted shares outside Malaysia, at cost	208,310
Share of post-acquisition reserves	440,193
	<u>648,503</u>

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Proportion of Ownership Interest		Proportion of Voting Power		Principal Activities
		2006	2005	2006	2005	
		%	%	%	%	
<b>(i) Held through Alam Maritim (L) Inc. ("AMLI")</b>						
Workboat International FZCO ("Workboat")	United Arab Emirates	33.33	-	33.33	-	Ship management and operation, ship owning, ship maintenance and marine consultancy

**13. INVESTMENT IN AN ASSOCIATE (CONTD.)**

The financial statements of the associate is coterminous with those of the Group.

The summarised financial information of the associate are as follows:

	<b>2006</b>
	<b>RM</b>
<b>Assets and liabilities</b>	
Current assets	8,304,210
Non-current assets	126,268
Total assets	<u>8,430,478</u>
Current liabilities	6,339,049
Non-current liabilities	91,105
Total liabilities	<u>6,430,154</u>
<b>Results</b>	
Revenue	24,593,816
Profit for the year	<u>903,711</u>

**14. AMOUNT DUE FROM SUBSIDIARIES**

Amount due from subsidiaries are non-trade in nature, non-interest bearing and are repayable on demand. The amount is unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 32.

**15. TRADE RECEIVABLES**

	<b>Group</b>
	<b>2006</b>
	<b>RM</b>
Third parties	52,722,975
Accrued charter hire income	20,095,704
Accrued catering and messing income	1,631,968
Construction contracts:	
Due from a customer on contract (Note 16)	14,808,198
	<u>89,258,845</u>
Less: Provision for doubtful debts	(139,224)
	<u>89,119,621</u>

**15. TRADE RECEIVABLES (CONTD.)**

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors; except for amount due from a customer on contract amounting to RM14,808,198.

Included in trade receivables of the Group is RM1,439,159 due from an associate.

Other information on financial risks of trade receivables are disclosed in Note 35.

**16. DUE FROM A CUSTOMER ON CONTRACT**

	<b>Group 2006 RM</b>
Construction contract costs incurred to date	26,685,028
Attributable profits	-
	<u>26,685,028</u>
Less: Progress billings	<u>(11,876,830)</u>
	<u>14,808,198</u>

The costs incurred to date on construction contracts include the following expenditure incurred during the financial year:

	<b>Group 2006 RM</b>
Charter hire of vessels	<u>20,095,704</u>

**17. OTHER RECEIVABLES**

	<b>Group 2006 RM</b>	<b>Company 2006 RM</b>	<b>2005 RM</b>
Deposits	214,353	-	-
Prepayments	1,951,399	-	-
Listing expenses	-	-	711,521
Sundry receivables	1,261,891	-	-
	<u>3,427,643</u>	<u>-</u>	<u>711,521</u>

Other details on financial risks of other receivables are disclosed in Note 35.

**18. CASH AND CASH EQUIVALENTS**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash on hand and at banks	8,050,800	3,641,911	1
Deposits with licensed banks	11,069,733	-	-
Cash and bank balances	19,120,533	3,641,911	1
Bank overdrafts (Note 23)	(4,680,153)	-	-
Amounts set aside as sinking fund	(7,880,000)	-	-
Amounts set aside as margin deposits for bank guarantee facilities	(3,189,733)	-	-
Total cash and cash equivalents	<u>3,370,647</u>	<u>3,641,911</u>	<u>1</u>

The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2006 are 3.80% and 8,640 days respectively.

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.

**19. EMPLOYEE BENEFITS****Employee Share Options Scheme ("ESOS")**

The AMRB Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2006. The ESOS was implemented on 20 July 2006 and is to be in force for a period of 5 years from the date of implementation.

- (a) The number of shares comprised in the options to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time. Upon completion of the Initial Public Offering ("IPO") on 20 July 2006, the total number of new shares to be issued pursuant to the ESOS is 24,350,412.
- (b) When options are granted before the Company is listed on Bursa Malaysia Securities ("Initial Grant"), the exercise price shall be on a step-up basis starting with a price equivalent to the IPO price of RM1.65 and shall increase on the third year and fifth year commencing from the date of acceptance of the options as follows:

**19. EMPLOYEE BENEFITS (CONTD.)****Employee Share Options Scheme ("ESOS") (Contd.)**

	← Exercise Period →				
	Year 1	Year 2	Year 3	Year 4	Year 5
Exercise Price	RM1.65	RM1.65	RM1.82	RM1.82	RM2.00

(c) Where the options are granted on or after the Company is listed on Bursa Malaysia Securities ("Subsequent Grant"), the exercise price shall be at the higher of the followings:

(i) the weighted average market price of the shares for the five market days immediately preceding the date at which options are granted subject to a discount of up to 10%; or

(ii) the par value of the shares.

(d) All eligible directors and employees will only be allowed to exercise the options subject to the following limits:

	← Exercise Period →				
	Year 1	Year 2	Year 3	Year 4	Year 5
Maximum percentage of options exercisable	5%	10%	20%	30%	35%

(e) The new shares to be allotted upon any exercise of any option granted shall rank pari passu in all respects with the existing shares provided always that the new shares so allotted will not be entitled to any dividends, rights, allotments and/or any distributions declared, made or paid to shareholders which record date thereof precedes the date of allotment of the new shares and shall be subject to all provisions of the Articles of the Company.

