Ernst & Young

Alam Maritim Resources Berhad
(700849-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2008

Ernst & Young
AF : 0039

700849-K

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Contents | **Page**

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 2008.

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	80,307,714	5,370,107
Attributable to:		
Equity holders of the Company	78,237,395	5,370,107
Minority interests	2,070,319	-
	80,307,714	5,370,107

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 Note 37 to the financial statements.

Dividends

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM
In respect of the financial year ended 31 December 2007, as reported in the directors' report of that year:	
First and final dividend of 0.50 sen per share less 26% taxation on 492,427,626 shares, paid on 28 August 2008	1,821,982

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 2% less 25% taxation (0.38 sen net per ordinary share) on 492,845,986 ordinary shares, amounting to a dividend payable of RM1,848,172 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 2009.

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.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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 RM0.25 Each →			
	At 1.1.2008	Acquired	Sold	At 31.12.2008
The Company				
Direct interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	618,750	-	(118,750)	500,000
Dato' Mohamad Idris bin Mansor	275,000	-	-	275,000
Haji Ab Wahab bin Haji Ibrahim	396,000	-	-	396,000
Azmi bin Ahmad	2,179,474	-	(1,000,000)	1,179,474
Shaharuddin bin Warno @ Rahmad	3,524,674	-	(1,000,000)	2,524,674
Mohd Abd Rahman bin Mohd Hashim	44,550	1,260,874	-	1,305,424
Ab Razak bin Hashim	770,000	1,259,600	(470,000)	1,559,600
Ahmad Hassanudin bin Ahmad Kamaluddin	812,500	660,000	(1,471,250)	1,250

	← Number of Ordinary Shares of RM0.25 Each →			
	At 1.1.2008	Acquired	Sold	At 31.12.2008
The Company				
Indirect interest:				
Azmi bin Ahmad	259,778,090	2,000,000	-	261,778,090
Shaharuddin bin Warno @ Rahmad	259,778,090	2,000,000	-	261,778,090
Mohd Abd Rahman bin Mohd Hashim	259,778,090	2,000,000	-	261,778,090
Ab Razak bin Hashim	259,778,090	2,000,000	-	261,778,090

Directors' interests (cont'd.)

	Number of Options Over Ordinary Shares of RM0.25 Each			
	At 1.1.2008	**Acquired**	**Sold**	**At 31.12.2008**
The Company				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	1,618,750	-	-	1,618,750
Dato' Mohamad Idris bin Mansor	935,000	-	-	935,000
Haji Ab Wahab bin Haji Ibrahim	935,000	-	-	935,000
Azmi bin Ahmad	5,358,925	-	-	5,358,925
Shaharuddin bin Warno @ Rahmad	5,358,925	-	-	5,358,925
Mohd Abd Rahman bin Mohd Hashim	5,358,925	-	(1,260,874)	4,098,051
Ab Razak bin Hashim	5,358,925	-	(1,000,000)	4,358,925
Ahmad Hassanudin bin Ahmad Kamaluddin	2,805,000	-	(660,000)	2,145,000

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM121,322,253 to RM123,211,497 by way of the issuance of 7,556,974 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise prices ranging from RM0.60 to RM1.53 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 by-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2006. The ESOS was implemented on 20 July 2006 and is to be in force for a period of 5 years from date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 22 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 holders of 5,000,000 or more options as at 31 December 2008.

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.

Other statutory information (Cont'd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

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

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(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.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Significant events

The significant events during the financial year are disclosed in Note 13 and Note 14 to the financial statements.

Subsequent events

There were no material events subsequent to the end of the current financial year.

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 27 March 2009.

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid

Azmi bin Ahmad

700849-K

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid and Azmi bin Ahmad, being two of the directors of Alam Maritim Resources Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 11 to 96 are drawn up in accordance with the applicable Financial Reporting Standards and provisions of the Companies Act, 1965 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 2008 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 27 March 2009.

Dato' Captain Ahmad Sufian @ Qurnain 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 11 to 96 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 27 March 2009

Md Nasir bin Noh

Before me,

PESURUHJAYA SUMPAH
No: W 480
R. VASUGI AMMAL, PJK
MALAYSIA

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700849-K

Independent auditors' report to the members of Alam Maritim Resources Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Alam Maritim Resources Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 96.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ernst & Young

700849-K

Independent auditors' report to the members of Alam Maritim Resources Berhad (cont'd.)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2008 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

(c) We are satisfied that the accounts 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.

(d) The auditors' reports on the accounts 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim
No. 2607/12/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 March 2009

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Income statements
For the year ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM (Restated)	Company 2008 RM	Company 2007 RM
Revenue	3	322,854,213	242,446,044	9,007,750	8,850,937
Cost of sales		(176,021,239)	(145,381,830)	-	-
Gross profit		146,832,974	97,064,214	9,007,750	8,850,937
Other income		15,535,125	23,273,047	2,718,481	491,557
Employee benefits expense	4	(22,637,194)	(14,594,865)	(4,712,702)	(4,627,194)
Other expenses		(20,009,797)	(27,646,135)	(725,863)	(122,178)
Operating profit		119,721,108	78,096,261	6,287,666	4,593,122
Finance costs	6	(23,498,557)	(19,270,474)	(10,991)	(21,192)
Share of profit of jointly controlled entities		4,911,778	5,114,475	-	-
Share of loss of associates		(422,837)	-	-	-
Profit before tax	7	100,711,492	63,940,262	6,276,675	4,571,930
Income tax expense	8	(20,403,778)	(11,232,719)	(906,568)	(1,189,614)
Profit for the year		80,307,714	52,707,543	5,370,107	3,382,316
Attributable to:					
Equity holders of the Company		78,237,395	50,925,775	5,370,107	3,382,316
Minority interests		2,070,319	1,781,768	-	-
		80,307,714	52,707,543	5,370,107	3,382,316
Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	9	16.0	11.4		
Diluted (Sen)	9	15.1	10.6		

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

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Balance sheets as at 31 December 2008

	Note	Group 2008 RM	Group 2007 RM (Restated)	Company 2008 RM	Company 2007 RM
Assets					
Non-current assets					
Property, vessels and equipment	11	817,699,175	612,640,325	148,228	203,813
Intangible assets	12	1,949,538	1,166,620	-	-
Investments in subsidiaries	13	-	-	100,302,070	100,302,070
Investments in associates	14	21,667,949	-	-	-
Investments in jointly controlled entities	15	25,547,737	17,225,239	-	-
		866,864,399	631,032,184	100,450,298	100,505,883
Current assets					
Amount due from subsidiaries	16	-	-	653,647,552	421,660,041
Inventories	17	19,985,209	832,049	-	-
Trade receivables	18	199,584,982	108,891,333	-	-
Other receivables	20	46,568,165	26,093,726	-	12,852
Tax recoverable		2,688,782	772,098	1,166,447	4,697
Cash and bank balances	21	121,588,656	112,632,020	56,364,909	81,119,618
		390,415,794	249,221,226	711,178,908	502,797,208
Total assets		1,257,280,193	880,253,410	811,629,206	603,303,091
Equity and liabilities					
Equity attributable to equity holders of the company					
Share capital	23	123,211,497	121,322,253	123,211,497	121,322,253
Share premium	23	68,689,027	63,032,747	68,689,027	63,032,747
Other reserves	24	7,968,503	6,179,640	7,897,646	6,181,144
Retained profits	25	174,996,808	98,581,395	8,531,335	4,983,210
		374,865,835	289,116,035	208,329,505	195,519,354
Minority interests		5,329,854	3,062,516	-	-
Total equity		380,195,689	292,178,551	208,329,505	195,519,354

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Balance sheets as at 31 December 2008 (cont'd.)

