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

Directors' Report and Audited Financial Statements
31 December 2007

700849-K

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 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13 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

	Group RM	Company RM
Profit for the year	56,006,518	3,382,316
Attributable to:		
Equity holders of the Company	50,925,775	3,382,316
Minority interests	5,080,743	-
	56,006,518	3,382,316

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 as disclosed in the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2006 were as follows:

	RM
In respect of the financial year ended 31 December 2006, as reported in the directors' report of that year:	
First and final dividend of 1.50 sen per share less 27% taxation on 165,387,432 shares, paid on 21 August 2007	1,810,992

DIVIDENDS (CONTD.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 0.50 sen per ordinary share less 27% taxation on 485,289,012 ordinary shares, amounting to a dividend payable of RM1,771,305 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 profits in the financial year ending 31 December 2008.

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
Dato' Mohamad Idris bin Mansor
Haji Ab Wahab bin Haji Ibrahim
Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad
Mohd Abd Rahman bin Mohd Hashim
Ab Razak bin Hashim
Ahmad Hassanudin bin Ahmad Kamaluddin

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 →				← Number of Ordinary Shares of RM0.25 Each →			
	1.1.2007	**Acquired**	**Sold**	**Bonus issue**	**Share Split**	**Acquired**	**Sold**	**31.12.2007**
The Company								
Direct Interest:								
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	175,000	50,000	-	84,375	309,375	-	-	618,750
Dato' Mohamad Idris bin Mansor	125,000	60,000	(85,000)	37,500	137,500	-	-	275,000
Haji Ab Wahab bin Haji Ibrahim	84,000	60,000	-	54,000	198,000	-	-	396,000
Azmi bin Ahmad	488,700	343,800	(40,000)	297,187	1,089,687	100	-	2,179,474
Shaharuddin bin Warno @ Rahmad	1,016,200	343,800	(78,300)	480,637	1,762,337	-	-	3,524,674
Mohd Abd Rahman bin Mohd Hashim	130,800	229,200	(343,800)	6,075	22,275	-	-	44,550
Ab Razak bin Hashim	-	343,800	(63,800)	105,000	385,000	-	-	770,000
Ahmad Hassanudin bin Ahmad Kamaluddin	295,000	180,000	(165,000)	116,250	426,250	-	(40,000)	812,500

DIRECTORS' INTERESTS (CONTD.)

	← Number of Ordinary Shares of RM0.50 Each →				← Number of Ordinary Shares of RM0.25 Each →			
	1.1.2007	**Acquired**	**Sold**	**Bonus issue**	**Share Split**	**Acquired**	**Sold**	**31.12.2007**
The Company								
Indirect Interest:								
Azmi bin Ahmad	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090
Shaharuddin bin Warno @ Rahmad	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090
Mohd Abd Rahman bin Mohd Hashim	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090
Ab Razak bin Hashim	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090

DIRECTORS' INTERESTS (CONTD.)

	Number of Options Over Ordinary Shares of RM0.50 Each				Number of Options Over Ordinary Shares of RM0.25 Each			
	1.1.2007	**Granted**	**Exercised**	**Bonus issue**	**Share Split**	**Granted**	**Exercised**	**31.12.2007**
The Company								
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	475,000	-	(50,000)	159,375	584,375	-	-	1,168,750
Dato' Mohamad Idris bin Mansor	400,000	-	(60,000)	127,500	467,500	-	-	935,000
Haji Ab Wahab bin Haji Ibrahim	400,000	-	(60,000)	127,500	467,500	-	-	935,000
Azmi bin Ahmad	2,292,500	-	(343,800)	730,762	2,679,462	-	-	5,358,924
Shaharuddin bin Warno @ Rahmad	2,292,500	-	(343,800)	730,762	2,679,462	-	-	5,358,924
Mohd Abd Rahman bin Mohd Hashim	2,177,900	-	(229,200)	730,762	2,679,462	-	-	5,358,924
Ab Razak bin Hashim	2,292,500	-	(343,800)	730,762	2,679,462	-	-	5,358,924
Ahmad Hassanudin bin Ahmad Kamaluddin	1,200,000	-	(180,000)	382,500	1,402,500	-	-	2,805,000

ISSUE OF SHARES

During the financial year, the Company increased its:

(a) authorised ordinary share capital from 500,000,000 ordinary shares of RM0.50 each to 1,000,000,000 ordinary shares of RM0.25 each by way of share split; and

(b) issued and paid-up ordinary share capital from RM81,269,241.00 to RM121,322,253.00 by way of:

  (i) the issuance of 62,045,224 ordinary shares of RM0.50 each pursuant to bonus issue, by way of capitalisation of the share premium on the basis of 3 new ordinary shares of RM0.50 each for every 8 existing ordinary shares of RM0.50 each;

  (ii) the issuance of 2,906,700 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;

  (iii) the issuance of 8,750 ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM3.87 per ordinary share;

  (iv) the share split of 227,499,156 issued and paid-up ordinary shares of RM0.50 each into 454,998,312 ordinary shares of RM0.25 each;

  (v) issuance of 29,975,000 ordinary shares of RM0.25 each through a private placement at an issue price of RM2.19 per ordinary share for cash, for repayment of borrowings and additional working capital purposes;

  (vi) the issuance of 59,075 new ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM0.60 per ordinary share; and

  (vii) the issuance of 256,625 new ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM1.25 to RM1.85 per ordinary share.

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

EMPLOYEE SHARE OPTIONS SCHEME

The Alam Maritim Employee Share Options Scheme ("ESOS") is governed by the bye-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 date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 21 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 5,000,000 ordinary shares of RM0.25 each. Other than the interests of the directors as disclosed above, there are no other holder of 5,000,000 or more options as at 31 December 2007.

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.

OTHER STATUTORY INFORMATION (CONTD.)

(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.

(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 13 and Note 14 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 18 March 2008.

Dato' Captain Ahmad Sufian @ Qumain bin Abdul Rashid

Azmi bin Ahmad

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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 @ Qumain 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 13 to 91 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 18 March 2008.

Dato' Captain Ahmad Sufian @ Qumain bin Abdul Rashid

Azmi bin Ahmad

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 13 to 91 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 18 March 2008

Md Nasir bin Noh

Before me,

PESURUHJAYA SUMPAH
No. W 315
Nama: SOH AH KAU
MALAYSIA

SOH AH KAU, AMN
PESURUHJAYA SUMPAH
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ERNST & YOUNG
AF: 0039

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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 13 to 91. 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 Financial Reporting Standards in Malaysia 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 2007 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.

ERNST & YOUNG
AF: 0039

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REPORT OF THE AUDITORS TO THE MEMBERS 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
18 March 2008

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	**2007 RM**	**2006 RM**	**2007 RM**	**2006 RM**
Revenue	3	249,900,157	151,161,092	8,850,937	5,000,000
Cost of sales		(148,740,331)	(95,295,426)	-	-
Gross profit		101,159,826	55,865,666	8,850,937	5,000,000
Other income		31,312,611	32,844,304	491,557	292,228
Employee benefits expense	4	(14,614,865)	(8,425,336)	(4,627,194)	(374,406)
Other expenses		(29,154,778)	(7,541,277)	(122,178)	(24,084)
Operating profit		88,702,794	72,743,357	4,593,122	4,893,738
Finance costs	6	(20,302,058)	(12,188,307)	(21,192)	(4,511)
Share of profit of an associate		-	298,224	-	-
Share of profit of a jointly controlled entity		122,105	-	-	-
Profit before tax	7	68,522,841	60,853,274	4,571,930	4,889,227
Income tax expense	8	(12,516,323)	(10,832,428)	(1,189,614)	(1,456,751)
Profit for the year		56,006,518	50,020,846	3,382,316	3,432,476
Attributable to:					
Equity holders of the Company		50,925,775	49,487,202	3,382,316	3,432,476
Minority interests		5,080,743	533,644	-	-
		56,006,518	50,020,846	3,382,316	3,432,476
Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	9	11.4	11.8		
Diluted (Sen)	9	10.6	11.1		