The following table illustrates the number and exercise price of, and movements in, share options during the financial year:

	← Number of Share Options →				
	Outstanding at 1.1.2006	Movements during the year Granted	Exercised	Outstanding at 31.12.2006	Exercisable at 31.12.2006
2006 Options	-	22,312,500	202,400	22,110,100	913,225

**19. EMPLOYEE BENEFITS (CONTD.)****Employee Share Options Scheme ("ESOS") (Contd.)****(i) Details of share options outstanding as at 31 December 2006:**

<b>Tranche</b>	<b>Exercise Price RM</b>	<b>Exercise Period</b>
Year 1	1.65	20.07.2006 - 19.07.2011
Year 2	1.65	20.07.2007 - 19.07.2011
Year 3	1.82	20.07.2008 - 19.07.2011
Year 4	1.82	20.07.2009 - 19.07.2011
Year 5	2.00	20.07.2010 - 19.07.2011

**(ii) Share options exercised during the financial year**

As disclosed in Note 20, options exercised during the financial year resulted in the issuance of 202,400 ordinary shares at the exercise price of RM1.65 each. The related weighted average share price at the date of exercise was RM2.43.

**(ii) Fair value of share options granted during the financial year**

The fair value of share options granted during the financial year was estimated internally using a Black Scholes Option Valuation model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions are as follows:

	<b>2006</b>
Fair value of share options at the grant date, 20 July 2006 (RM)	0.37
Weighted average share price (RM)	2.43
Exercise price (RM)	1.65
Expected volatility (%)	30.39
Expected life (years)	4.50
Risk free rate (%)	3.83
Expected dividend yield (%)	3.75

The expected life of the options is based on historical data and not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of the fair value.

## 20. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares of RM0.50 Each		Amount	
	Share Capital (Issued and Fully Paid) RM	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total RM
At 1 January/ 31 December 2005	2	1	-	1
At 1 January 2006	2	1	-	1
Ordinary shares issued during the year:				
Issued for cash	29,219,200	14,609,600	33,602,080	48,211,680
Pursuant to ESOS (Note 19)	202,400	101,200	232,760	333,960
Acquisition of a subsidiary (Note 12(a))	133,116,880	66,558,440	-	66,558,440
Transaction costs	-	-	(3,086,602)	(3,086,602)
At 31 December 2006	162,538,482	81,269,241	30,748,238	112,017,479

	Number of ordinary shares of RM 0.50 each		Amount	
	2006	2005	2006 RM	2005 RM
<b>Authorised share capital</b>				
At 1 January/23 June	2	2	1	1
Created during the year	499,999,998	-	249,999,999	-
At 31 December	500,000,000	2	250,000,000	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.



**20. SHARE CAPITAL AND SHARE PREMIUM (CONTD.)****(a) Ordinary shares issued for cash**

During the financial year, the Company issued 29,219,200 new ordinary shares of RM0.50 each through a public issue at an issue price of RM1.65 per ordinary share for cash, for part payment for acquisition of new vessels, repayment of bank borrowings and for additional working capital purposes. The share premium of RM33,602,080 arising from the issuance of ordinary shares and the share issue costs of RM3,086,602 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The public issue of 29,219,200 new ordinary shares of RM0.50 each is allocated in the following manner:

- issuance of 8,116,500 ordinary shares, representing 5% of the enlarged issued and paid up share capital of AMRB, to the Malaysian Public allotted via ballot of which at least 30% has been set aside strictly for Bumiputra investors for cash;
- issuance of 11,363,000 ordinary shares, representing 7% of the enlarged issued and paid-up share capital of AMRB, to selected Malaysian and/or foreign investors via Private Placement of which at least 30% has been set aside strictly for Bumiputra investors for cash; and
- issuance of up to 9,739,700 ordinary shares, representing up to 6% of the enlarged issued and paid-up share capital of AMRB, to the eligible directors, employees of AMRB Group and persons who have contributed to the success of the AMRB Group for cash.

The gross proceeds received by the Company from the public issue has been utilised as follows:

	<b>RM</b>
Part payment for acquisition of new vessels	28,181,650
Repayment of bank borrowings	14,500,000
General working capital	2,530,030
Listing expenses	3,000,000
	<u>48,211,680</u>

**(b) Ordinary shares issued for acquisition of a subsidiary**

During the financial year, the Company issued 133,116,880 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share amounting to RM66,558,440 as full discharge of purchase consideration for the acquisition of Alam Maritim (M) Sdn. Bhd. (Note 12(a)). The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

**21. OTHER RESERVES**

	<b>Share Option Reserve RM</b>	<b>Total RM</b>
<b>Group and Company</b>		
<b>At 1 January 2005</b>	-	-
Share options granted under ESOS (Note 4)	3,504,883	3,504,883
<b>At 31 December 2006</b>	<u>3,504,883</u>	<u>3,504,883</u>

**22. RETAINED EARNINGS**

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained earnings as at 31 December 2006.