	Note	Group 2008 RM	Group 2007 RM (Restated)	Company 2008 RM	Company 2007 RM
Non-current liabilities					
Borrowings	26	487,982,161	304,388,485	475,171,804	300,197,042
Deferred tax liabilities	28	66,396,703	47,998,292	-	4,333
		554,378,864	352,386,777	475,171,804	300,201,375
Current liabilities					
Borrowings	26	147,091,902	175,124,335	116,495,457	99,678,416
Trade payables	29	39,045,143	43,876,169	-	-
Other payables	30	134,880,729	14,675,397	11,632,440	7,737,216
Tax payable		1,687,866	2,012,181	-	166,730
		322,705,640	235,688,082	128,127,897	107,582,362
Total liabilities		877,084,504	588,074,859	603,299,701	407,783,737
Total equity and liabilities		1,257,280,193	880,253,410	811,629,206	603,303,091

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 2008

	← Attributable to equity holders of the company →					Minority interests	Total equity
	← Non-distributable →			Distributable			
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) 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
Prior year adjustment (Note 37)	-	-	-	-	-	(8,301,328)	(8,301,328)
At 1 January 2007 (Restated)	81,269,241	30,748,238	3,504,883	49,466,612	164,988,974	882,392	165,871,366
Profit for the year	-	-	-	50,925,775	50,925,775	1,781,768	52,707,543
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(b))	-	-	-	-	-	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)	-	(1,810,992)
At 31 December 2007 (Restated)	121,322,253	63,032,747	6,179,640	98,581,395	289,116,035	3,062,516	292,178,551

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2008 (cont'd.)

	← Attributable to equity holders of the company				→	Minority interests	Total equity
	← Non-distributable		→	Distributable			
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained profits RM	Total RM	RM	RM
At 1 January 2008	121,322,253	63,032,747	6,179,640	98,581,395	289,116,035	13,640,819	302,756,854
Prior year adjustment (Note 37)	-	-	-	-	-	(10,578,303)	(10,578,303)
At 1 January 2008 (Restated)	121,322,253	63,032,747	6,179,640	98,581,395	289,116,035	3,062,516	292,178,551
Profit for the year	-	-	-	78,237,395	78,237,395	2,070,319	80,307,714
Issue of ordinary shares:							
Pursuant to ESOS	1,889,244	3,563,617	-	-	5,452,861	-	5,452,861
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	-	190,832	190,832
Share issued to minority interests	-	-	-	-	-	98,000	98,000
Share options granted under ESOS:							
- recognised in income statement (Note 4)	-	-	3,809,165	-	3,809,165	-	3,809,165
- exercised during the year	-	2,092,663	(2,092,663)	-	-	-	-
Foreign currency translation	-	-	72,361	-	72,361	48,240	120,601
Dividends (Note 10)	-	-	-	(1,821,982)	(1,821,982)	(140,053)	(1,962,035)
At 31 December 2008	123,211,497	68,689,027	7,968,503	174,996,808	374,865,835	5,329,854	380,195,689

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2008 (cont'd.)

Company	← Non-Distributable		→	Distributable	
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained profits RM	Total equity 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

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2008 (cont'd.)

Company	← Non-Distributable		→	Distributable	
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained profits RM	Total equity RM
At 1 January 2008	121,322,253	63,032,747	6,181,144	4,983,210	195,519,354
Profit for the year	-	-	-	5,370,107	5,370,107
Issue of ordinary shares:					
Pursuant to ESOS	1,889,244	3,563,617	-	-	5,452,861
Share options granted under ESOS:					
- recognised in income statement (Note 4)	-	-	3,809,165	-	3,809,165
- exercised during the year	-	2,092,663	(2,092,663)	-	-
Dividends (Note 10)	-	-	-	(1,821,982)	(1,821,982)
At 31 December 2008	123,211,497	68,689,027	7,897,646	8,531,335	208,329,505

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

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Cash flow statements
For the year ended 31 December 2008

	Group		Company	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
Cash flows from operating activities				
Profit before tax	100,711,492	63,940,262	6,276,675	4,571,930
Adjustments for:				
Interest income	(3,193,404)	(848,347)	(2,718,481)	(491,557)
Dividend income	-	-	(9,007,750)	(4,000,000)
Depreciation of property, vessels and equipment (Note 11)	27,206,012	21,776,836	55,585	55,585
Interest expense	23,498,557	19,270,474	10,991	21,192
Share options granted under ESOS (Note 4)	3,809,165	5,123,743	1,897,448	3,368,100
Provision for doubtful debts	426,159	8,294,771	-	-
Reversal of provision for doubtful debts	(7,790,021)	(8,384)	-	-
Net foreign exchange losses/(gain)	4,324,701	(6,224,532)	-	-
Vessel and equipment written off	-	13,278,110	-	-
Gain on disposal of property, plant and equipment	(3,264,731)	(23,881)	-	-
Amortisation of intangible assets	60,348	-	-	-
Unrealised profit on vessel disposed to an associate	2,804,147	-	-	-
Share of loss of associates	422,837	-	-	-
Share of profits of jointly controlled entities	(4,911,778)	(5,114,475)	-	-
Operating profit/(loss) before working capital changes	144,103,484	119,464,577	(3,485,532)	3,525,250
Changes in working capital:				
Increase in inventories	(19,153,160)	(791,807)	-	-
(Increase)/decrease in receivables	(103,156,535)	(33,707,517)	12,852	(12,852)

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Cash flow statements
For the year ended 31 December 2008 (cont'd.)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
		(Restated)		
Cash flows from operating activities (cont'd.)				
Increase in balances with a related company	-	-	22,095	(22,095)
Increase in payables	110,732,178	5,563,314	3,895,224	219,983
Cash generated from operations	132,525,967	90,528,567	444,639	3,710,286
Taxes paid	(4,283,220)	(1,120,951)	(2,239,381)	(1,080,000)
Interest paid	(23,498,557)	(19,270,474)	(21,309,503)	(1,891,028)
Net cash generated from/ (used in) operating activities	104,744,190	70,137,142	(23,104,245)	739,258
Cash flows from investing activities				
Purchase of property, vessels and equipment (Note 11)	(228,775,449)	(258,979,313)	-	-
Proceeds from disposal of property, vessels and equipment	-	61,588	-	-
Acquisition of subsidiaries (Note 13(a) and Note 13(b))	(356,425)	(878,412)	-	-
Additional investment in a jointly controlled entity (Note 14)	(3,410,720)	(542,939)	-	-
Investments in associates	(24,894,933)	-	-	-
Increase in amount due from subsidiaries	-	-	(210,700,103)	(393,940,131)
Internal development costs on diving equipment	(603,475)	-	-	-
Interest received	3,193,404	848,347	2,718,481	491,557
Dividends received	-	1,532,669	9,007,750	4,000,000
Net cash used in investing activities	(254,847,598)	(257,958,060)	(198,973,872)	(389,448,574)

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Cash flow statements
For the year ended 31 December 2008 (cont'd.)

	Group 2008 RM	Group 2007 RM (Restated)	Company 2008 RM	Company 2007 RM
Cash flows from financing activities (cont'd.)				
Proceeds from issuance of ordinary shares (Note 23)	5,452,861	69,890,039	7,364,578	69,890,039
Proceeds from MCP/MTNN	146,815,516	98,130,164	146,815,516	98,130,164
Repayment of MCP/MTN	(150,000,000)	-	(150,000,000)	-
Proceeds from Sukuk Ijarah MTN	200,000,000	300,000,000	200,000,000	300,000,000
Redemption of Sukuk Ijarah MTN	(5,000,000)	-	(5,000,000)	-
Proceeds from drawdown of term loans	10,285,457	-	-	-
Repayment of term loans	(968,364)	(236,929,689)	-	-
Proceeds from drawdown of revolving credits	52,352,650	112,539,860	-	-
Repayment of revolving credits	(94,885,750)	(65,470,951)	-	-
Repayment of hire purchase and lease financing (Note 27)	(741,959)	(349,627)	(34,704)	(22,188)
Share issued to minority interest	98,000	-	-	-
Net cash released from/ (set aside) for collateral and sinking fund	(3,833,658)	3,488,719	-	-
Dividends paid	(1,962,035)	(1,810,992)	(1,821,982)	(1,810,992)
Net cash generated from financing activities	157,612,718	279,487,523	197,323,408	466,187,023

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Cash flow statements
For the year ended 31 December 2008 (cont'd.)

	Group		Company	
	2008	2007	2008	2007
	RM	RM (Restated)	RM	RM
Net increase in cash and cash equivalents	7,509,310	91,666,605	(24,754,709)	77,477,707
Cash and cash equivalents at beginning of year	98,315,547	6,648,942	81,119,618	3,641,911
Cash and cash equivalents at end of year (Note 21)	105,824,857	98,315,547	56,364,909	81,119,618

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

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 27 March 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the applicable Financial Reporting Standards in Malaysia ("FRSs") and the provisions of the Companies Act, 1965. 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 2008 as described fully in Note 2.3.

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

2. Significant accounting policies (cont'd.)

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 (cont'd.)

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

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

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) Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. 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(c).

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.

(c) Associates

Associates are entities 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.

2. Significant accounting policies (cont'd.)

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

(c) Associates (cont'd.)