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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
ASSETS					
Non-current assets					
Property, vessels and equipment	11	732,944,770	452,371,767	203,813	259,398
Intangible assets	12	1,166,620	-	-	-
Investments in subsidiaries	13	-	-	100,302,070	100,302,070
Investment in an associate	14	-	648,503	-	-
Investment in a jointly controlled entity	15	1,313,547	-	-	-
		735,424,937	453,020,270	100,505,883	100,561,468
Current assets					
Amount due from subsidiaries	16	-	-	421,660,041	15,104,296
Inventories		832,049	-	-	-
Trade receivables	17	108,891,333	89,119,621	-	-
Other receivables	19	22,548,204	3,427,643	12,852	-
Tax recoverable		783,187	14,779	4,697	-
Cash and bank balances	20	118,120,305	19,120,533	81,119,618	3,641,911
		251,175,078	111,682,576	502,797,208	18,746,207
TOTAL ASSETS		986,600,015	564,702,846	603,303,091	119,307,675
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	121,322,253	81,269,241	121,322,253	81,269,241
Share premium	22	63,032,747	30,748,238	63,032,747	30,748,238
Other reserves	23	6,179,640	3,504,883	6,181,144	3,504,883
Retained profits	24	98,581,395	49,466,612	4,983,210	3,411,886
		289,116,035	164,988,974	195,519,354	118,934,248
Minority interests		13,640,819	9,183,720	-	-
Total equity		302,756,854	174,172,694	195,519,354	118,934,248

ALAM MARITIM RESOURCES BERHAD
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BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTD.)

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Non-current liabilities					
Borrowings	25	395,927,589	242,972,197	300,197,042	220,755
Deferred tax liabilities	28	48,158,084	33,536,045	4,333	1,251
		444,085,673	276,508,242	300,201,375	222,006
Current liabilities					
Borrowings	25	178,619,608	53,603,091	99,678,416	22,188
Trade payables	29	43,885,536	41,354,241	-	-
Other payables	30	15,200,163	12,622,524	7,737,216	73,733
Tax payable		2,052,181	6,442,054	166,730	55,500
		239,757,488	114,021,910	107,582,362	151,421
Total liabilities		683,843,161	390,530,152	407,783,737	373,427
TOTAL EQUITY AND LIABILITIES		986,600,015	564,702,846	603,303,091	119,307,675

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 2007

	← Attributable to Equity Holders of the Company →					Minority Interests	Total Equity
	← Non-Distributable →			Distributable			
	Share Capital (Note 22) RM	Share Premium (Note 22) RM	Other Reserves (Note 23) RM	(Accumulated Loss)/ Retained Profits RM	Total RM	RM	RM
GROUP							
At 1 January 2006	1	-	-	(20,590)	(20,589)	-	(20,589)
Profit for the year	-	-	-	49,487,202	49,487,202	533,644	50,020,846
Issue of ordinary shares:							
Acquisition of subsidiaries (Note 13(b))	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	-	-	-	-	-	6,482,400	6,482,400
Share options granted under ESOS (Note 4)	-	-	3,504,883	-	3,504,883	-	3,504,883
At 31 December 2006	81,269,241	30,748,238	3,504,883	49,466,612	164,988,974	9,183,720	174,172,694

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
	Non-Distributable			Distributable			
	Share Capital (Note 22) RM	Share Premium (Note 22) RM	Other Reserves (Note 23) RM	Retained Profits RM	Total RM	RM	RM
GROUP							
At 1 January 2007	81,269,241	30,748,238	3,504,883	49,466,612	164,988,974	9,183,720	174,172,694
Profit for the year	-	-	-	50,925,775	50,925,775	5,080,743	56,006,518
Issue of ordinary shares:							
Issued for cash	7,493,750	58,151,500	-	-	65,645,250	-	65,645,250
Pursuant to ESOS	1,536,650	3,692,818	-	-	5,229,468	-	5,229,468
Pursuant to bonus issue	31,022,612	(31,022,612)	-	-	-	-	-
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	-	399,359	399,359
Share issue costs	-	(984,679)	-	-	(984,679)	-	(984,679)
Share options granted under ESOS:							
- recognised in income statement (Note 4)	-	-	5,123,743	-	5,123,743	-	5,123,743
- exercised during the year	-	2,447,482	(2,447,482)	-	-	-	-
Foreign currency translation	-	-	(1,504)	-	(1,504)	(1,003)	(2,507)
Dividends (Note 10)	-	-	-	(1,810,992)	(1,810,992)	(1,022,000)	(2,832,992)
At 31 December 2007	121,322,253	63,032,747	6,179,640	98,581,395	289,116,035	13,640,819	302,756,854

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

	← Non-Distributable	→		Distributable	
COMPANY	**Share Capital (Note 22) RM**	**Share Premium (Note 22) RM**	**Other Reserves (Note 23) RM**	**(Accumulated Losses)/ Retained Profits RM**	**Total Equity RM**
At 1 January 2006	1	-	-	(20,590)	(20,589)
Profit for the year	-	-	-	3,432,476	3,432,476
Issue of ordinary shares:					
Acquisition of subsidiaries (Note 13(b))	66,558,440	-	-	-	66,558,440
Issued for cash	14,609,600	33,602,080	-	-	48,211,680
Pursuant to ESOS	101,200	232,760	-	-	333,960
Share issue costs	-	(3,086,602)	-	-	(3,086,602)
Share options granted under ESOS (Note 4)	-	-	3,504,883	-	3,504,883
At 31 December 2006	81,269,241	30,748,238	3,504,883	3,411,886	118,934,248

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

		← Non-Distributable	→	Distributable	
	Share Capital (Note 22)	Share Premium (Note 22)	Other Reserves (Note 23)	Retained Profits	Total Equity
COMPANY	RM	RM	RM	RM	RM
At 1 January 2007	81,269,241	30,748,238	3,504,883	3,411,886	118,934,248
Profit for the year	-	-	-	3,382,316	3,382,316
Issue of ordinary shares:					
Issued for cash	7,493,750	58,151,500	-	-	65,645,250
Pursuant to ESOS	1,536,650	3,692,818	-	-	5,229,468
Pursuant to bonus issue	31,022,612	(31,022,612)	-	-	-
Share options granted under ESOS:					
- recognised in income statement (Note 4)	-	-	5,123,743	-	5,123,743
- exercised during the year	-	2,447,482	(2,447,482)	-	-
Share issue costs	-	(984,679)	-	-	(984,679)
Dividends (Note 10)	-	-	-	(1,810,992)	(1,810,992)
At 31 December 2007	121,322,253	63,032,747	6,181,144	4,983,210	195,519,354

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 2007

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	68,522,841	60,853,274	4,571,930	4,889,227
Adjustments for:				
Interest income	(932,935)	(178,207)	(491,557)	(91,303)
Dividend income	-	-	(4,000,000)	(5,000,000)
Depreciation of property, vessels and equipment (Note 11)	22,937,829	14,332,030	55,585	18,528
Interest expense	20,223,881	12,188,307	21,192	4,511
Share options granted under ESOS (Note 4)	5,123,743	3,504,883	3,368,100	292,565
Provision for doubtful debts	8,286,387	358,804	-	-
Unrealised gain on foreign exchange	(4,330,869)	(6,910,819)	-	-
Vessel and equipment written off	13,278,110	-	-	-
Gain on disposal of property, plant and equipment	(4,933,260)	-	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 13(b))	-	(23,935,855)	-	-
Share of profits of an associate	-	(298,224)	-	-
Share of profits of a jointly controlled entity	(122,105)	-	-	-
Operating profit before working capital changes	128,053,622	59,914,193	3,525,250	113,528
Changes in working capital:				
Increase in inventories	(791,806)	-	-	-
(Increase)/decrease in receivables	(46,702,393)	(14,598,174)	(12,852)	711,521