**23. BORROWINGS**

	<b>Group 2006 RM</b>	<b>Company 2006 RM</b>	<b>2005 RM</b>
<b>Short Term Borrowings</b>			
<b>Secured:</b>			
Bank overdrafts	1,947,956	-	-
Term loans	26,926,907	-	-
Redeemable Cumulative Convertible Secured Loan Stocks (Note 24)	658,754	-	-
Hire purchase and finance lease liabilities (Note 25)	262,387	22,188	-
	<u>29,796,004</u>	<u>22,188</u>	<u>-</u>
<b>Unsecured:</b>			
Revolving Credits	21,074,890	-	-
Bank Overdrafts	2,732,197	-	-
	<u>23,807,087</u>	<u>-</u>	<u>-</u>
	<u>53,603,091</u>	<u>22,188</u>	<u>-</u>

## 23. BORROWINGS (CONTD.)

	Group 2006 RM	Company 2006 RM	2005 RM
<b>Long Term Borrowings</b>			
<b>Secured:</b>			
Term Loans	213,944,449	-	-
Redeemable Cumulative Convertible Secured Loan Stocks (Note 24)	27,722,521	-	-
Hire purchase and finance lease liabilities (Note 25)	1,305,227	220,755	-
	<u>242,972,197</u>	<u>220,755</u>	<u>-</u>
<b>Total Borrowings:</b>			
Bank overdrafts (Note 18)	4,680,153	-	-
Revolving Credits	21,074,890	-	-
Term loans	240,871,356	-	-
Redeemable Cumulative Convertible Secured Loan Stocks (Note 24)	28,381,275	-	-
Hire purchase and finance lease liabilities (Note 25)	1,567,614	242,943	-
	<u>296,575,288</u>	<u>242,943</u>	<u>-</u>

Maturity of borrowings (excluding hire purchase and finance lease liabilities):

	Group 2006 RM
Not later than 1 year	53,340,704
Later than 1 year not later than 2 years	22,193,250
Later than 2 years not later than 5 years	29,467,657
Later than 5 years	<u>190,006,063</u>
	<u>295,007,674</u>

**23. BORROWINGS (CONTD.)**

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease liabilities of the Group, is as follows:

	<b>Group 2006 %</b>
Bank overdrafts	4.50
Revolving credits	8.35
Term loans	6.98
Redeemable Cumulative Convertible Secured Loan Stocks	<u>6.63</u>

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 18.

The term loans of the Group are secured by the followings:

- (a) First legal charge over the vessels and leasehold building of certain subsidiaries as disclosed in Note 11;
- (b) Legal assignments of charter proceeds of certain subsidiaries;
- (c) Debentures incorporating fixed and floating asset of certain subsidiaries; and
- (d) Corporate Guarantees by the Company.

Other information on financial risks of borrowings are disclosed in Note 35.

**24. REDEEMABLE CUMULATIVE CONVERTIBLE SECURED LOAN STOCKS**

On 24 November 2006, certain subsidiaries issued a total of RM28,381,275 10-year Redeemable Cumulative Convertible Secured Loan Stocks ("RCCSLS") to part finance the acquisition of the respective subsidiary companies' vessels.

The terms of the RCCSLS are as follows:

- (a) Conversion rights - the registered holders of the RCCSLS will have the option at any time during the conversion period to convert the RCCSLS at the conversion rate into new ordinary shares of USD1.00 each in the respective subsidiary companies.
- (b) Conversion rate - on the basis of 1 RCCSLS for 1 new ordinary share of USD1.00 each in the respective subsidiaries.

**24. REDEEMABLE CUMULATIVE CONVERTIBLE SECURED LOAN STOCKS (CONTD.)**

- (c) Conversion period - period commencing from and including the date of issue of the RCCSLS and ending 2 months prior to the tenth anniversary of the issue date.
- (d) All outstanding RCCSLS will be mandatory to be redeemed in full by the respective subsidiary companies by 31 March 2018.
- (e) The RCCSLS bear interest at 7% per annum payable quarterly in arrears.
- (f) The new ordinary shares to be allotted and issued upon conversion of the RCCSLS will rank pari passu in all respects with the existing ordinary shares of the respective subsidiary companies other than that may be specified in a resolution approving the distribution of dividends prior to their conversion.

The RCCSLS are secured by:

- (a) Corporate Guarantees by the Company; and
- (b) statutory mortgage over the respective subsidiary companies' vessels.

The proceeds received from the issue of the RCCSLS have been split between the liability component and the equity component, representing the fair value of the conversion option. The RCCSLS are accounted for in the balance sheet of the Group as follows:

	<b>2006</b> <b>RM</b>
Amount due within 12 months (Note 23)	658,754
Amount due after 12 months (Note 23)	<u>27,722,521</u>
	<u><u>28,381,275</u></u>

The sole subscriber of the RCCLS is Synergy Sparkle Sdn. Bhd., the shareholder with 40% shareholding each in Alam Eksplorari (M) Sdn. Bhd., Alam Synergy I (L) Inc, Alam Synergy II (L) and Alam Synergy III (L) Inc.