Investment in associates are 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.

The most recent available management accounts of the associates 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.

2. Significant accounting policies (cont'd.)

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

(d) Intangible assets

(i) 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 not amortised but instead, it 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.

(ii) Other intangible assets

Costs directly attributable to the development of design for deep sea remotely operated subsea vehicles and peripherals are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group's intention to complete, its ability to use or sell the asset, how the asset will generate future economic benefits, and the costs can be measured reliably. Such costs include payroll-related costs of employees directly involved in the project and other costs directly related to the project. Research costs are expensed as incurred.

Deferred development costs are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to the profit and loss account using the straight-line method over their estimated useful lives of five years.

(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.

2. Significant accounting policies (cont'd.)

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

(e) Property, vessels and equipment, and depreciation (cont'd.)

Vessels are depreciated in equal annual instalments calculated to reduce to residual value the cost of vessels over their estimated useful lives of 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 are not depreciated as the assets are not available for use.

Depreciation of property and 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:

Leasehold buildings	2 - 3%
Diving equipment	10%
Equipment on vessel	10%
Computers	33.3%
Office equipment	10%
Furniture and fittings	10%
Renovations	10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, vessels and equipment.

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

2. Significant accounting policies (cont'd.)

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

(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 and inventories 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 goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies (cont'd.)

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

(g) Impairment of non-financial assets (cont'd.)

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, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill 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 other than goodwill 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 other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(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.

2. Significant accounting policies (cont'd.)

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

(h) Financial instruments (cont'd.)

(i) Cash and cash equivalents

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

(ii) Trade and other receivables

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

(iii) Trade and other payables

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

(iv) Interest bearing loans and borrowings

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

(v) 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 (cont'd.)

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

(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 (cont'd.)

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

(j) Leases (cont'd.)

(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 (cont'd.)

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

(l) Income tax (cont'd.)

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.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. Significant accounting policies (cont'd.)

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

(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.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Employee Share Options Scheme ("ESOS")

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 (cont'd.)

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

(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. These 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

2. Significant accounting policies (cont'd.)

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

(o) Foreign currencies (Cont'd.)

(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.

(ii) Revenue from offshore installation and construction

Revenue relating to offshore installation and construction are recognised in accordance with the policy set out in Note 2(p) above.

2. Significant accounting policies (cont'd.)

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

(p) Revenue recognition (contd.)

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

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

(iv) Sales of diving equipment

Revenue from the sales of diving equipment is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

(v) Management fees

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

(vi) Interest income

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

(vii) Dividend income

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

2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies arising from adoption of new and revised financial reporting standards ("FRSs")

On 1 January 2008, the Company adopted the following revised FRSs and amendment to FRSs and Interpretations:

FRS 107 :	Cash Flow Statements
FRS 111 :	Construction Contracts
FRS 112 :	Income Taxes
FRS 118 :	Revenue
FRS 120 :	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 :	Interim Financial Reporting
FRS 137 :	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates- Net Investment in a Foreign Operation.
IC Interpretation 1:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7:	Applying the Restatement Approach under FRS 129 *- Financial Reporting in Hyperinflationary Economies*
IC Interpretation 8:	Scope of FRS 2

The revised FRSs, amendments to FRSs and Interpretations above do not have any signficant impact on the financial statements of the Company upon their initial application.

2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies arising from adoption of new and revised financial reporting standards ("FRSs") (cont'd.)

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

FRSs, amendments to FRSs and interpretations		Effective for financial periods beginning on or after
FRS 4:	Insurance Contracts	1 January 2010
FRS 7:	Financial Instruments: Disclosures	1 January 2010
FRS 8:	Operating Segments	1 July 2009
FRS 139:	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 :	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10:	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 8:	Scope of FRS 2	1 July 2008
IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2008

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

The other new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application.

2.4 Significant accounting estimates and judgements

(a) Critical judgement made in applying accounting policies

The following are the judgement 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.

Development costs

Development costs are capitalised in accordance with the accounting policy in note 2.2(d)(ii). Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed. The carrying amount of development costs capitalised at the balance sheet date is RM543,127.

2. Significant accounting policies (cont'd.)

2.4 Significant accounting estimates and judgements (cont'd.)

(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:

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	
	2008	2007	2008	2007
	RM	RM	RM	RM
Charter hire	244,926,927	206,729,696	-	-
Offshore installation and construction	26,027,449	7,331,803	-	-
Ship catering	4,961,856	9,692,579	-	-
Rental of equipment	13,797,667	10,625,480	-	-
Diving and underwater services	359,445	867,439	-	-
Other shipping related income	8,550,911	5,045,052	-	-
Sales of diving equipment	22,263,173	1,537,459	-	-
Dividend income from subsidiaries	-	-	9,007,750	4,000,000
Vessel's management fees	1,966,785	616,536	-	-
Management fees from subsidiaries	-	-	-	4,850,937
	322,854,213	242,446,044	9,007,750	8,850,937

4. Employee benefits expense

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Salaries, bonuses and allowances	14,011,747	6,225,348	2,596,727	1,165,933
Contributions to defined contribution plan - EPF	1,442,526	648,088	217,206	90,720
Social security contributions	61,873	28,630	1,240	1,085
Share options granted under ESOS (Note 23)	3,809,165	5,123,743	1,897,448	3,368,100
Other staff related expenses	3,311,883	2,569,056	81	1,356
	22,637,194	14,594,865	4,712,702	4,627,194

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,096,366 (2007: RM4,473,541) and RM4,096,366 (2007: RM3,591,459) as further disclosed in Note 5.

5. Directors' remuneration

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Executive directors' remuneration (Note 4):				
Fees	-	-	-	-
Other emoluments	3,977,866	4,286,541	3,977,866	3,404,459
	3,977,866	4,286,541	3,977,866	3,404,459
Non-executive directors remuneration (Note 7):				
Fees	119,380	102,000	102,000	72,000
Other emoluments	272,370	325,531	272,370	325,531
	391,750	427,531	374,370	397,531
Total directors remuneration	4,369,616	4,714,072	4,352,236	3,801,990
Estimated money value of benefits-in-kind	133,500	232,000	133,500	232,000
Total directors remuneration including benefits-in-kind	4,503,116	4,946,072	4,485,736	4,033,990

5. Directors' remuneration (cont'd.)

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive:				
Salaries and other emoluments	1,567,200	1,531,000	1,567,200	931,000
Bonus:				
- current year's provisions	528,600	320,714	528,600	133,000
Defined contribution plan - EPF	183,988	185,088	183,988	90,720
Share option granted under ESOS	1,686,078	2,249,739	1,686,078	2,249,739
Estimated money value of benefits-in-kind	118,500	187,000	118,500	187,000
Total executive directors' remuneration	4,084,366	4,473,541	4,084,366	3,591,459
Non-executive:				
Fees and other emoluments	180,380	145,500	163,000	115,500
Share option granted under ESOS	211,370	282,031	211,370	282,031
Estimated money value of benefits-in-kind	15,000	15,000	15,000	15,000
Total non-executive director's remuneration	406,750	442,531	389,370	412,531
Total directors' remuneration	4,491,116	4,916,072	4,473,736	4,003,990

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	
	2008	2007
Executive directors:		
RM200,000 - RM300,000	1	-
RM300,001 - RM400,000	-	1
RM400,001 - RM500,000	-	3
RM500,001 - RM600,000	2	1
RM600,001 - RM700,000	2	-

5. Directors' remuneration (cont'd.)

	Number of Directors	
	2008	2007
Non-executive directors:		
RM20,000 - RM30,000	-	1
RM30,001 - RM40,000	-	1
RM40,001 - RM50,000	1	-
RM50,001 - RM60,000	1	-
RM60,001 - RM70,000	1	-
RM100,000 - RM200,000	-	1

6. Finance costs

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest expense on:				
Term loans	5,031,208	13,014,935	-	-
Hire purchase and finance lease liabilities	114,106	86,696	10,991	21,192
MCP/MMTN	2,539,790	1,524,539	-	-
Sukuk Ijarah MTN	22,130,996	7,443,500	-	-
Other borrowings	4,343,408	2,566,961	-	-
	34,159,508	24,636,631	10,991	21,192
Less: Interest expense capitalised in qualifying assets- vessels under construction (Note 11)	(10,660,951)	(5,366,157)	-	-
Net finance expense	23,498,557	19,270,474	10,991	21,192