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Increase in balances with a related company	-	-	(22,095)	-
Increase/(decrease) in payables	5,849,535	6,291,614	219,983	(950,943)
Cash generated from/(used in) operations	86,408,958	51,607,633	3,710,286	(125,894)
Taxes paid	(3,539,070)	(1,690,541)	(1,080,000)	(1,400,000)
Interest paid	(18,954,545)	(12,188,307)	(1,891,028)	(4,511)
Net cash generated from/(used in) operating activities	63,915,343	37,728,785	739,258	(1,530,405)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, vessels and equipment (Note 11)	(318,326,218)	(129,623,457)	-	-
Proceeds from disposal of property, vessels and equipment	7,058,238	-	-	-
Acquisition of subsidiaries (Note 13(a) and Note 13(b))	(878,412)	6,081,115	-	-
Additional investment in a jointly controlled entity (Note 14)	(542,939)	-	-	-
Transfer of equity interest in a subsidiary (Note 13(b))	-	-	-	(27,018,380)
Additional equity investment in a subsidiary	-	-	-	(6,725,250)
Proceeds from disposal of equity interest in subsidiaries	-	6,482,400	-	-
Increase in amount due from subsidiaries	-	-	(393,940,131)	(11,599,413)
Interest received	932,935	178,207	491,557	91,303
Dividends received	-	-	4,000,000	5,000,000
Net cash used in investing activities	(311,756,396)	(116,881,735)	(389,448,574)	(40,251,740)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares (Note 22)	69,890,039	45,459,038	69,890,039	45,459,038
Proceeds from issuance of Redeemable Convertible Secured Loan Stocks	1,224,425	28,381,275	-	-
Proceeds from MCP/MTNN	98,130,164	-	98,130,164	-
Proceeds from Sukuk Ijarah MTN	300,000,000	-	300,000,000	-
Proceeds from drawdown of term loans	68,521,270	28,967,852	-	-
Proceeds from drawdown of revolving credits	58,379,100	33,644,737	-	-
Repayment of term loans	(182,768,928)	(11,175,101)	-	-
Repayment of revolving credits	(65,235,650)	(31,500,000)	-	-
Repayment of hire purchase and lease financing (Note 27)	(349,627)	(184,472)	(22,188)	(34,983)
Repayment of Redeemable Convertible Secured Loan Stocks (Note 26)	(172,282)	-	-	-
Net cash released from/(set aside) for collateral and sinking fund	3,488,719	(11,069,733)	-	-
Dividends paid	(2,832,992)	-	(1,810,992)	-
Net cash generated from financing activities	348,274,238	82,523,596	466,187,023	45,424,055

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,433,185	3,370,646	77,477,707	3,641,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,370,647	1	3,641,911	1
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)	103,803,832	3,370,647	81,119,618	3,641,911

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 2007

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 Berhad. 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 activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13 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 18 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia ("FRSs"). 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 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM).

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.

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.

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.)

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) Jointly Controlled Entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's financial statements, investments in jointly controlled entities are stated at cost less any impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in income statement.

(d) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) 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.

Assets under construction is not depreciated as the asset is not available for use.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) Property, Vessels and Equipment, and Depreciation (Contd.)

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.

(f) 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.

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.

(g) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Impairment of Non-financial Assets (Contd.)

An asset's recoverable amount is the higher of the 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.

(h) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(h) Financial Instruments (Contd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Inventories

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

Cost is determined using the first in, first out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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

(j) 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.

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(e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Leases (Contd.)

(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 (p)(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.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) 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.)

(l) 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.

(m) 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.

(n) 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.)

(n) 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”).

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.)

(o) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(o) Foreign Currencies (Contd.)

(ii) Foreign Currency Transactions (Contd.)

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.

(p) 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.)

(p) 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 ("FRSs")

On 1 January 2007, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2007.

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 119_{2004} (Revised)	Employee Benefits

The adoption of FRS 6, FRS 117, FRS 119_{2004} (Revised) and FRS 124 does not have significant financial impact on the Group and the Company.

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company.

FRSs, Amendments to FRSs and Interpretations	**Effective for financial periods beginning on or after**
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabiliation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other FRSs, amendments to FRSs and Interpretations are not expected to have a significant impact on the financial statements of the Group and the Company upon their initial application.

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 previous 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Significant Accounting Estimates and Judgements (Contd.)

(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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Charter hire	214,445,550	118,736,840	-	-
Offshore installation and construction	7,331,803	21,458,721	-	-
Ship catering	9,695,659	5,422,246	-	-
Rental of equipment	10,605,499	1,766,040	-	-
Diving and underwater services	867,439	732,925	-	-
Other shipping related income	6,954,207	3,044,320	-	-
Dividend income from a subsidiary	-	-	4,000,000	5,000,000
Management fees from subsidiaries	-	-	4,850,937	-
	249,900,157	151,161,092	8,850,937	5,000,000

4. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Salaries, bonuses and allowances	6,245,348	3,466,986	1,165,933	81,841
Contributions to defined contribution plan - EPF	648,088	399,832	90,720	-
Social security contributions	28,630	16,860	1,085	-
Share options granted under ESOS (Note 23)	5,123,743	3,504,883	3,368,100	292,565
Other staff related expenses	2,569,056	1,036,775	1,356	-
	14,614,865	8,425,336	4,627,194	374,406

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,249,757 (2006: RM3,391,748) and RM3,405,544 (2006: RMNil) as further disclosed in Note 5.

5. DIRECTORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Executive directors' remuneration (Note 4):				
Fees	40,000	15,000	-	-
Other emoluments	5,217,511	3,376,748	3,404,459	-
	5,257,511	3,391,748	3,404,459	-
Non-executive directors remuneration (Note 7):				
Fees	102,000	65,773	72,000	55,773
Other emoluments	325,531	597,204	325,531	218,706
	427,531	662,977	397,531	274,479
Total directors remuneration	5,685,042	4,054,725	3,801,990	274,479
Estimated money value of benefits-in-kind	232,000	113,800	232,000	9,000
Total directors remuneration including benefits-in-kind	5,917,042	4,168,525	4,033,990	283,479

5. DIRECTORS' REMUNERATION (CONTD.)

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	1,531,000	982,284	931,000	-
Fees	40,000	15,000	-	-
Bonus:				
- current year's provisions	320,714	230,687	133,000	-
Defined contribution plan - EPF	185,088	146,604	90,720	-
Share option granted under ESOS	2,249,739	1,440,438	2,249,739	-
Estimated money value of benefits-in-kind	187,000	95,800	187,000	-
Total executive directors' remuneration	4,513,541	2,910,813	3,591,459	-
Non-executive:				
Fees and other emoluments	145,500	260,273	115,500	70,273
Share option granted under ESOS	282,031	392,704	282,031	204,206
Estimated money value of benefits-in-kind	45,000	18,000	45,000	9,000
Total non-executive director's remuneration	472,531	670,977	442,531	283,479
Total directors' remuneration	4,986,072	3,581,790	4,033,990	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	
	2007	2006
Executive directors:		
RM300,000 - RM400,000	1	4
RM400,001 - RM500,000	3	-
RM500,001 - RM600,000	1	-
Non-executive directors:		
RM20,000 - RM30,000	1	2
RM30,001 - RM40,000	1	1
RM100,000 - RM200,000	1	1

6. FINANCE COSTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Interest expense on:				
Term loans	15,848,108	11,088,846	-	-
Hire purchase and finance lease liabilities	86,696	192,663	21,192	4,511
RCCSLS	2,064,393	152,404	-	-
MCP/MMTN	1,524,539	-	-	-
Sukuk Ijarah MTN	7,443,500	-	-	-
Other borrowings	2,566,961	754,394	-	-
	29,534,197	12,188,307	21,192	4,511
Less: Interest expense capitalised in qualifying assets-vessels under construction (Note 11)	(9,232,139)	-	-	-
Net finance expense	20,302,058	12,188,307	21,192	4,511