**25. HIRE PURCHASE AND FINANCE LEASE LIABILITIES**

	<b>Group 2006 RM</b>	<b>Company 2006 RM</b>	<b>2005 RM</b>
<b>Future minimum lease payments:</b>			
Not later than 1 year	345,335	34,704	-
Later than 1 year and not later than 2 years	332,523	34,704	-
Later than 2 years and not later than 5 years	509,142	104,112	-
Later than 5 years	658,860	127,249	-
Total future minimum lease payments	<u>1,845,860</u>	<u>300,769</u>	-
Less: Future finance charges	<u>(278,246)</u>	<u>(57,826)</u>	-
Present value of finance lease liabilities (Note 23)	<u>1,567,614</u>	<u>242,943</u>	-
<b>Analysis of present value of finance lease liabilities:</b>			
Not later than 1 year	262,387	22,188	-
Later than 1 year and not later than 2 years	268,094	23,713	-
Later than 2 years and not later than 5 years	414,666	80,287	-
Later than 5 years	622,467	116,755	-
	<u>1,567,614</u>	<u>242,943</u>	-
Less: Amount due within 12 months (Note 23)	<u>(262,387)</u>	<u>(22,188)</u>	-
Amount due after 12 months (Note 23)	<u>1,305,227</u>	<u>220,755</u>	-

The Group's and the Company's hire purchase and finance lease liabilities bears weighted average effective interest rates of 7.10% per annum and 5.23% respectively .

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 35.

**26. DEFERRED TAXATION**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	-	-	-
Acquisition of a subsidiary (Note 12 (a))	27,718,687	-	-
Recognised in income statement (Note 8)	5,817,358	1,251	-
At 31 December	<u>33,536,045</u>	<u>1,251</u>	<u>-</u>

Presented after appropriate offsetting  
as follows:

Deferred tax liability	<u>33,536,045</u>	<u>1,251</u>	<u>-</u>
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The components and movements of deferred tax liability and assets of the Group and of the Company during the financial year are as follows:

**Deferred tax liability of the Group and of the Company:**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Accelerated capital allowances</b>			
At 1 January	-	-	-
Acquisition of a subsidiary	27,721,987	-	-
Recognised in income statement	6,275,827	1,251	-
At 31 December	<u>33,997,814</u>	<u>1,251</u>	<u>-</u>

**Deferred tax assets of the Group and of the Company:**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Provision for doubtful debts</b>			
At 1 January	-	-	-
Acquisition of a subsidiary	(3,300)	-	-
Recognised in income statement	(458,469)	-	-
At 31 December	<u>(461,769)</u>	<u>-</u>	<u>-</u>

**27. TRADE PAYABLES**

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 60 days.

**28. OTHER PAYABLES**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Due to vendors of vessels	9,536,850	-	-
Accrued expenses	2,386,869	-	-
Sundry payables	698,805	73,733	732,111
	<u>12,622,524</u>	<u>73,733</u>	<u>732,111</u>

Other information on financial risks of other payables are disclosed in Note 35.

**29. OPERATING LEASE ARRANGEMENTS****(a) The Group as lessee**

The Group has entered into non-cancellable operating lease agreements for the use of office premise. Leases of the premise have an average life of between 1 and 5 years. These leases have renewal but no purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	<b>2006</b>
	<b>RM</b>
Future rental payments:	
Not later than 1 year	39,827
Later than 1 year and not later than 5 years	33,527
	<u>73,354</u>

The lease payments recognised in profit or loss during the financial period are disclosed in Note 7.



**29. OPERATING LEASE ARRANGEMENTS (CONTD.)****(b) The Group as lessor**

The Group has entered into non-cancellable operating lease agreements on its vessels. These leases have remaining non-cancellable lease terms of between 0.5 to 16 years. All leases include a clause to enable upward revision of the charter hire charge on an annual basis based on prevailing market conditions.

The future lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	<b>2006</b>
	<b>RM</b>
Not later than 1 year	92,948,608
Later than 1 year and not later than 5 years	38,477,514
Later than 5 years	48,979,614
	<u>180,405,736</u>

Charter hire revenue earned from chartering the Group's vessels are recognised as revenue during the financial period is disclosed in Note 3.

**30. CAPITAL COMMITMENTS**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Purchase of vessels:			
- Approved and contracted for	260,680,000	-	-

**31. CONTINGENT LIABILITIES**

	<b>Group</b>	<b>Company</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Unsecured:</b>			
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	286,329,913	-
Performance bond guarantee extended to third parties	6,208,034		
Bank guarantees extended to third parties	560,800	-	-

**32. SIGNIFICANT RELATED PARTY TRANSACTIONS**

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Note	2006 RM
<b>GROUP</b>		
Holding company:		
Acquisition of subsidiaries		<u>66,558,440</u>
An associate:		
Charter hire income of vessels	(i)	14,652,525
Ship agency fees incurred	(ii)	<u>(1,597,030)</u>
		<b>23.6.2006</b>
		to
		<b>31.12.2006</b>
		<b>RM</b>

**COMPANY**

Holding company:		
Acquisition of subsidiaries		<u>66,558,440</u>
Subsidiaries:		
Dividend income from a subsidiary		3,600,000
ESOS cost charged to subsidiaries		(3,212,318)
Advances to subsidiaries for working capital purposes		<u>14,716,614</u>

- (i) The rendering of charter hire services to related companies and to the associated company were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to six months is normally granted.
- (ii) The charter hire expense, ship agency fees and management fees paid to related companies and to the associated company were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period of up to six months is normally granted.