7. Profit before tax

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
The following amounts have been stated after charging/(crediting):				
Non-executive directors' remuneration (Note 5)	391,750	427,531	374,370	397,531
Auditors' remuneration:				
Auditors of the Company:				
- statutory audits	129,293	108,000	25,000	23,000
- other services	-	143,950	-	138,950
Other auditors	54,313	21,791	-	-
Operating leases:				
- lease payments for premises	82,026	155,429	-	-
- lease payments for survey equipment	5,667,155	496,621	-	-
- lease payments for tugs/barges	1,968,210	87,582	-	-
- lease payments for third party vessels	51,332,767	73,642,246	-	-
Depreciation of property, vessels and equipment (Note 11)	27,206,012	21,776,836	55,585	55,585
Provision for doubtful debts	426,159	8,294,771	-	-
Amortisation of intangible assets	60,348	-	-	-
Net foreign exchange losses/(gain)	4,324,701	(6,224,532)	(12,500)	-
Vessel and equipment written off	-	13,278,110	-	-
Reversal of provision for doubtful debts	(7,790,021)	(8,384)	-	-
Interest income	(3,193,404)	(848,347)	(2,473,131)	(491,557)
Insurance claim on loss of a vessel	-	(13,300,000)	-	-
Gain on disposal of property, plant and equipment	(3,264,731)	(23,881)	-	-

8. Income tax expense

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	283,196	2,717,664	-	1,246,729
Foreign tax	1,276,953	22,940	-	-
Under/(over) provision in prior year				
Malaysian income tax	430,502	(6,441,002)	910,901	(60,197)
Foreign tax	9,383	3,556	-	-
	2,000,034	(3,696,842)	910,901	1,186,532
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	20,312,147	11,785,937	(4,167)	-
Relating to change in tax rates	(1,699,162)	(1,222,160)	(166)	(168)
(Over)/underprovision in prior year	(209,241)	4,365,784	-	3,250
	18,403,744	14,929,561	(4,333)	3,082
	20,403,778	11,232,719	906,568	1,189,614

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

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

8. Income tax expense (cont'd.)

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	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	100,711,492	63,940,262	6,276,675	4,571,930
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	26,184,988	17,263,871	1,631,936	1,234,421
Effect of income subject to tax rate of 20%	(30,000)	(35,000)	-	-
Different tax rates in other countries	(750,405)	(39,855)	-	-
Effect of income not subject to tax	(3,625,501)	(3,290,724)	(2,342,015)	-
Effect of expenses not deductible for tax purposes	720,734	580,925	519,550	12,308
Effect of change in tax rates on opening balance of deferred tax	(2,511,116)	(1,222,160)	(166)	(168)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	193,817	50,880	186,362	-
Under/(over) provision of income tax in prior year	430,502	(6,441,002)	910,901	(60,197)
(Over)/underprovision of of deferred tax in prior year	(209,241)	4,365,784	-	3,250
Income tax expense for the year	20,403,778	11,232,719	906,568	1,189,614

9. Earnings per share

(a) Basic

Basic earnings per share amounts 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.

	2008 RM	2007 RM
Profit attributable to ordinary equity holders of the Company	78,237,395	50,925,775
Weighted average number of ordinary shares in issue	488,602,183	447,144,113
Basic earnings per share (Sen)	16.0	11.4

(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.

	2008 RM	2007 RM
Profit attributable to ordinary equity holders of the Company	78,237,395	50,925,775
Weighted average number of ordinary shares in issue	488,602,183	447,144,113
Effects of dilution from share options granted to employees	28,704,832	34,837,879
Adjusted weighted average number of ordinary shares in issue and issuable	517,307,015	481,981,992
Diluted earnings per share (Sen)	15.1	10.6

10. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2008	2007	2008	2007
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend of 0.50 sen less 26% taxation, on 492,427,626 ordinary shares	-	1,821,982	1,821,982	-
First and final dividend of 1.50 sen less 27% taxation, on 165,387,432 ordinary shares	-	-	-	1,810,992

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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 2008									
Cost									
At 1 January 2008	2,410,000	462,632,938	11,168,181	17,658,713	2,627,519	1,537,062	2,338,485	169,661,936	670,034,834
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	174,227	164,756	62,169	-	401,152
Additions	1,128,600	-	7,009,328	4,218,105	1,450,204	2,348,844	682,687	260,444,604	277,282,372
Reclassification	-	174,728,956	-	13,287,440	-	-	-	(188,016,396)	-
Disposals	-	-	-	-	-	(28,934)	-	-	(28,934)
Transfer to an associated company	-	(45,230,252)	-	-	-	-	-	-	(45,230,252)
Exchange differences	-	-	-	-	-	18,872	2,041	-	20,913
At 31 December 2008	3,538,600	592,131,642	18,177,509	35,164,258	4,251,950	4,040,600	3,085,382	242,090,144	902,480,085

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

11. Property, vessels and equipment (cont'd.)

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 2008									
Accumulated depreciation									
At 1 January 2008	158,753	44,705,126	6,139,664	3,982,518	1,374,043	705,015	329,390	-	57,394,509
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	108,603	59,597	8,270	-	176,470
Charge for the year	83,468	19,264,926	3,473,618	2,842,520	820,703	469,123	251,654	-	27,206,012
Disposals	-	-	-	-	-	(1,306)	-	-	(1,306)
Exchange differences	-	-	-	-	-	3,831	1,394	-	5,225
At 31 December 2008	242,221	63,970,052	9,613,282	6,825,038	2,303,349	1,236,260	590,708	-	84,780,910
Net carrying amount									
At 31 December 2008	3,296,379	528,161,590	8,564,227	28,339,220	1,948,601	2,804,340	2,494,674	242,090,144	817,699,175

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

11. Property, vessels and equipment (cont'd.)

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 (restated)	2,410,000	375,851,738	9,501,176	13,706,522	2,326,749	919,417	748,475	21,154,970	426,619,047
Acquisition of a subsidiary (Note 13(b))	-	-	-	-	-	125,106	7,878	-	132,984
Additions	-	23,120,055	3,499,902	4,659,115	491,570	499,669	1,582,132	225,608,111	259,460,554
Disposals	-	-	-	-	(190,800)	-	-	-	(190,800)
Write-off	-	(13,440,000)	(1,832,897)	(706,924)	-	(7,130)	-	-	(15,986,951)
Reclassification	-	77,101,145	-	-	-	-	-	(77,101,145)	-
At 31 December 2007	2,410,000	462,632,938	11,168,181	17,658,713	2,627,519	1,537,062	2,338,485	169,661,936	670,034,834

11. Property, vessels and equipment (cont'd.)

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	29,378,056	4,712,189	2,549,448	1,119,631	433,042	182,298	-	38,453,084
Acquisition of a subsidiary (Note 13(b))	-	-	-	-	-	23,568	2,955	-	26,523
Charge for the year	80,333	16,091,756	3,221,692	1,577,712	407,505	253,701	144,137	-	21,776,836
Disposals	-	-	-	-	(153,093)	-	-	-	(153,093)
Write-off	-	(764,686)	(1,794,217)	(144,642)	-	(5,296)	-	-	(2,708,841)
At 31 December 2007	158,753	44,705,126	6,139,664	3,982,518	1,374,043	705,015	329,390	-	57,394,509
Net carrying amount									
At 31 December 2007	2,251,247	417,927,812	5,028,517	13,676,195	1,253,476	832,047	2,009,095	169,661,936	612,640,325

11. Property, vessels and equipment (cont'd.)

Company	Motor vehicles RM	Total RM
31 December 2008		
Cost		
At 1 January/31 December	277,926	277,926
Accumulated depreciation		
At 1 January 2008	74,113	74,113
Charge for the year	55,585	55,585
At 31 December 2008	129,698	129,698
Net carrying amount		
At 31 December 2008	148,228	148,228
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

11. Property, vessels and equipment (cont'd.)

(a) Included in the Group's additions for the year are property, vessels and equipment of RM1,450,204 (2007:RM491,570) which 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Motor vehicles	1,948,601	1,253,476	148,228	203,813

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 26 and Note 27 are as follows:

	Group	
	2008 RM	2007 RM
Leasehold buildings	2,170,914	2,251,247
Vessels	528,161,590	417,927,812
	530,332,504	420,179,059

(c) The strata titles for the leasehold buildings with a net carrying amount of RM2,170,914 (2007:RM2,251,247) have not been issued by the relevant authorities.

(d) As disclosed in Note 6, interest expense capitalised in relation to vessels under construction during the financial year, for the Group amounted to RM10,660,951 (2007: RM5,366,157).