7. PROFIT BEFORE TAX

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Profit before tax is stated after charging/(crediting):				
Non-executive directors' remuneration (Note 5)	427,531	662,977	397,531	274,479
Auditors' remuneration:				
- statutory audits	125,000	125,000	23,000	23,000
- other services	143,950	299,250	138,950	266,250
Operating leases:				
- lease payments for premises	155,429	80,492	-	-
- lease payments for survey equipment	522,538	10,922,000	-	-
- lease payments for tugs/ barges	87,582	82,977	-	-
Depreciation of property, vessels and equipment (Note 11)	22,937,829	14,332,030	55,585	18,528

7. PROFIT BEFORE TAX (CONTD.)

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Interest income	(864,263)	(178,207)	(491,557)	(91,303)
Provision for doubtful debts	8,286,387	358,804	-	-
Unrealised gain on foreign exchange	(4,328,362)	(6,910,819)	-	-
Realised gain on foreign exchange	(4,925,195)	(865,311)	-	-
Vessel and equipment written off	13,278,110	-	-	-
Insurance claim on loss of a vessel	(13,300,000)	-	-	-
Gain on disposal of property, plant and equipment	(4,933,260)	-	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 13(b))	-	(23,935,855)	-	-

8. INCOME TAX EXPENSE

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Current income tax:				
Malaysian income tax	4,454,258	4,633,155	1,246,729	1,455,500
(Over)/underprovision in prior year	(6,559,974)	381,915	(60,197)	-
	(2,105,716)	5,015,070	1,186,532	1,455,500
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	11,490,493	6,896,246	-	1,251
Relating to change in tax rates	(1,233,494)	(1,078,888)	(168)	-
Underprovision in prior year	4,365,040	-	3,250	-
	14,622,039	5,817,358	3,082	1,251
	12,516,323	10,832,428	1,189,614	1,456,751

8. INCOME TAX EXPENSE (CONTD.)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 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 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:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	68,522,841	60,853,274	4,571,930	4,889,227
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	18,501,167	17,038,917	1,234,421	1,368,984
Effect of income subject to tax rate of 20%	(70,000)	(94,926)	-	-
Different tax rates in other countries	26,496	-	-	-
Effect of income not subject to tax	(3,864,905)	(8,550,955)	-	-
Effect of expenses not deductible for tax purposes	1,301,113	3,136,365	12,308	87,767
Effect of change in tax rates on opening balance of deferred tax	(1,233,494)	(1,078,888)	(168)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	50,880	-	-	-
(Over)/underprovision of income tax in prior year	(6,559,974)	381,915	(60,197)	-
Underprovision of deferred tax in prior year	4,365,040	-	3,250	-
Income tax expense for the year	12,516,323	10,832,428	1,189,614	1,456,751

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amount are 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.

	2007 RM	2006 RM
Profit attributable to ordinary equity holders of the Company	50,925,775	49,487,202
Weighted average number of ordinary shares in issue	447,144,113	417,818,800
Basic earnings per share (Sen)	11.4	11.8

The weighted average number of ordinary shares have been adjusted to retrospectively apply the bonus issue and share split disclosed in Note 22(a) and (b) as required by FRS 133: Earnings Per Share.

(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.

	2007 RM	2006 RM
Profit attributable to ordinary equity holders of the Company	50,925,775	49,487,202
Weighted average number of ordinary shares in issue	447,144,113	417,818,800
Effects of dilution from share options granted to employees	34,837,879	29,065,427
Adjusted weighted average number of ordinary shares in issue and issuable	481,981,992	446,884,227
Diluted earnings per share (Sen)	10.6	11.1

The diluted earnings per share is calculated by dividing the net profit for the year of RM50,925,775 (2006: RM49,487,202) by the weighted average number of ordinary shares in issue during the financial year, adjusted for the bonus issue and share split disclosed in Note 22(a) and Note 22(b) and effects of dilution from share options granted to employees of 34,837,879 (2006: 29,065,427).

10. DIVIDENDS

	Dividends in respect of Year		Dividends Recognised in Year	
	2007	2006	2007	2006
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend for 2006: 1.50 sen less 27% taxation, on 165,387,432 ordinary shares	-	1,810,992	1,810,992	-

11. PROPERTY, VESSELS AND EQUIPMENT

Group	Leasehold Building RM	Vessels RM	Drydocking RM	Diving Equipment, Equipment on Vessel RM	Motor Vehicles RM	Computers, Office Equipment, Furniture and Fittings RM	Renovations RM	Assets under construction RM	Total RM
31 December 2007									
Cost									
At 1 January 2007	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
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	-	125,106	7,878	-	132,984
Additions	-	40,300,695	3,662,599	5,058,295	491,570	499,668	1,582,132	267,212,500	318,807,459
Disposals	-	(7,030,000)	(1,206,361)	(477,424)	(190,800)	-	-	-	(8,904,585)
Write-off	-	(13,440,000)	(1,832,897)	(706,924)	-	(7,130)	-	-	(15,986,951)
Reclassification	-	128,733,222	-	-	-	-	-	(128,733,222)	-
At 31December 2007	2,410,000	532,031,084	11,168,181	18,057,893	2,627,519	1,537,061	2,338,486	220,858,373	791,028,597

11. PROPERTY, VESSELS AND EQUIPMENT (CONTD.)

Group	Leasehold Building RM	Vessels RM	Drydocking RM	Diving Equipment, Equipment on Vessel RM	Motor Vehicles RM	Computers, Office Equipment, Furniture and Fittings RM	Renovations RM	Assets under construction RM	Total RM
31 December 2007									
Accumulated Depreciation									
At 1 January 2007	78,420	34,801,198	5,303,600	2,689,733	1,119,631	433,044	182,297	-	44,607,923
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	-	23,568	2,955	-	26,523
Charge for the year	80,333	17,067,370	3,377,117	1,607,667	407,505	253,698	144,139	-	22,937,829
Disposals	-	(5,724,428)	(746,836)	(155,250)	(153,093)	-	-	-	(6,779,607)
Write-off	-	(764,686)	(1,794,217)	(144,642)	-	(5,296)	-	-	(2,708,841)
At 31December 2007	158,753	45,379,454	6,139,664	3,997,508	1,374,043	705,014	329,391	-	58,083,827
Net Carrying Amount									
At 31December 2007	2,251,247	486,651,630	5,028,517	14,060,385	1,253,476	832,047	2,009,095	220,858,373	732,944,770

11. PROPERTY, VESSELS AND EQUIPMENT (CONTD.)

Group	Leasehold Building RM	Vessels RM	Drydocking RM	Diving Equipment, Equipment on Vessel RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Renovations RM	Assets under construction RM	Total RM
31 December 2006									
Cost									
At 1 January 2006	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 13(b))	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 31December 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 January 2006	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 13(b))	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 31December 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 31December 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.)

Company	Motor Vehicles RM	Total RM
31 December 2007		
Cost		
At 1 January/31 December	277,926	277,926
Accumulated Depreciation		
At 1 January 2007	18,528	18,528
Charge for the year	55,585	55,585
At 31 December 2007	74,113	74,113
Net Carrying Amount		
At 31 December 2007	203,813	203,813
31 December 2006		
Cost		
At 1 January 2006	-	-
Additions	277,926	277,926
At 31 December 2006	277,926	277,926
Accumulated Depreciation		
At 1 January 2006	-	-
Charge for the year	18,528	18,528
At 31 December 2006	18,528	18,528
Net Carrying Amount		
At 1 January 2006	259,398	259,398

11. PROPERTY, VESSELS AND EQUIPMENT (CONTD.)

(a) During the financial year, the Group and the Company acquired property, vessels and equipment at aggregate cost of RM318,807,459 and RMNil (2006: RM129,623,457 and RM277,926) respectively of which RM481,241 and RMNil (2006:RMNil and RM277,926) 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:

	Group		**Company**	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Motor vehicles	1,253,476	1,207,118	203,813	259,398

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 27.