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

### **33. SIGNIFICANT EVENT**

On 20 July 2006, the Company was listed on the Main Board of Bursa Malaysia Securities Berhad.

### **34. COMPARATIVES**

There are no comparative figures for the consolidated income statement, balance sheet, cash flow statement, statement of changes in equity and the related notes to the financial statements as this is the first year that the Group financial statements are prepared.

The Company was incorporated on 23 June 2005 and the Company's comparative financial statements was for the period from 23 June 2005 to 31 December 2005. Accordingly, comparative amounts for the income statement, statement of changes in equity, cash flow statement and the related notes to the financial statements are not in respect of comparable periods.

### **35. FINANCIAL INSTRUMENTS**

#### **(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

#### **(b) Interest Rate Risk**

The Group finances its operations through operating cash flows which are principally denominated in Malaysian Ringgit. The Group's exposure to market risk for changes in the interest rate environment principally relates to its debt obligations. The debt obligations pertaining to the Group's borrowings are disclosed in Note 23. The Group does not hedge interest rate risk but ensures that it had obtained borrowings at competitive interest rates under the most favourable terms and conditions.

**35. FINANCIAL INSTRUMENTS (CONTD.)****(c) Foreign Currency Risk**

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to risk are primarily United States Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level. Approximately 42.4% of the Group's sales are denominated in currencies other than the Group's functional currency, whilst almost 30.3% of costs are denominated in the Group's functional currency.

The Group maintains a natural hedge, whenever possible. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	<b>Group 2006 RM</b>
Trade receivables	
- United States Dollars	21,634,039
- Singapore Dollars	<u>405,670</u>
Trade payables	
- United States Dollars	25,585,015
- Singapore Dollars	<u>1,463,998</u>
Borrowings	
- United States Dollars	<u>130,425,294</u>

**(d) Liquidity Risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

**35. FINANCIAL INSTRUMENTS (CONTD.)****(e) Credit Risk**

The Group credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise of cash and cash equivalents and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets, except for amount due from a customer on contract amounting to RM14,808,198 as disclosed in Note 16.

**(f) Fair Value**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

		2006	
	Note	Carrying amount RM	Fair value RM
<b>Group</b>			
<b>Financial Liabilities</b>			
Fixed Rate Term Loans	23	98,432,259	95,658,838
Redeemable Cumulative Convertible Secured Loan Stocks	24	27,722,521	26,044,925
Hire purchase and finance lease liabilities	25	1,305,227	955,840

**35. FINANCIAL INSTRUMENTS (CONTD.)****(f) Fair Value (Contd.)**

		2006	
	Note	Carrying amount RM	Fair value RM
<b>Company</b>			
<b>Financial Liability</b>			
Hire purchase and finance lease liabilities	25	220,755	202,135

It is not practical to estimate the fair values of the investments in subsidiaries and an associated company due principally to the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs. It is also not practical to estimate the fair value of amounts due from subsidiaries due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group and the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The carrying amounts of receivables, cash and bank balances and payables for the Group and the Company approximate their fair values due to their short term maturity.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair value are as follows:

**(i) Borrowings and finance lease payable**

The fair value of borrowings is determined by discounting the expected future cash flows based on current rates for similar types of borrowing and leasing arrangements.

## 35. SEGMENTAL INFORMATION

### (a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (b) Business Segments

The Group comprises the following two main business segments:

- Offshore supply vessels and services

Provision of vessels for charter hire, assisting seismic operators in seismic survey related activities, transportation of crew and supplies, towing and mooring of rigs offshore, anchor-handling services and other support, repair and maintenance services for the oil and gas industry.

- Underwater services

Provision of offshore facilities construction and installation services such as marine construction related services, sub-sea engineering services and offshore pipeline construction related services.

Other business segments include investment holding and provision of transportation, ship forwarding and agent and ship chandelling to the subsidiaries, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into the normal course of businesses and have established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### (c) Geographical Segments

Segmental reporting by geographical segments has not been prepared as the Group's operations are carried out predominantly in Malaysia.

**35. SEGMENTAL INFORMATION (CONTD.)**

**(d) Allocation Basis and Transfer Pricing**

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.