12. Intangible assets

	Goodwill on consolidation RM	Development costs RM	Total RM
Group			
Cost			
At 1 January 2007	-	-	-
Acquisition of a subsidiary (Note 13(b))	1,166,620	-	1,166,620
At 31 December 2007/1 January 2008	1,166,620	-	1,166,620
Acquisition of a subsidiary (Note 13(a))	183,878	-	183,878
Internal development during the year	-	603,475	603,475
Exchange differences	55,913	-	55,913
At 31 December 2008	1,406,411	603,475	2,009,886
Accumulated amortisation and impairment			
At 1 January/31 December 2007/ 1 January 2008	-	-	-
Charge for the year	-	60,348	60,348
At 31 December 2008	-	60,348	60,348
Net carrying amount			
At 31 December 2007	1,166,620	-	1,166,620
At 31 December 2008	1,406,411	543,127	1,949,538

(a) Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's Cash-Generating Unit ("CGU") identified according to business segment as follows:

	Underwater services RM	Offshore support vessels and services RM	Total RM
At 31 December 2008	1,222,533	183,878	1,406,411
At 31 December 2007	1,166,620	-	1,166,620

12. Intangible assets (cont'd.)

(a) Impairment tests for goodwill (cont'd.)

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	
	2008	**2007**
	RM	**RM**
Unquoted shares, at cost	100,302,070	100,302,070

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

13. Investments in subsidiaries (cont'd.)

Details of subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Group's Effective Interest 2008 %	2007 %
(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 Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	Offshore facilities construction and installation and underwater services	70	70
Alam Offshore Services & Logistics Sdn. Bhd. ("AOLSB")	Malaysia	Transportation, ship forwarding and agent, ship chandeling and other related activities	100	100
KJ Waja Engineering Sdn. Bhd. ("KJWE")	Malaysia	Ship repair & maintenance, ship spare supply and other related services	51	-
KJ Waja Services Sdn. Bhd. ("KJSSB")	Malaysia	Ship spare supply and other related services	51	-

13. Investments in subsidiaries (cont'd.)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Group's Effective Interest 2008 %	2007 %
(ii) Held through AMSB (cont'd.):				
Alam Food Industries (M) Sdn. Bhd. ("AFI")	Malaysia	Catering & messing services	100	-
(iii) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") *	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	60	60
Alam Brompton (L) Inc. ("ABLI")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	- **	100
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV Services	100	-

* Audited by firms other than Ernst & Young

** On 2 January 2008, AMLI entered into Joint Venture Agreement ("JVA") and Shareholders Agreement ("SA") with Brompton Investments Pte. Ltd. which set out the conduct of the ABLI's affairs. Subsequently, pursuant to the JVA and SA, ABLI increased its issued and paid-up share capital from USD100 to USD675,049 whereby AMLI and Brompton Investments Pte. Ltd. subscribed for 344,150 and 330,899 respectively. Accordingly, the investment in ABLI was reclassified from investments in subsidiaries to investment in jointly controlled entites.

13. Investments in subsidiaries (cont'd.)

(a) Acquisition of subsidiary - 31 December 2008

On 16 January 2008, the Company through its 100% wholly-owned subsidiary, AMSB had acquired 51% equity interest in KJWE, a company incorporated in Malaysia.

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

	2008 RM
Revenue	3,322,833
Profit for the year	102,198

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

	Fair value recognised on acquisition RM
Property and equipment (Note 11)	224,681
Deferred tax assets (Note 28)	5,550
Trade and other receivables	647,692
Cash and bank balances	26,075
	903,998
Trade and other payables	(382,332)
Borrowings	(90,025)
Provision for taxation	(42,187)
	(514,544)
Fair value of net assets	389,454
Less: Minority interests	(190,832)
Group's share of net assets	198,622
Goodwill arising on acquisition	183,878
Purchase consideration satisfied by cash	382,500

There were no other cash flow implications on the acquisition except for the cash and cash equivalents of subsidiary acquired totalling to RM356,425.

Subsequently, on 1 April 2008, KJWE increased its issued and paid-up share capital from RM300,000 to RM500,000. Pursuant to the increase in share capital, the Company through its 100% wholly-owned subsidiary, AMSB subscribed for an additional 102,000 ordinary shares of RM1.00 each in KJWE.

13. Investments in subsidiaries (cont'd.)

(b) Acquisition of 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:

	Fair value recognised on acquisition 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.

14. Investments in associates

	Group 2008 RM	2007 RM
Unquoted shares, at cost	24,894,933	-
Share of post-acquisition reserves	(422,837)	-
Share of unrealised profit on vessel disposed to an associate	(2,804,147)	-
	21,667,949	-

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2008 %	2007 %
(i) Held through AMLI				
Alam-PE Holdings (L) Inc. ("ALAM-PE(H)")	Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	49	-
Subsidiaries of ALAM-PE(H):				
Alam-PE I (L) Inc ("ALAM-PE I")	Malaysia	Ship owning, operating and chartering	49	-
Alam-PE II (L) Inc ("ALAM-PE II")	Malaysia	Ship owning, operating and chartering	49	-
Alam-PE III (L) Inc ("ALAM-PE III")	Malaysia	Ship owning, operating and chartering	49	-
Alam-PE IV (L) Inc ("ALAM-PE IV")	Malaysia	Ship owning, operating and chartering	49	-
Alam-PE V (L) Inc ("ALAM-PE V")	Malaysia	Ship owning, operating and chartering	49	-

14. Investments in associates (cont'd.)

The summarised financial information of the associates are as follows:

	2008 RM	2007 RM
Assets and liabilities		
Current assets	147,092	-
Non-current assets	51,333,819	-
Total assets	51,480,911	-
Current liabilities	10,084,710	-
Non-current liabilities	42,258,800	-
	52,343,510	-
Results		
Revenue	326,666	-
Loss for the year	(862,934)	-

15. Investment in jointly controlled entities

	Group 2008 RM	Group 2007 RM
Unquoted shares, at cost	14,065,900	10,655,180
Share of post-acquisition reserves	11,481,837	6,570,059
	25,547,737	17,225,239

Details of the jointly controlled entities are as follows:

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of Ownership Interest 2008 %	Proportion of Ownership Interest 2007 %
(i) Held through AMSB:				
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	Malaysia	Ship owning, operating and chartering	60	-
Alam Synergy I (L) Inc. ("AS I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	-

15. Investment in jointly controlled entities (cont'd.)

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of Ownership Interest 2008 %	2007 %
(i) Held through AMSB (cont'd.):				
Alam Synergy II (L) Inc. ("AS II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	-
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	-
(ii) Held through AMLI:				
Workboat International FZCO ("Workboat")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine	60	-
Alam Brompton (L) Inc. ("ABLI")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	51	-

15. Investment in jointly controlled entities (cont'd.)

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

	2008 RM	2007 RM
Assets and liabilities		
Current assets	16,986,065	9,186,663
Non-current assets	96,473,738	72,129,298
Total assets	113,459,803	81,315,961
Current liabilities	(20,014,046)	(9,141,935)
Non-current liabilities	(67,898,020)	(54,948,787)
Total liabilities	(87,912,066)	(64,090,722)
Results		
Revenue	32,585,025	21,955,307
Expenses, including finance costs and taxation	(27,673,247)	(16,840,832)

16. Amount due from subsidiaries

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM24,670,786 (2007: RM8,986,039) which bears interest rate between 3.75% per annum and 5.63% per annum (2007: between 3.75% per annum and 5.3% per annum).

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

17. Inventories

	Group	
	2008 RM	2007 RM
Cost		
Raw materials	2,169,117	421,836
Work-in-progress	17,800,774	410,213
Spare parts	15,318	-
	19,985,209	832,049

18. Trade receivables

	Group 2008 RM	Group 2007 RM
Third parties	167,577,337	82,980,901
Accrued charter hire income	29,644,907	19,010,626
Accrued catering and messing income	-	517,219
Construction contracts:		
Due from a customer on contract	3,467,500	14,808,198
	200,689,744	117,316,944
Less: Provision for doubtful debts	(1,104,762)	(8,425,611)
Trade receivables, net	199,584,982	108,891,333

The Group's normal trade credit term ranges from 30 to 90 days (2007: 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.