(b) The net carrying amounts of property, vessels and equipment of the Group which are pledged as securities for borrowings as disclosed in Note 25 and Note 26 are as follows:

	Group	
	2007 RM	**2006 RM**
Leasehold buildings	2,251,247	2,331,580
Vessels	486,651,630	339,165,141
	488,902,877	341,496,721

(c) The strata titles for the leasehold buildings with a net carrying amount of RM2,251,247 (2006: RM2,331,580) have not been issued by the relevant authorities.

(d) Interest expense capitalised in relation to vessels under construction during the financial year, for the Group amounted to RM9,232,139 (2006: RMNil), as disclosed in Note 6.

12. INTANGIBLE ASSETS

	Goodwill on Consolidation RM
Group	
Cost	
At 1 January 2007	-
Acquisition of a subsidiary (Note 13(a))	1,166,620
At 31 December 2007	1,166,620

(a) Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's Cash-Generating Unit ("CGU") comprising the Group's designing, manufacturing and operating of remotely operated vehicles ("ROVs") operation in Singapore.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

(iii) Bond rate

The bond rates used are the yield on 5-year Singaporean government bond rates at the beginning of the budgeted year.

13. INVESTMENTS IN SUBSIDIARIES

	Company 2007 RM	Company 2006 RM
Unquoted shares, at cost	100,302,070	100,302,070

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

Name of Subsidiaries	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(i) Held by the Company:				
Alam Maritim (M) Sdn. Bhd. ("AMSB")	Malaysia	Ship owning, chartering and managing and other shipping related activities	100	100
Alam Maritim (L) Inc. ("AMLI")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	100	100
(ii) Held through AMSB				
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	Malaysia	Ship owning, operating and chartering	60	60
Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	Offshore facilities construction and installation and underwater services	70	70
Alam Offshore Services & Logistics Sdn. Bhd. ("AOLSB") (formerly known as Najdah Gemilang Sdn. Bhd.)	Malaysia	Transportation, ship forwarding and agent, ship chandeling and other related activities	100	100

13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	2006 %
(ii) Held through AMSB (Contd.)				
Alam Synergy I (L) Inc. ("AS I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy II (L) Inc. ("AS II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
(iii) Held through AMLI				
Eastar Offshore Pte. Ltd. ("EASTAR")	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	60	-
Alam Brompton (L) Inc.	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	100	-

13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(a) Acquisition of a subsidiary - 31 December 2007

On 8 January 2007, the Company through its 100% wholly-owned subsidiary, AMLI had acquired 60% equity interest in EASTAR, a company incorporated in Singapore.

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

	2007 RM
Revenue	1,557,440
Profit for the year	322,619

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

	Acquiree's Carrying Amount RM
Property and equipment (Note 11)	106,461
Inventories	40,242
Trade and other receivables	476,267
Cash and bank balances	887,246
	1,510,216
Trade and other payables	(511,819)
Fair value of net assets	998,397
Less: Minority interests	(399,359)
Group's share of net assets	599,038
Goodwill arising on acquisition	1,166,620
Purchase consideration satisfied by cash	1,765,658

There were no other cash flow implications on the acquisition except for the cash and cash equivalents of subsidiary acquired totalling to RM878,412.

13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(b) Acquisition of Subsidiaries - 31 December 2006

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:

	2006 **RM**
Revenue	151,161,092
Profit for the year	49,810,130

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 follow:

	Fair Value Recognised on Acquisition **RM**	**Acquiree's Carrying Amount** **RM**
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	6,081,115	6,081,115
	421,839,902	406,298,317
Trade and other payables	(50,787,582)	(50,787,582)
Borrowings	(250,671,662)	(250,671,662)
Deferred tax liabilities (Note 28)	(27,718,687)	(27,718,687)
	(329,177,931)	(329,177,931)
Fair value of net assets	92,661,971	
Less: Minority interest	(2,167,676)	
Group's share of net assets	90,494,295	
Negative goodwill arising on acquisition (Note 7)	(23,935,855)	
Purchase consideration satisfied by issuance of new ordinary shares of the Company	66,558,440	

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

14. INVESTMENT IN AN ASSOCIATE

	Group 2007 RM	Group 2006 RM
Unquoted shares outside Malaysia, at cost	-	208,310
Share of post-acquisition reserves	-	440,193
	-	648,503

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(i) Held through AMLI				
Workboat International FZCO ("Workboat")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine consultancy	- *	33.33

* On 5 April 2007, the Group acquired additional 26.67% equity interest and secured joint control over Workboat for cash consideration of RM542,939.

15. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group 2007 RM	Group 2006 RM
Unquoted shares outside Malaysia, at cost	751,249	-
Share of post-acquisition reserves	562,298	-
	1,313,547	-

15. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (CONTD.)

Details of the jointly controlled entity is as follows:

Name of Jointly Controlled Entity	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(i) Held through AMLI				
Workboat International FZCO ("Workboat")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine consultancy	60 *	-

* The Group's effective voting interest is 50%.

The Group's aggregate share of the income, expenses, assets and liabilities of the jointly controlled entitiy are as follows:

	2007 RM
Assets and liabilities	
Current assets	4,823,260
Non-current assets	27,420
Total assets	4,850,680
Current liabilities	(3,511,808)
Non-current liabilities	(25,325)
Total liabilities	(3,537,133)
Results	
Revenue	12,289,179
Expenses, including finance costs and taxation	(12,167,074)

16. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM8,986,039 (2006: RMNil) which bears interest rate between 3.75% per annum and 5.3% per annum (2006: Nil).

Further details on related party transactions are disclosed in Note 34.

17. TRADE RECEIVABLES

	Group	
	2007	**2006**
	RM	**RM**
Third parties	82,980,901	52,722,975
Accrued charter hire income	19,010,626	20,095,704
Accrued catering and messing income	517,219	1,631,968
Construction contracts:		
Due from a customer on contract (Note 18)	14,808,198	14,808,198
	117,316,944	89,258,845
Less: Provision for doubtful debts	(8,425,611)	(139,224)
Trade receivables, net	108,891,333	89,119,621

The Group's normal trade credit term ranges from 30 to 90 days (2006: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has significant exposure to a few large customers and as such a concentration of credit risks, where the potential for default is however expected to be minimal as the customers are of high creditworthiness and of international reputation.

Included in trade receivables of the Group is RM3,274,705 (2006: RMNil) due from a jointly controlled entity and RMNil (2006: RM1,439,159) due from an associate.

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

18. DUE FROM A CUSTOMER ON CONTRACT

	Group	
	2007	**2006**
	RM	**RM**
Construction contract costs incurred to date	26,685,028	26,685,028
Attributable profits	-	-
	26,685,028	26,685,028
Less: Progress billings	(11,876,830)	(11,876,830)
	14,808,198	14,808,198

19. OTHER RECEIVABLES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Deposits	1,802,547	214,353	11,352	-
Prepayments	3,525,804	1,951,399	-	-
Insurance claims	15,272,599	-	-	-
Other receivables	2,178,621	1,493,258	1,500	-
	22,779,571	3,659,010	12,852	-
Less: Provision for doubtful debts	(231,367)	(231,367)	-	-
Receivables, net	22,548,204	3,427,643	12,852	-

The insurance claim on loss of a vessel of RM13,300,000 was approved subsequent to year end.

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

20. CASH AND CASH EQUIVALENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Cash on hand and at banks	110,539,291	8,050,800	81,119,618	3,641,911
Deposits with licensed banks	7,581,014	11,069,733	-	-
Cash and bank balances	118,120,305	19,120,533	81,119,618	3,641,911
Bank overdrafts (Note 25)	(6,735,459)	(4,680,153)	-	-
Amounts set aside as sinking fund	(4,000,000)	(7,880,000)	-	-
Amounts set aside as margin deposits for bank guarantee facilities	(3,581,014)	(3,189,733)	-	-
Total cash and cash equivalents	103,803,832	3,370,647	81,119,618	3,641,911

The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2007 are 3.80% (2006: 3.80%) and 2,190 days (2006: 8,640 days) respectively.