## 35. SEGMENTAL INFORMATION (CONTD.)

	Offshore Support Vessel and Services RM	Underwater Services RM	Others RM	Eliminations RM	Total RM
<b>31 December 2006</b>					
<b>Revenue</b>					
Sales to external customers	129,182,590	21,823,745	154,757	-	151,161,092
Inter segment sales	4,251,867	1,883,626	1,436,902	(7,572,395)	-
<b>Total revenue</b>	<b>133,434,457</b>	<b>23,707,371</b>	<b>1,591,659</b>	<b>(7,572,395)</b>	<b>151,161,092</b>
<b>Results</b>					
Segment results	46,701,999	2,507,757	5,050,115	18,483,486	72,743,357
Finance costs	(12,081,362)	(106,571)	(374)	-	(12,188,307)
Share of results of an associate	-	-	-	298,224	298,224
Profit before tax					60,853,274
Income tax expense					(10,832,428)
<b>Profit for the year</b>					<b>50,020,846</b>
<b>31 December 2006</b>					
<b>Assets</b>					
Segment assets	428,363,106	7,778,663	308,011	15,921,987	452,371,767
Investment in an associate	208,310	-	-	440,193	648,503
Unallocated assets	121,646,903	18,340,793	19,263,399	(47,568,519)	111,682,576
<b>Total assets</b>	<b>550,218,319</b>	<b>26,119,456</b>	<b>19,571,410</b>	<b>(31,206,339)</b>	<b>564,702,846</b>
<b>Liabilities</b>					
Segment liabilities	268,985,604	2,670,489	255,368	4,596,781	276,508,242
Unallocated liabilities	140,762,872	20,570,240	257,001	(47,568,203)	114,021,910
<b>Total liabilities</b>	<b>409,748,476</b>	<b>23,240,729</b>	<b>512,369</b>	<b>(42,971,422)</b>	<b>390,530,152</b>
<b>Other segment information:</b>					
Capital expenditure	458,019,575	8,343,354	340,868	-	466,703,797
Depreciation	13,734,481	564,691	32,858	-	14,332,030
Other significant non-cash expenses:					
Provision for doubtful debts	-	102,500	24,937	-	127,437
Bad debts written off	231,367	-	-	-	231,367
Share options granted under ESOS	2,887,552	324,766	292,565	-	3,504,883

### **36. SUBSEQUENT EVENT**

On 8 January 2007, the Group via Alam Maritim (L) Inc., a subsidiary of the Company had acquired a total of 30,001 ordinary shares of SGD1.00 each, representing 60% of the issued and paid-up share capital of Eastar Pte. Ltd. ("EASTAR") for a total cash consideration of RM1,237,005.

EASTAR has an authorised share capital of SGD1,000,000 divided into 1,000,000 ordinary shares of SGD1.00 each of which 50,002 ordinary shares are issued and fully paid up.

The principal activities of EASTAR are providing design, engineering, technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and general industries.

The acquisition of EASTAR is expected to contribute positively to the earnings and net tangible assets of the Company and its ultimate holding company.



## ALAM MARITIM RESOURCES BERHAD (700849 - K)

38F, Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, MALAYSIA  
Tel : 603 - 9058 2244 (hunting) Fax : 603 - 9059 6845 Email : [info@alam-maritim.com.my](mailto:info@alam-maritim.com.my)

---

21 May 2006

Head, Issues and Listing  
Bursa Malaysia Securities Berhad  
9<sup>th</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur  
(Attn: En. Johan Abdullah)

Dear Sir,

### **ERRATA TO THE FINANCIAL STATEMENTS OF ALAM MARITIM RESOURCES BERHAD FOR THE YEAR ENDED 31 DECEMBER 2006**

---

With reference to the financial statements of Alam Maritim Resources Berhad for the year ended 31 December 2006 which were submitted to Bursa Malaysia on 30 April 2007, kindly be informed that the following changes had been made to the said accounts:-

- a) change of person signing Statutory Declaration on page 7 from Shahrudin bin Warno @ Rahmad to Md Nasir bin Noh in compliance with the requirement of Section 9.27 of the Listing Requirements; and
- b) reclassification of RM231,367 from bad debts written off to provision for doubtful debts. The affected pages are pages 5, 15, 38, 50 and 71.

We wish to highlight that the above amendments have no impact on the profitability and net cash movement of the Company for the financial year ended 31 December 2006.

We enclose herewith thirty (30) copies of the amended pages for your kind attention, and please accept our sincere apology for any inconvenience caused.

Thank you.

Yours faithfully,  
**ALAM MARITIM RESOURCES BERHAD**

**AZMI BIN AHMAD**  
Managing Director

## **EMPLOYEE SHARE OPTIONS SCHEME (CONTD.)**

The exercise prices, grant and expiry dates of the share options are as disclosed in Note 19. Details of options granted to directors are disclosed in the section on Directors' Interest in this report.

## **OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) 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; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) 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 liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965**

We, Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid and Azmi bin Ahmad, being two of the directors of Alam Maritim Resources Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 10 to 72 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2007.



Dato' Captain Ahmad Sufian @ Qurnain  
bin Abdul Rashid




Azmi bin Ahmad

Kuala Lumpur, Malaysia

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965**

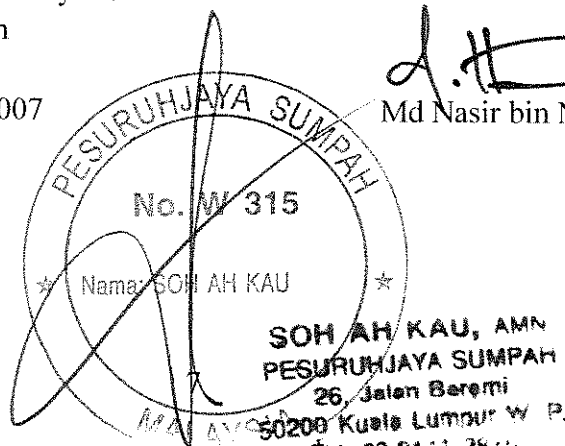
I, Md Nasir bin Noh, being the officer primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 72 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed, Md Nasir bin Noh  
at Kuala Lumpur in the  
Federal Territory on 23 April 2007