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

19. Due from a customer on contract

	Group 2008 RM	Group 2007 RM
Construction contract costs incurred to date	26,685,028	26,685,028
(Foreseeable losses)/attributable profit	(11,340,698)	-
	15,344,330	26,685,028
Less: Progress billings	(11,876,830)	(11,876,830)
	3,467,500	14,808,198

20. Other receivables

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Amount due from related parties:				
Jointly controlled entities	21,782,736	3,563,867	-	-
An associated company	5,900,267	-	-	-
	27,683,003	3,563,867	-	-
Deposits	3,590,830	1,802,547	-	11,352
Prepayments	4,044,839	3,525,804	-	-
Insurance claims	-	15,272,599	-	-
Sundry receivables	11,480,860	2,160,276	-	1,500
	46,799,532	26,325,093	-	12,852
Less: Provision for doubtful debts	(231,367)	(231,367)	-	-
Receivables, net	46,568,165	26,093,726	-	12,852

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

21. Cash and cash equivalents

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash on hand and at banks	110,097,775	105,051,006	56,364,909	81,119,618
Deposits with licensed banks	11,490,881	7,581,014	-	-
Cash and bank balances	121,588,656	112,632,020	56,364,909	81,119,618
Bank overdrafts (Note 26)	(4,349,127)	(6,735,459)	-	-
Amounts set aside as sinking fund	(5,050,531)	(4,000,000)	-	-
Amounts set aside as margin deposits for bank guarantee facilities	(6,364,141)	(3,581,014)	-	-
Total cash and cash equivalents	105,824,857	98,315,547	56,364,909	81,119,618

The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2008 are 3.80% (2007: 3.80%) and 1,825 days (2007: 2,190 days) respectively.

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

22. 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.

(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%

22. Employee benefits (cont'd.)

Employee share options scheme ("ESOS") (cont'd.)

(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.

(f) In the event of any alteration in the capital structure of the Company, whether by way of issue of new shares credited as fully paid up from capitalisation of profit or reserve, capitalisation issues, rights issues, reduction, subdivision or consolidation of capital or any other variation of capital:

(i) the Exercise Price; and/or

(ii) the number of new shares comprised in the Option so far as unexercised;

shall be adjusted accordingly.

22. Employee benefits (cont'd.)

Employee share options scheme ("ESOS") (cont'd.)

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

	Number of share options								
	Outstanding at 1.1.2008	Movements during the year: Granted	Exercised	Bonus issue	Share split	Granted	Exercised	Outstanding at 31.12.2008	Exercisable at 31.12.2008
2008									
2008 Options	-	1,260,000	(64,000)	-	-	-	-	1,196,000	377,000
2007 Options	3,280,563	-	-	-	-	-	(452,175)	2,828,388	513,575
2006 Options	52,777,775	-	-	-	-	-	(7,040,799)	45,736,976	5,835,508
2007									
2007 Options	-	1,295,000	(8,750)	482,344	1,768,594	-	(256,625)	3,280,563	253,500
2006 Options	22,120,100	-	(2,906,700)	7,205,025	26,418,425	-	(59,075)	52,777,775	589,932

22. Employee benefits (cont'd.)

Employee share options scheme ("ESOS") (cont'd.)

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

	Weighted average exercise price RM	Exercise period
2008		
2006 Options	0.66	20.07.2006 - 19.07.2011
2007 Options	4.03	20.07.2007 - 19.07.2011
2008 Options	1.79	20.07.2008 - 19.07.2011
2007		
2006 Options	0.66	20.07.2006 - 19.07.2011
2007 Options	4.03	20.07.2007 - 19.07.2011

(ii) Share options exercised during the financial year

As disclosed in Note 23, options exercised during the financial year resulted in the issuance of 7,556,974 (2007: 3,231,150) ordinary shares at the exercise price between RM0.60 and RM1.53 (2007: RM3.87) each. The related weighted average share price at the date of exercise was RM1.76 (2007: RM4.74).

(iii) Fair value of share options granted during the 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 19.7.2008	on 20.7.2007
Fair value of share options at the grant date	0.56	1.60
Weighted average share price (RM)	1.76	4.74
Exercise price (RM)	1.79	4.03
Expected volatility (%)	58.13	45.24
Expected life (years)	2.50	3.50
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.

23. 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/RM0.25 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 22)	3,231,150	1,536,650	3,692,818	5,229,468
Pursuant to bonus issue	62,045,224	31,022,612	(31,022,612)	-
Arising from share split	227,499,156	-	-	-
Issued for cash	29,975,000	7,493,750	58,151,500	65,645,250
Transaction costs	-	-	(984,679)	(984,679)
ESOS exercised during the year	-	-	2,447,482	2,447,482
	485,289,012	121,322,253	63,032,747	184,355,000
Ordinary shares of RM0.25 each:				
At 1 January 2008	485,289,012	121,322,253	63,032,747	184,355,000
Pursuant to ESOS (Note 22)	7,556,974	1,889,244	3,563,617	5,452,861
ESOS exercised during the year	-	-	2,092,663	2,092,663
At 31 December 2008	492,845,986	123,211,497	68,689,027	191,900,524

23. Share capital and share premium (cont'd.)

	Number of ordinary shares		Amount	
	2008	2007	2008 RM	2007 RM
Authorised share capital				
Ordinary shares of RM0.50 each:				
At 1 January	-	500,000,000	250,000,000	250,000,000
Arising from share split	-	(500,000,000)	-	(250,000,000)
At end 31 December	-	-	250,000,000	-
Ordinary shares of RM0.25 each:				
At 1 January	1,000,000,000	-	250,000,000	-
Arising from share split	-	1,000,000,000	-	250,000,000
At end 31 December	1,000,000,000	1,000,000,000	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 2008

During the financial year, the Company issued 7,556,974 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.60 to RM1.53 per ordinary share.

31 December 2007

(a) Ordinary shares issued pursuant to bonus issue

During the financial 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 financial 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.

23. Share capital and share premium (cont'd.)

31 December 2007 (cont'd.)

(c) Ordinary shares issued for cash

During the financial 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.

24. Other reserves

	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 January 2007	3,504,883	-	3,504,883
Foreign currency translation	-	(1,504)	(1,504)
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)
At 31 December 2007	6,181,144	(1,504)	6,179,640
At 1 January 2008	6,181,144	(1,504)	6,179,640
Foreign currency translation	-	72,361	72,361
Share options granted under ESOS:			
Recognised in income statement (Note 4)	3,809,165	-	3,809,165
Exercised during the year	(2,092,663)	-	(2,092,663)
At 31 December 2008	7,897,646	70,857	7,968,503

24. Other reserves (cont'd.)

	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Company			
At 1 January 2007	3,504,883	-	3,504,883
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)
At 31 December 2007	6,181,144	-	6,181,144
At 1 January 2008	6,181,144	-	6,181,144
Share options granted under ESOS:			
Recognised in income statement (Note 4)	3,809,165	-	3,809,165
Exercised during the year	(2,092,663)	-	(2,092,663)
At 31 December 2008	7,897,646	-	7,897,646

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.

25. Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 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 dividends 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 did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM8,531,335 (2007: RM4,881,494) out of its retained earnings. If the balance of the retained earnings of RMNil (2007: RM101,716) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

26. Borrowings

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 21)	4,349,127	1,823,152	-	-
Term loans	948,435	901,453	-	-
MCP/MMTN	116,470,219	99,654,703	116,470,219	99,654,703
Hire purchase and finance lease liabilities (Note 27)	324,121	299,620	25,238	23,713
	122,091,902	102,678,928	116,495,457	99,678,416
Unsecured:				
Revolving credits	25,000,000	67,533,100	-	-
Bank overdrafts (Note 21)	-	4,912,307	-	-
	25,000,000	72,445,407	-	-
	147,091,902	175,124,335	116,495,457	99,678,416

26. Borrowings (Cont'd.)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Long term borrowings				
Secured:				
Term loans	10,685,677	3,040,214	-	-
Sukuk Ijarah MTN	475,000,000	300,000,000	475,000,000	300,000,000
Hire purchase and finance lease liabilities (Note 27)	2,296,484	1,348,271	171,804	197,042
	487,982,161	304,388,485	475,171,804	300,197,042
Total borrowings				
Bank overdrafts (Note 21)	4,349,127	6,735,459	-	-
Revolving credits	25,000,000	67,533,100	-	-
Term loans	11,634,112	3,941,667	-	-
MCP/MMTN	116,470,219	99,654,703	96,470,219	99,654,703
Sukuk Ijarah MTN	475,000,000	300,000,000	475,000,000	300,000,000
Hire purchase and finance lease liabilities (Note 27)	2,620,605	1,647,891	197,042	220,755
	635,074,063	479,512,820	571,667,261	399,875,458

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

	Group	
	2008	2007
	RM	RM
Not later than 1 year	146,767,781	174,824,715
Later than 1 year not later than 2 years	32,731,757	20,948,435
Later than 2 years not later than 5 years	205,279,794	90,543,637
Later than 5 years	247,674,126	191,548,142
	632,453,458	477,864,929

26. Borrowings (cont'd.)

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

	Group	
	2008	2007
	%	%
Bank overdrafts	8.25	5.00
Revolving credits	8.13	6.01
Term loans	5.65	6.49
MCP/MMTN	4.40	3.80
Sukuk Ijarah MTN	4.92	5.05

Bank overdrafts:

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 21.