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

21. EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The AMRB Employee Share Options Scheme ("ESOS") is governed by the bye-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:

	←		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.

21. EMPLOYEE BENEFITS (CONTD.)

Employee Share Options Scheme ("ESOS") (Contd.)

(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.

At the 2nd Annual General Meeting, the shareholders had approved the proposed bonus issue of up to 62,131,109 new ordinary shares of RM0.50 each and proposed subdivision of shares in the Company.

During the financial year, the Company had completed its issuance of bonus issue of up to 62,131,209 new ordinary shares of RM0.50 each in the Company, credited as fully paid up on the basis of 3 bonus shares for every 8 existing shares of the Company and subdivision of shares wherein every 1 of RM0.50 each share has been subdivided into 2 ordinary shares of RM0.25 each in the capital of the Company.

Accordingly, the Exercise Price and the number of shares comprised in the unexercised options were adjusted in accordance with the requirement of the ESOS bye-laws. The Exercise Price for Initial Grant was adjusted as follows:

	Exercise Period				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Exercise price	RM0.60	RM0.60	RM0.66	RM0.66	RM0.73

21. EMPLOYEE BENEFITS (CONTD.)

Employee Share Options Scheme ("ESOS") (Contd.)

The following table illustrates the number and movements in share option during the year:

	Number of Share Options								
	Outstanding at 31.1.2007	Movements during the year Granted	Exercised	Bonus issue	Share Split	Granted	Exercised	Outstanding at 31.12.2007	Exercisable at 31.12.2007
2007									
2007 Options	-	1,295,000	(8,750)	482,344	1,768,594	1,820,000	(280,687)	5,076,501	530,625
2006 Options	22,120,100	-	(2,906,700)	7,205,025	26,418,425	-	(8,052,499)	44,784,351	594,807
2006									
2006 Options	-	22,322,500	(202,400)	-	-	-	-	22,120,100	923,225

(i) Details of share options outstanding at the end of the year:

Tranche 2007	Exercise Price RM	Exercise Period
Year 1	0.60	20.07.2006 - 19.07.2011
Year 2	0.60	20.07.2007 - 19.07.2011
Year 3	0.66	20.07.2008 - 19.07.2011
Year 4	0.66	20.07.2009 - 19.07.2011
Year 5	0.73	20.07.2010 - 19.07.2011

21. EMPLOYEE BENEFITS (CONTD.)

Employee Share Options Scheme ("ESOS") (Contd.)

(i) Details of share options outstanding at the end of the year: (Contd.)

Tranche 2006	Exercise Price RM	Exercise Period
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 22, options exercised during the financial year resulted in the issuance of 3,231,150 (2006: 202,400) ordinary shares at the exercise price between RM0.60 and RM3.87 (2006: RM1.65) each. The related weighted average share price at the date of exercise was RM4.74 (2006: RM2.43).

(iii) 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:

	Options granted on: 22 April 2007 to 16 October 2007	20 July 2006
Fair value of share options at the grant date	1.60	0.37
Weighted average share price (RM)	4.74	2.43
Exercise price (RM)	4.03	1.65
Expected volatility (%)	45.24	30.39
Expected life (years)	3.50	4.50
Risk free rate (%)	3.83	3.83
Expected dividend yield (%)	3.75	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.

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares	← Amount		→
	Share Capital (Issued and Fully Paid)	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total RM
Ordinary shares of RM0.50 each:				
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 21)	202,400	101,200	232,760	333,960
Acquisition of a subsidiary (Note 13 (b))	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
Ordinary shares of RM0.50 each:				
At 1 January 2007	162,538,482	81,269,241	30,748,238	112,017,479
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 21)	2,915,450	1,457,725	3,372,192	4,829,917
Pursuant to bonus issue	62,045,224	31,022,612	(31,022,612)	-
Arising from share split	(227,499,156)	(113,749,578)	-	(113,749,578)
	-	-	3,097,818	3,097,818
Ordinary shares of RM0.25 each:				
At 1 January 2007	-	-	-	-
Arising from share split	454,998,312	113,749,578	-	113,749,578
Issued for cash	29,975,000	7,493,750	58,151,500	65,645,250
Pursuant to ESOS (Note 21)	315,700	78,925	320,626	399,551
Transaction costs	-	-	(984,679)	(984,679)
ESOS exercised during the year	-	-	2,447,482	2,447,482
At 31 December 2007	485,289,012	121,322,253	63,032,747	184,355,000

22. SHARE CAPITAL AND SHARE PREMIUM (CONTD.)

	Number of ordinary shares		Amount	
	2007	2006	2007 RM	2006 RM
Authorised share capital				
Ordinary shares of RM0.50 each:				
At 1 January	500,000,000	2	250,000,000	1
Created during the year	-	499,999,998	-	249,999,999
Arising from share split	(500,000,000)	-	-	-
At end 31 December	-	500,000,000	250,000,000	250,000,000
Ordinary shares of RM0.25 each:				
At 1 January	-	-	-	-
Arising from share split	1,000,000,000	-	-	-
At end 31 December	1,000,000,000	500,000,000	250,000,000	250,000,000

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.

31 December 2007

(a) Ordinary shares issued pursuant to bonus issue

During the year, the Company issued 62,045,224 ordinary shares of RM0.50 each pursuant to bonus issue, by way of capitalisation of the share premium on the basis of 3 new ordinary shares of RM0.50 each for every 8 existing ordinary shares of RM0.50 each.

(b) Share split exercise

During the year, the Company undertook a share split exercise whereby 227,499,156 issued and paid-up ordinary shares of RM0.50 each were split into 454,998,312 ordinary shares of RM0.25 each.

(c) Ordinary shares issued for cash

During the year, the Company issued 29,975,000 new ordinary shares of RM0.25 each through a private placement at an issue price of RM2.19 per ordinary share for cash, for repayment of borrowings and additional working capital purposes. The share premium arising therefrom of RM58,151,500 net of share issue costs of RM984,679 have been included in the share premium account. The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

22. SHARE CAPITAL AND SHARE PREMIUM (CONTD.)

31 December 2006

(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:

	RM
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
	48,211,680

(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 AMSB (Note 13(b)). The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

23. OTHER RESERVES

	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 January 2006	-	-	-
Share options granted under ESOS (Note 4):			
Recognised in income statement	3,504,883	-	3,504,883
At 31 December 2006	3,504,883	-	3,504,883
At 1 January 2007	3,504,883	-	3,504,883
Foreign currency translation	-	(1,504)	(1,504)
Share options granted under ESOS (Note 4):			
Recognised in income statement	5,123,743	-	5,123,743
Exercised during the year	(2,447,482)	-	(2,447,482)
At 31 December 2007	6,181,144	(1,504)	6,179,640
Company			
At 1 January 2006	-	-	-
Share options granted under ESOS (Note 4):			
Recognised in income statement	3,504,883	-	3,504,883
At 31 December 2006	3,504,883	-	3,504,883
At 1 January 2007	3,504,883	-	3,504,883
Share options granted under ESOS (Note 4):			
Recognised in income statement	5,123,743	-	5,123,743
Exercised during the year	(2,447,482)	-	(2,447,482)
At 31 December 2007	6,181,144	-	6,181,144

23. OTHER RESERVES (CONTD.)

The nature and purpose of each category are as follows:

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

24. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopt full imputation system. In accordance with the Finance Act which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividend under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007. Hence, the Company will need to elect to distribute dividends out of its entire retained profits under the single tier system.