Md Nasir bin Noh

Before me,



**ALAM MARITIM RESOURCES BERHAD**  
**(Incorporated in Malaysia)**

**CASH FLOW STATEMENTS**  
**FOR THE YEAR 31 DECEMBER 2006**

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
<b>Cash Flows from Operating Activities</b>			
Profit/(loss) before tax	60,853,274	4,889,227	(20,590)
Adjustments for:			
Interest income	(178,207)	(91,303)	-
Dividend income	-	(5,000,000)	-
Depreciation of property, vessels and equipment (Note 11)	14,332,030	18,528	-
Interest expense	12,188,307	4,511	-
Share options granted under ESOS (Note 4)	3,504,883	292,565	-
Provision for doubtful debts	358,804	-	-
Unrealised gain on foreign exchange	(6,910,819)	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 12(a))	(23,935,855)	-	-
Share of profits of an associate	(298,224)	-	-
Operating profit/(loss) before working capital changes	59,914,193	113,528	(20,590)
Changes in working capital:			
(Increase)/decrease in receivables	(14,598,174)	711,521	(711,521)
Increase/(decrease) in payables	6,291,614	(950,943)	732,111
Cash generated from/(used in) operations	51,607,633	(125,894)	-
Taxes paid	(1,690,541)	(1,400,000)	-
Interest paid	(12,188,307)	(4,511)	-
Net cash generated from/(used in) operating activities	37,728,785	(1,530,405)	-

## 6. FINANCE COSTS

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
Interest expense on:			
Term loans	11,088,846	-	-
Other borrowings	754,394		
Hire purchase and finance lease liabilities	192,663	4,511	-
Redeemable Cumulative Convertible Secured Loan Stocks	152,404	-	-
	<u>12,188,307</u>	<u>4,511</u>	<u>-</u>

## 7. PROFIT BEFORE TAX

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
Profit before tax is stated after charging/(crediting):			
Employee benefits expense (Note 4)	8,425,336	374,406	-
Non-executive directors' remuneration (Note 5)	662,977	662,977	-
Auditors' remuneration:			
- statutory audits	100,625	1,500	1,500
- other services	299,250	266,250	-
Operating leases:			
- lease payments for premises	80,492	-	-
- lease payments for survey equipment	10,922,000	-	-
- lease payments for tugs/barges	82,977	-	-
Depreciation of property, vessels and equipment (Note 11)	14,332,030	18,528	-
Interest income	(178,207)	(91,303)	-
Provision for doubtful debts	358,804	-	-
Unrealised gain on foreign exchange	(6,910,819)	-	-
Realised gain on foreign exchange	(865,311)	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 12(a))	<u>(23,935,855)</u>	<u>-</u>	<u>-</u>

**15. TRADE RECEIVABLES (CONTD.)**

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors; except for amount due from a customer on contract amounting to RM14,808,198.

Included in trade receivables of the Group is RM1,439,159 due from an associate.

Other information on financial risks of trade receivables are disclosed in Note 35.

**16. DUE FROM A CUSTOMER ON CONTRACT**

	<b>Group 2006 RM</b>
Construction contract costs incurred to date	26,685,028
Attributable profits	-
	<u>26,685,028</u>
Less: Progress billings	<u>(11,876,830)</u>
	<u>14,808,198</u>

The costs incurred to date on construction contracts include the following expenditure incurred during the financial year:

	<b>Group 2006 RM</b>
Charter hire of vessels	<u>20,095,704</u>

**17. OTHER RECEIVABLES**

	<b>Group 2006 RM</b>	<b>Company 2006 RM</b>	<b>2005 RM</b>
Deposits	214,353	-	-
Prepayments	1,951,399	-	-
Listing expenses	-	-	711,521
Sundry receivables	1,493,258	-	-
Less: Provision for doubtful debts	(231,367)	-	-
	<u>3,427,643</u>	<u>-</u>	<u>711,521</u>

Other details on financial risks of other receivables are disclosed in Note 35.



## 35. SEGMENTAL INFORMATION (CONTD.)

	Offshore Support Vessel and Services RM	Underwater Services RM	Others RM	Eliminations RM	Total RM
<b>31 December 2006</b>					
<b>Revenue</b>					
Sales to external customers	129,182,590	21,823,745	154,757	-	151,161,092
Inter segment sales	4,251,867	1,883,626	1,436,902	(7,572,395)	-
<b>Total revenue</b>	<b>133,434,457</b>	<b>23,707,371</b>	<b>1,591,659</b>	<b>(7,572,395)</b>	<b>151,161,092</b>
<b>Results</b>					
Segment results	46,701,999	2,507,757	5,050,115	18,483,486	72,743,357
Finance costs	(12,081,362)	(106,571)	(374)	-	(12,188,307)
Share of results of an associate	-	-	-	298,224	298,224
Profit before tax					60,853,274
Income tax expense					(10,832,428)
<b>Profit for the year</b>					<b>50,020,846</b>
<b>31 December 2006</b>					
<b>Assets</b>					
Segment assets	428,363,106	7,778,663	308,011	15,921,987	452,371,767
Investment in an associate	208,310	-	-	440,193	648,503
Unallocated assets	121,646,903	18,340,793	19,263,399	(47,568,519)	111,682,576
<b>Total assets</b>	<b>550,218,319</b>	<b>26,119,456</b>	<b>19,571,410</b>	<b>(31,206,339)</b>	<b>564,702,846</b>
<b>Liabilities</b>					
Segment liabilities	268,985,604	2,670,489	255,368	4,596,781	276,508,242
Unallocated liabilities	140,762,872	20,570,240	257,001	(47,568,203)	114,021,910
<b>Total liabilities</b>	<b>409,748,476</b>	<b>23,240,729</b>	<b>512,369</b>	<b>(42,971,422)</b>	<b>390,530,152</b>
<b>Other segment information:</b>					
Capital expenditure	458,019,575	8,343,354	340,868	-	466,703,797
Depreciation	13,734,481	564,691	32,858	-	14,332,030
Other significant non-cash expenses:					
Provision for doubtful debts	231,367	102,500	24,937	-	358,804
Share options granted under ESOS	2,887,552	324,766	292,565	-	3,504,883