Term loans:

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

26. Borrowings (cont'd.)

MCP/MMTN and Sukuk Ijarah MTN Facility

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.

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 5.63% per annum (2007: 4.46% to 5.30% per annum).

The amounts recognised in respect of the MCP/MMTN is analysed as follows:

	Group and Company	
	2008	2007
	RM	RM
MCP/MMTN		
Nominal value	100,000,000	100,000,000
Less: Discount	(4,714,547)	(1,869,836)
Net proceeds from issuance of MCP/MMTN	95,285,453	98,130,164
Amortisation of discount	1,184,766	1,524,539
Total amount included within borrowings	96,470,219	99,654,703

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

27. Hire purchase and finance lease liabilities

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Future minimum lease payments:				
Not later than 1 year	445,248	380,067	34,704	34,704
Later than 1 year and not later than 2 years	445,248	287,640	34,704	34,704
Later than 2 years and not later than 5 years	1,154,097	557,472	69,408	69,408
Later than 5 years	1,038,775	702,568	92,545	127,237
Total future minimum lease payments	3,083,368	1,927,747	231,361	266,053
Less: Future finance charges	(462,763)	(279,856)	(34,319)	(45,298)
Present value of finance lease liabilities (Note 26)	2,620,605	1,647,891	197,042	220,755
Analysis of present value of finance lease liabilities:				
Not later than 1 year	324,121	299,620	25,238	23,713
Later than 1 year and not later than 2 years	335,059	223,710	26,762	25,238
Later than 2 years and not later than 5 years	967,759	469,230	58,099	55,049
Later than 5 years	993,666	655,331	86,943	116,755
	2,620,605	1,647,891	197,042	220,755
Less: Amount due within 12 months (Note 26)	(324,121)	(299,620)	(25,238)	(23,713)
Amount due after 12 months (Note 26)	2,296,484	1,348,271	171,804	197,042

The Group's and the Company's hire purchase and finance lease liabilities bears weighted average effective interest rates of 7.67% (2007: 7.41%) per annum and 8.24% (2007: 7.39%) respectively .

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

28. Deferred taxation

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
At 1 January	47,998,292	33,068,158	4,333	1,251
Acquisition of a subsidiary (Note 13(a))	(5,550)	-	-	-
Recognised in income statement (Note 8)	18,403,744	14,929,561	(4,333)	3,082
Exchange differences	217	573	-	-
At 31 December	66,396,703	47,998,292	-	4,333

Presented after appropriate offsetting as follows:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Deferred tax liabilities	66,396,703	47,998,292	-	4,333

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 2008	54,037,294
Recognised in income statement	17,572,348
Exchange differences	535
At 31 December 2008	71,610,177
At 1 January 2007	33,529,927
Acquisition of a subsidiary (Note 13(b))	10,196
Recognised in income statement	20,492,469
Exchange differences	4,702
At 31 December 2007	54,037,294

28. Deferred taxation (cont'd.)

Deferred tax assets of the Group:

	Provision for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2008	(2,185,320)	(3,853,682)	(6,039,002)
Acquisition of a subsidiary (Note 13(a))	-	(5,550)	(5,550)
Recognised in income statement	2,059,278	(1,227,882)	831,396
Exchange differences	-	(318)	(318)
At 31 December 2008	(126,042)	(5,087,432)	(5,213,474)
At 1 January 2007	(461,769)	-	(461,769)
Acquisition of a subsidiary (Note 13(b))	-	(6,067)	(6,067)
Recognised in income statement	(1,723,551)	(3,839,357)	(5,562,908)
Exchange differences	-	(8,258)	(8,258)
At 31 December 2007	(2,185,320)	(3,853,682)	(6,039,002)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2008	4,333
Recognised in income statement	(4,333)
At 31 December 2008	-
At 1 January 2007	1,251
Recognised in income statement	3,082
At 31 December 2007	4,333

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

	Group 2008 RM	Group 2007 RM
Unutilised tax losses	26,643	171,367
Unabsorbed capital allowances	-	32,759
	26,643	204,126

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM26,643 (2007: RM171,367) and RMNil (2007: RM32,759) 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 (2007: 30 to 60 days).

30. Other payables

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Amount due to related parties:				
Jointly controlled entities	12,436,948	1,754,401	-	-
An associated company	76,243,113	-	-	-
	88,680,061	1,754,401	-	-
Due to vendors of vessels	14,511,000	-	-	-
Accrued expenses	14,654,180	6,936,383	11,610,330	7,667,524
Deposits from customers	13,204,033	3,028,389		
Sundry payables	3,831,455	2,956,224	22,110	69,692
	134,880,729	14,675,397	11,632,440	7,737,216

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.

31. Operating lease arrangements (cont'd.)

(a) The Group as lessee (cont'd.)

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:

	2008 RM	2007 RM
Future rental payments:		
Not later than 1 year	1,757,845	73,325
Later than 1 year and not later than 5 years	44,304	16,250
	1,802,149	89,575

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

(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:

	2008 RM	2007 RM
Not later than 1 year	143,221,102	72,871,767
Later than 1 year and not later than 5 years	213,535,232	93,524,778
Later than 5 years	104,331,564	98,987,368
	461,087,898	265,383,913

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	
	2008 RM	2007 RM
Capital expenditure		
Approved and contracted for		
Purchase of vessels	380,592,800	307,144,366
Purchase of land	8,405,987	-

33. Contingent liabilities

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Unsecured:				
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	176,304,800	253,782,864
Performance bond guarantee extended to third parties	5,520,576	4,134,940	-	-
Bank guarantees extended to third parties	466,000	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	2008 RM	2007 RM
Group			
Jointly controlled entities:			
Charter hire of vessels	(i)	31,718,285	7,785,855
Mobilisation fees of vessels	(i)	2,277,077	-
Vessel management fees from jointly controlled entities	(ii)	1,966,785	616,536
Associates:			
Transfer of vessel to an associated company		45,230,252	-
Company			
Subsidiaries:			
Management fees from subsidiaries		-	4,850,937
Dividend income from subsidiaries		9,007,750	2,920,000
ESOS costs charged to subsidiaries		1,911,717	1,755,643

34. Related party disclosures (cont'd.)

(i) The charter hire expense and mobilisation fees paid to jointly controlled entities 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.

(ii) The vessel management fees received from jointly controlled entities 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 2008 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	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short term employee benefits	8,747,618	6,839,428	4,495,496	4,153,324
Contributions to defined contribution plan - EPF	600,651	398,964	217,206	143,766

Included in the total key management personnel compensation are:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors' remuneration (Note 5)	4,369,616	4,714,072	4,352,236	3,801,990

34. Related party disclosures (cont'd.)

(b) Compensation of key management personnel (cont'd.)

In aggregate, Executive directors of the Group and the Company and other members of key management have been granted number of options under the ESOS as follows:

	Group and Company	
	2008	2007
	RM	RM
At 1 January	42,653,637	17,512,400
Granted	690,000	505,000
Exercised	(5,366,362)	(5,608,751)
Bonus issue	-	6,481,069
Share split	-	23,763,919
At 31 December	37,977,275	42,653,637

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 22).

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 26. 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 (cont'd.)

(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:

Functional currencies of Group Companies	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies United States Dollars RM	Singapore Dollars RM	Euro RM
At 31 December 2008			
Ringgit Malaysia	44,652,402	(1,471,119)	(8,797)
Singapore Dollars	(139,162)	-	-
	44,513,240	(1,471,119)	(8,797)
At 31 December 2007			
Ringgit Malaysia	(36,052,283)	(1,910,390)	(8,797)
Singapore Dollars	(18,344)	-	-
	(36,070,627)	(1,910,390)	(8,797)

(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 (cont'd.)