25. BORROWINGS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 20)	1,823,152	1,947,956	-	-
Term loans	1,817,629	26,926,907	-	-
RCCSLS (Note 26)	2,579,097	658,754	-	-
MCP/MMTN	99,654,703	-	99,654,703	-
Hire purchase and finance lease liabilities (Note 27)	299,620	262,387	23,713	22,188
	106,174,201	29,796,004	99,678,416	22,188
Unsecured:				
Revolving credits	67,533,100	21,074,890	-	-
Bank overdrafts (Note 20)	4,912,307	2,732,197	-	-
	72,445,407	23,807,087	-	-
	178,619,608	53,603,091	99,678,416	22,188
Long term borrowings				
Secured:				
Term loans	67,724,997	213,944,449	-	-
RCCSLS (Note 26)	26,854,321	27,722,521	-	-
Sukuk Ijarah MTN	300,000,000	-	300,000,000	-
Hire purchase and finance lease liabilities (Note 27)	1,348,271	1,305,227	197,042	220,755
	395,927,589	242,972,197	300,197,042	220,755
Total borrowings:				
Bank overdrafts (Note 20)	6,735,459	4,680,153	-	-
Revolving credits	67,533,100	21,074,890	-	-
Term loans	69,542,626	240,871,356	-	-
RCCSLS (Note 26)	29,433,418	28,381,275	-	-
MCP/MMTN	99,654,703	-	99,654,703	-
Sukuk Ijarah MTN	300,000,000	-	300,000,000	-
Hire purchase and finance lease liabilities (Note 27)	1,647,891	1,567,614	220,755	242,943
	574,547,197	296,575,288	399,875,458	242,943

25. BORROWINGS (CONTD.)

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

	Group 2007 RM	2006 RM
Not later than 1 year	178,319,988	53,340,704
Later than 1 year not later than 2 years	29,942,358	22,193,250
Later than 2 years not later than 5 years	119,147,245	29,467,657
Later than 5 years	245,489,715	190,006,063
	572,899,306	295,007,674

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:

	Group 2007 %	2006 %
Bank overdrafts	5.00	4.50
Revolving credits	6.01	8.35
Term loans	6.49	6.98
RCCSLS	6.63	6.63
MCP/MMTN	3.80	-
Sukuk Ijarah MTN	5.05	-

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 20.

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

(a) First legal charge over the vessels and leasehold building of certain subsidiaries as disclosed in Note 11;

(b) 1st preferred statutory mortgage on vessels of certain subsidiaries;

(c) Legal assignments of charter proceeds of certain subsidiaries;

(d) Debentures incorporating fixed and floating asset of certain subsidiaries;

(e) Corporate guarantees by the Company;

(f) Proportionate guarantee by GMV-ALAM Sdn. Bhd. (formerly known as Synergy Sparkle Sdn. Bhd.), a corporate shareholder of 40% shareholding in certain subsidiaries at 40% of loan amount; and

(g) Assignment of the insurance policy for vessels of certain subsidiaries.

25. BORROWINGS (CONTD.)

	2007 RM
Group and Company	
MCP/MMTN	
Nominal value	100,000,000
Less: Discount	(1,869,836)
Net proceeds from issuance of MCP/MMTN	98,130,164
Amortisation of discount	1,524,539
Total amount included within borrowings	99,654,703

The features of the MCP/MMTN and Sukuk Ijarah MTN issued are as follows:

(i) The MCP/MMTN and Sukuk Ijarah MTN have a maximum principal limit of RM600,000,000.

The MCP/MMTN and Sukuk Ijarah MTN were constituted by a Trust Deed Program Agreement dated 6 July 2007 between the Company and the financial institutions concerned in relation to finance the purchase of beneficial interest in the Ijarah Assets (Syariah Compliant) from subsidiaries.

(ii) The MCP/MMTN are issued at a discount with yield to maturity ranging from 3.78% to 3.85% per annum. The Sukuk Ijarah MTN are issued with yield to maturity ranging from 4.46% to 5.30% per annum.

The MCP/MMTN and Sukuk Ijarah MTN are secured by:

(i) a first legal charge over the designated accounts as defined in the Trust Deed;

(ii) third party second fixed legal charge over each of the Ijarah Assets/MCP/MMTN and Sukuk Ijarah MTN assets and assignment of all insurance thereon and charter contracts.

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

26. REDEEMABLE CUMULATIVE CONVERTIBLE SECURED LOAN STOCKS

On 24 November 2006, certain subsidiaries issued Redeemable Cumulative Convertible Secured Loan Stocks ("RCCSLS") to part finance the acquisition of 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.

(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) The RCCSLS shall be repayable by quarterly instalment for a period of 10 years from the date of delivery and acceptance of the respective subsidiary companies' vessels.

(e) All outstanding RCCSLS are subject to mandatory redemption in full by the respective subsidiary companies by 31 April 2018.

(f) The RCCSLS bear interest at 7% per annum payable quarterly in arrears.

(g) 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 as disclosed in Note 11.

	2007	**2006**
	RM	**RM**
Amount due within 12 months (Note 25)	2,579,097	658,754
Amount due after 12 months (Note 25)	26,854,321	27,722,521
	29,433,418	28,381,275

The sole subscriber of the RCCSLS is GMV-ALAM Sdn. Bhd. (formerly known as Synergy Sparkle Sdn. Bhd.), a corporate shareholder of Alam Eksplorasi (M) Sdn. Bhd., Alam Synergy I (L) Inc, Alam Synergy II (L) and Alam Synergy III (L) Inc.

27. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Future minimum lease payments:				
Not later than 1 year	380,067	345,335	34,704	34,704
Later than 1 year and not later than 2 years	287,640	332,523	34,704	34,704
Later than 2 years and not later than 5 years	557,472	509,142	69,408	104,112
Later than 5 years	702,568	658,860	127,237	127,249
Total future minimum lease payments	1,927,747	1,845,860	266,053	300,769
Less: Future finance charges	(279,856)	(278,246)	(45,298)	(57,826)
Present value of finance lease liabilities (Note 25)	1,647,891	1,567,614	220,755	242,943
Analysis of present value of finance lease liabilities:				
Not later than 1 year	299,620	262,387	23,713	22,188
Later than 1 year and not later than 2 years	223,710	268,094	25,238	23,713
Later than 2 years and not later than 5 years	469,230	414,666	55,049	80,287
Later than 5 years	655,331	622,467	116,755	116,755
	1,647,891	1,567,614	220,755	242,943
Less: Amount due within 12 months (Note 25)	(299,620)	(262,387)	(23,713)	(22,188)
Amount due after 12 months (Note 25)	1,348,271	1,305,227	197,042	220,755

The Group's and the Company's hire purchase and finance lease liabilities bears weighted average effective interest rates of 7.41% (2006: 7.46%) per annum and 7.39% (2006: 7.42%) respectively .

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

28. DEFERRED TAXATION

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
At 1 January	33,536,045	-	1,251	-
Acquisition of a subsidiary (Note 13(b))	-	27,718,687	-	-
Recognised in income statement (Note 8)	14,622,039	5,817,358	3,082	1,251
At 31 December	48,158,084	33,536,045	4,333	1,251
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	48,158,084	33,536,045	4,333	1,251

The components and movements prior to offsetting of deferred tax liabilities and assets of the Group and of the Company during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2007	33,997,814
Recognised in income statement	20,183,009
At 31 December 2007	54,180,823
At 1 January 2006	-
Acquisition of a subsidiary	27,721,987
Recognised in income statement	6,275,827
At 31 December 2006	33,997,814

28. DEFERRED TAXATION (CONTD.)

Deferred tax assets of the Group:

	Provision for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2007	(461,769)	-	(461,769)
Recognised in income statement	(1,717,484)	(3,843,486)	(5,560,970)
At 31 December 2007	(2,179,253)	(3,843,486)	(6,022,739)
At 1 January 2006	-	-	-
Acquisition of a subsidiary	(3,300)	-	(3,300)
Recognised in income statement	(458,469)	-	(458,469)
At 31 December 2006	(461,769)	-	(461,769)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2007	1,251
Recognised in income statement	3,082
At 31 December 2007	4,333
At 1 January 2006	-
Recognised in income statement	1,251
At 31 December 2006	1,251

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

	Group 2007 RM	2006 RM
Unutilised tax losses	171,367	-
Unabsorbed capital allowances	32,759	-
	204,126	-

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM171,367 (2006: RMNil) and RM32,759 (2006: RMNil) respectively are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

29. 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 (2006: 30 to 60 days).

30. OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Due to vendors of vessels	-	9,536,850	-	-
Accrued expenses	12,240,482	2,386,869	7,667,524	-
Sundry payables	2,959,681	698,805	69,692	73,733
	15,200,163	12,622,524	7,737,216	73,733

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

31. 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:

	2007	2006
	RM	RM
Future rental payments:		
Not later than 1 year	73,325	39,827
Later than 1 year and not later than 5 years	16,250	33,527
	89,575	73,354

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

31. 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:

	2007 RM	2006 RM
Not later than 1 year	87,315,338	92,948,608
Later than 1 year and not later than 5 years	93,524,778	38,477,514
Later than 5 years	98,987,368	48,979,614
	279,827,484	180,405,736

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

32. CAPITAL COMMITMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchase of vessels:				
- Approved and contracted for	352,540,413	260,680,000	-	-

33. CONTINGENT LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Unsecured:				
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	253,782,864	286,329,913
Performance bond guarantee extended to third parties	4,134,940	6,208,034	-	-
Bank guarantees extended to third parties	560,800	560,800	-	-

34. RELATED PARTY DISCLOSURES

(a) 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	2007	2006
		RM	RM
GROUP			
Holding company:			
Acquisition of subsidiaries		-	66,558,440
An associate:			
Charter hire income of vessels	(i)	7,785,855	14,652,525
Ship agency fees incurred	(ii)	1,356,704	1,597,030

	2007	2006
	RM	RM
COMPANY		
Subsidiaries:		
Management fees from subsidiaries	4,850,937	-
Dividend income from a subsidiary	2,920,000	3,600,000
ESOS costs charged to subsidiaries	1,755,643	3,212,318
Advances to subsidiaries for working capital purposes	-	14,716,614

34. RELATED PARTY DISCLOSURES (CONTD.)

(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.

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in Note 16.

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.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	6,839,428	6,190,442	4,153,324	274,479
Contributions to defined contribution plan - EPF	398,964	455,314	143,766	-

Included in the total key management personnel compensation are:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 5)	5,685,042	4,054,725	3,801,990	274,479

34. RELATED PARTY DISCLOSURES (CONTD.)

(b) Compensation of key management personnel (Contd.)

Executive directors of the Group and the Company and other members of key management have been granted number of options under the ESOS:

	Group and Company	
	2007	**2006**
	RM	**RM**
At 1 January	13,565,400	-
Granted	175,000	13,720,000
Exercised	(1,978,100)	(154,600)
Bonus issue	4,410,862	-
Share split	16,173,162	-
Granted	950,000	-
Exercised	(30,000)	-
At 31 December	33,266,324	13,565,400

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 21).

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 25. 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.

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:

	Group	
	2007	**2006**
	RM	**RM**
Trade receivables		
- United States Dollars	43,588,979	21,634,039
- Singapore Dollars	104,907	405,670
Trade payables		
- United States Dollars	21,262,162	25,585,015
- Singapore Dollars	2,015,297	1,463,998
- Euro	8,797	-
Borrowings		
- United States Dollars	123,980,059	130,425,294

(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 has significant exposure to a few large customers and as such a concentration of credit risks, where the potential for default is however expected to be minimal as the customers are of high creditworthiness and of international reputation.

(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:

	2007		2006	
Group	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial Liabilities				
Term loans (Note 25)	67,724,997	66,526,289	98,432,259	95,658,838
RCCSLS (Note 26)	26,854,321	26,086,094	27,722,521	26,044,925
Hire purchase and finance lease liabilities (Note 27)	1,348,271	1,224,828	1,305,227	1,225,469

35. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Value (Contd.)

	2007 Carrying amount RM	2007 Fair value RM	2006 Carrying amount RM	2006 Fair value RM
Company				
Financial liability				
Hire purchase and finance lease liabilities (Note 27)	197,042	182,269	220,755	202,433

It is not practical to estimate the fair values of the investments in subsidiaries 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.

36. 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 in the normal course of business and have been 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.

36. 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.

36. SEGMENTAL INFORMATION (CONTD.)

	Offshore Support Vessel and Services RM	Underwater Services RM	Others RM	Eliminations RM	Total RM
31 December 2007					
Revenue					
Sales to external customers	229,445,703	18,423,641	2,030,813	-	249,900,157
Inter segment sales	616,537	301,537	10,207,641	(11,125,715)	-
Total revenue	230,062,240	18,725,178	12,238,454	(11,125,715)	249,900,157
Results					
Segment results	83,412,185	7,325,264	4,756,810	(6,791,465)	88,702,794
Finance costs	(20,142,918)	(124,675)	(34,465)	-	(20,302,058)
Share of results of a jointly entity	-	-	-	122,105	122,105
Profit before tax	63,269,267	7,200,589	4,722,345	(6,669,360)	68,522,841
Income tax expense					(12,516,323)
Profit for the year					56,006,518
31 December 2007					
Assets					
Segment assets	708,925,467	8,537,693	818,088	14,663,522	732,944,770
Investment in a jointly controlled entity	751,249	-	-	562,298	1,313,547
Intangible assets	-	-	-	1,166,620	1,166,620
Unallocated assets	165,721,784	25,210,613	517,250,284	(457,007,603)	251,175,078
Total assets	875,398,500	33,748,306	518,068,372	(440,615,163)	986,600,015
Liabilities					
Segment liabilities	137,086,746	2,032,878	300,369,267	4,596,782	444,085,673
Unallocated liabilities	552,502,219	23,327,637	120,935,252	(457,007,620)	239,757,488
Total liabilities	689,588,965	25,360,515	421,304,519	(452,410,838)	683,843,161
Other segment information:					
Capital expenditure	735,978,925	9,430,690	1,011,059	-	746,420,674
Depreciation	21,701,723	1,046,090	190,016	-	22,937,829
Other significant non-cash expenses:					
Provision for doubtful debts	8,276,569	2,676	7,142	-	8,286,387
Share options granted under ESOS	1,111,310	448,538	3,563,895	-	5,123,743

36. SEGMENTAL INFORMATION (CONTD.)

	Offshore Support Vessel and Services RM	Underwater Services RM	Others RM	Eliminations RM	Total RM
31 December 2006					
Revenue					
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)	-
Total revenue	133,434,457	23,707,371	1,591,659	(7,572,395)	151,161,092
Results					
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	34,620,637	2,401,186	5,049,741	18,781,710	60,853,274
Income tax expense					(10,832,428)
Profit for the year					50,020,846
31 December 2006					
Assets					
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
Total assets	550,218,319	26,119,456	19,571,410	(31,206,339)	564,702,846
Liabilities					
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
Total liabilities	409,748,476	23,240,729	512,369	(42,971,422)	390,530,152
Other segment information:					
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

37. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial year except for the following:

(a) On 1 January 2008, AMLI incorporated a wholly-owned subsidiary namely Alam Subsea Pte. Ltd. ("Alam Subsea") in the Republic of Singapore with an issued and paid-up capital of SGD2.00 divided into two (2) ordinary shares of SGD1.00 each. The intended principal activity of Alam Subsea is to provide integrated marine services to the oil and gas companies.

(b) On 16 January 2008, AMSB, a wholly-owned subsidiary of the Company, acquired 153,000 ordinary shares of RM1.00 each, representing 51% of the issued and paid-up capital of KJ Waja Engineering (M) Sdn. Bhd. ("KJ Waja") for a total cash consideration of RM382,500. KJ Waja has an issued and paid-up share capital of RM300,000 divided into 300,000 ordinary chares of RM1.00 each.

    The principal activities of KJ Waja are the provision of ship repair and maintenance, labour supply, marine spare parts and services.