# ALAM MARITIM RESOURCES BERHAD (700849 - K)

38F, Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, MALAYSIA  
Tel : 603 – 9058 2244 (hunting) Fax : 603 – 9059 6845 Email : [info@alam-maritim.com.my](mailto:info@alam-maritim.com.my)

28 May 2006

Head, Issues and Listing  
Bursa Malaysia Securities Berhad  
9<sup>th</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur  
(Attn: En. Johan Abdullah)

Dear Sir,

## ERRATA TO THE FINANCIAL STATEMENTS OF ALAM MARITIM RESOURCES BERHAD FOR THE YEAR ENDED 31 DECEMBER 2006

With reference to the financial statements of Alam Maritim Resources Berhad for the year ended 31 December 2006 which were submitted to Bursa Malaysia on 30 April 2007, we wish to highlight an error due to a corrupted link in Note 5 on pages 36 and 37 as follows:-

Description	Previously Reported (2006)		Correction (2006)	
	Group (RM)	Company (RM)	Group (RM)	Company (RM)
Non-executive directors' remuneration:				
Fees		65,773		55,773
Other emoluments		597,204		218,706
Total directors' remuneration		662,977		274,479
Estimated money value of benefits-in-kind		11,568		9,000
Total directors remuneration including benefits-in-kind		674,545		283,479
The details of remuneration receivable by directors of the Company during the year are as follows:				
Defined contribution plan - EPF	140,604		146,604	
Total executive directors' remuneration	2,904,813		2,910,813	
Total directors' remuneration	3,575,790		3,581,790	
The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:				
	Number of Directors		Number of Directors	
Executive directors:				
RM300,000 - RM400,000		3		4
RM400,001 - RM500,000		1		-
Non-executive directors:				
RM100,000 - RM200,000		-		1

Kindly be informed that the above amendments have no impact on the profitability and net cash movement of the Company for the financial year ended 31 December 2006, and this correction has been incorporated in the 2006 Annual Report of Alam Maritim Resources Berhad which will be submitted to Bursa Malaysia in due course.

We enclose herewith thirty (30) copies of the amended pages for your kind attention, and please accept our sincere apology for any inconvenience caused.

Yours faithfully,  
ALAM MARITIM RESOURCES BERHAD

  
AZMI BIN AHMAD  
*Managing Director*

## 5. DIRECTORS' REMUNERATION

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
Executive directors' remuneration (Note 4):			
Fees	15,000	-	-
Other emoluments	3,376,748	-	-
	<u>3,391,748</u>	<u>-</u>	<u>-</u>
Non-executive directors remuneration (Note 7):			
Fees	65,773	55,773	-
Other emoluments	597,204	218,706	-
	<u>662,977</u>	<u>274,479</u>	<u>-</u>
Total directors remuneration	4,054,725	274,479	-
Estimated money value of benefits-in-kind	<u>113,800</u>	<u>9,000</u>	<u>-</u>
Total directors remuneration including benefits-in-kind	<u>4,168,525</u>	<u>283,479</u>	<u>-</u>

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
<b>Executive:</b>			
Salaries and other emoluments	982,284	-	-
Fees	15,000	-	-
Bonus:			
- current year's provisions	230,687	-	-
Defined contribution plan - EPF	146,604	-	-
Share option granted under ESOS	1,440,438	-	-
Estimated money value of benefits-in-kind	95,800	-	-
Total executive directors' remuneration	<u>2,910,813</u>	<u>-</u>	<u>-</u>

## 5. DIRECTORS' REMUNERATION (CONTD.)

	Group 2006 RM	Company	
		1.1.2006 to 31.12.2006 RM	23.6.2005 to 31.12.2005 RM
<b>Non-executive:</b>			
Fees and other emoluments	260,273	70,273	-
Share option granted under ESOS	392,704	204,206	-
Estimated money value of benefits-in-kind	18,000	9,000	-
Total non-executive directors' remuneration	670,977	283,479	-
Total directors' remuneration	3,581,790	283,479	-

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors
Executive directors:	
RM300,000 - RM400,000	4
Non-executive directors:	
RM20,000 - RM30,000	2
RM30,001 - RM40,000	1
RM100,000 - RM200,000	1

Employee benefits expense of the Company's executive directors are borne by a subsidiary.