(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:

Group	2008 Carrying amount RM	2008 Fair value RM	2007 Carrying amount RM	2007 Fair value RM
Financial Liabilities				
Term loans (Note 26)	10,685,677	10,402,383	3,040,214	3,010,216
Hire purchase and finance lease liabilities (Note 27)	2,296,484	2,117,972	1,348,271	1,224,828

35. Financial instruments (cont'd.)

(f) Fair value (contd.)

	2008		2007	
Company	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial liability				
Hire purchase and finance lease liabilities (Note 27)	171,804	156,698	197,042	182,269

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 and designing, manufacturing and operating of remotely operated vehicles ("ROVs").

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 (cont'd.)

(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 (cont'd.)

	Offshore support vessel and services RM	Underwater services RM	Others RM	Eliminations RM	Total RM
31 December 2008					
Revenue					
Sales to external customers	258,987,124	64,934,050	1,419,356	-	325,340,530
Inter segment sales	-	6,058,684	11,213,257	(19,758,258)	(2,486,317)
Total revenue	258,987,124	70,992,734	12,632,613	(19,758,258)	322,854,213
Results					
Segment results	109,383,646	19,849,705	6,377,183	(15,889,426)	119,721,108
Finance costs	(23,369,469)	(104,274)	(24,814)	-	(23,498,557)
Share of results of associates	(422,837)	-	-	-	(422,837)
Share of results of jointly controlled entities	4,911,778	-	-	-	4,911,778
Profit before tax	90,503,118	19,745,431	6,352,369	(15,889,426)	100,711,492
Income tax expense					(20,403,778)
Profit for the year					80,307,714
31 December 2008					
Assets					
Segment assets	773,980,993	31,752,569	1,033,153	10,932,460	817,699,175
Investment in an associate	24,894,933	-	-	(3,226,984)	21,667,949
Investment in jointly controlled entities	14,065,900	-	-	11,481,837	25,547,737
Intangible assets	183,878	599,040	-	1,166,620	1,949,538
Unallocated assets	433,197,702	72,626,552	712,245,732	(827,654,192)	390,415,794
Total assets	1,246,323,406	104,978,161	713,278,885	(807,300,259)	1,257,280,193
Liabilities					
Segment liabilities	73,054,697	2,357,292	495,382,476	3,584,399	574,378,864
Unallocated liabilities	946,113,770	82,682,621	108,878,680	(834,969,431)	302,705,640
Total liabilities	1,019,168,467	85,039,913	604,261,156	(831,385,032)	877,084,504
Other segment information:					
Capital expenditure	797,754,971	33,530,123	203,813	-	831,488,907
Depreciation	24,353,400	2,355,206	497,406	-	27,206,012
Other significant non-cash expenses:					
Provision for doubtful debts	-	426,159	-	-	426,159
Share options granted under ESOS	1,210,117	488,444	2,110,604	-	3,809,165

36. Segmental information (cont'd.)

31 December 2007

	Offshore support vessel and services RM	Underwater services RM	Others RM	Eliminations RM	Total RM
Revenue					
Sales to external customers	221,991,590	18,423,641	2,030,813	-	242,446,044
Inter segment sales	-	301,537	10,207,641	(10,509,178)	-
Total revenue	221,991,590	18,725,178	12,238,454	(10,509,178)	242,446,044
Results					
Segment results	72,805,652	7,325,264	4,756,810	(6,791,465)	78,096,261
Finance costs	(19,111,334)	(124,675)	(34,465)	-	(19,270,474)
Share of results of jointly controlled entities	-	-	-	5,114,475	5,114,475
Profit before tax	53,694,318	7,200,589	4,722,345	(1,676,990)	63,940,262
Income tax expense					(11,232,719)
Profit for the year					52,707,543

31 December 2007

	Offshore support vessel and services RM	Underwater services RM	Others RM	Eliminations RM	Total RM
Assets					
Segment assets	589,206,451	8,537,693	818,088	14,078,093	612,640,325
Investment in jointly controlled entities	10,655,180	-	-	6,570,059	17,225,239
Intangible assets	-	-	-	1,166,620	1,166,620
Unallocated assets	158,449,996	25,210,613	517,250,284	(451,689,667)	249,221,226
Total assets	758,311,627	33,748,306.	518,068,372	(429,874,895)	880,253,410
Liabilities					
Segment liabilities	45,547,642	2,037,007	300,369,267	4,432,861	352,386,777
Unallocated liabilities	543,118,674	36,423,378	107,835,382	(451,689,352)	235,688,082
Total liabilities	588,666,316	38,460,385	408,204,649	(447,256,491)	588,074,859
Other segment information:					
Capital expenditure	621,140,001	9,430,690	1,011,059	-	631,581,750
Depreciation	20,564,298	1,046,090	166,448	-	21,776,836
Other significant non-cash expenses:					
Provision for doubtful debts	8,284,953	2,676	7,142	-	8,294,771
Share options granted under ESOS	1,111,310	448,538	3,563,895	-	5,123,743

37. Prior year adjustment

Prior to 1 January 2008, AESB, AS I, AS II and AS III ("Companies") being Companies in which the Alam Maritim Resources Berhad Group holds 60% shareholding were classified as subsidiaries by virtue of the control the Group exercised over these companies.

During the year, the Board of Directors of Alam Maritim Resources Berhad, having considered the terms of the Joint Venture Agreements with the Group's Joint Venture Partner, GMV-Alam (M) Sdn. Bhd., which set out the conduct of the Companies' affairs, concluded that it is more appropriate to classify the investments as jointly controlled entities as the Group does not have absolute control over their financial management and operations.

As a result, the Group reclassified these Companies as jointly controlled entities and the results of these Companies have been de-consolidated and accounted for under the equity method in accordance with the Group's accounting policy set out in Note 2.2(b) and the comparative amounts of the Group as at previous financial year have been therefore restated as follows:

	Group	
	2008	**2007**
	RM	**RM**
Effects on total equity:		
As at 1 January, as previously stated	302,756,854	174,172,694
Adjustments:		
Profits attributable to minority interests prior to 1 January 2007	(8,301,328)	(8,301,328)
Profits attributable to minority interests in financial year ended 2007	(2,276,975)	-
As at 1 January, as restated	292,178,551	165,871,366

37. Prior year adjustment (cont'd.)

The following comparative amounts of the Group have been restated to reflect the reclassification of the companies as jointly controlled entities:

	As previously stated RM	Adjustments RM	As restated RM
Income statements:			
Revenue	249,900,157	(7,454,113)	242,446,044
Cost of sales	(148,740,331)	3,358,501	(145,381,830)
Gross profit	101,159,826	(4,095,612)	97,064,214
Other income	31,312,611	(8,039,564)	23,273,047
Employee benefits expense	(14,614,865)	20,000	(14,594,865)
Other expenses	(29,154,778)	1,508,643	(27,646,135)
Operating profit	88,702,794	(10,606,533)	78,096,261
Finance costs	(20,302,058)	1,031,584	(19,270,474)
Share of profit of jointly controlled entities	122,105	4,992,370	5,114,475
Profit before tax	68,522,841	(4,582,579)	63,940,262
Income tax expense	(12,516,323)	1,283,604	(11,232,719)
Profit for the year	56,006,518	(3,298,975)	52,707,543
Attributable to:			
Equity holders of the Company	50,925,775	-	50,925,775
Minority interests	5,080,743	(3,298,975)	1,781,768
Balance sheet:			
Assets			
Non-current assets			
Property, vessels and equipment	732,944,770	(120,304,445)	612,640,325
Investment in jointly controlled entities	1,313,547	15,911,692	17,225,239
Current assets			
Other receivables	22,548,204	3,545,522	26,093,726
Tax recoverable	783,187	(11,089)	772,098
Cash and bank balances	118,120,305	(5,488,285)	112,632,020
Equity and liabilities			
Minority interests	13,640,819	(10,578,303)	3,062,516

37. Prior year adjustment (cont'd.)

	As previously stated RM	Adjustments RM	As restated RM
Balance sheet (cont'd.):			
Non-current liabilities			
Borrowings	395,927,589	(91,539,104)	304,388,485
Deferred tax liabilities	48,158,084	(159,792)	47,998,292
Current liabilities			
Borrowings	178,619,608	(3,495,273)	175,124,335
Trade payables	43,885,536	(9,367)	43,876,169
Other payables	15,200,163	(524,766)	14,675,397
Tax payable	2,052,181	(40,000)	2,012,181