EY
Building a better
working world

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

Directors' Report and Audited Financial Statements
31 December 2013

700849-K

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Contents

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 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/(loss) for the year	74,501,099	(1,672,517)
Profit/(loss) for the year attributable to:		
Owners of the parent	74,304,985	(1,672,517)
Non-controlling interests	196,114	-
	74,501,099	(1,672,517)

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.

Dividend

The amount of dividend paid by the Company since 31 December 2012 was as follows:

In respect of the financial year ended 31 December 2012:

	RM
A final tax exempt (single tier) dividend, of approximately 1% per ordinary shares of RM0.25 each.	1,996,987

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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' Haji Ab Wahab bin Haji Ibrahim
Datuk Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad
Mohd Abd Rahman bin Mohd Hashim
Ahmad Hassanudin bin Ahmad Kamaluddin
Fina Norhizah binti Haji Baharu Zaman
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid (resigned on 1 January 2014)

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 as further disclosed in Note 30 to the financial statements.

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 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interests

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

	Number of ordinary shares of RM0.25 each			
	At 1.1.2013	**Acquired**	**Sold**	**At 31.12.2013**
Direct interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	950,000	-	(650,000)	300,000
Dato' Haji Ab Wahab bin Haji Ibrahim	1,500	-	-	1,500
Datuk Azmi bin Ahmad	33,261	4,728,487	(2,469,000)	2,292,748
Shaharuddin bin Warno @ Rahmad	1,015,498	3,609,900	(3,015,498)	1,609,900
Mohd Abd Rahman bin Mohd Hashim	-	3,309,900	(3,309,900)	-

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Directors' interests (cont'd.)

	Number of ordinary shares of RM0.25 each			
	At 1.1.2013	**Acquired**	**Sold**	**At 31.12.2013**
Direct interest: (cont'd.)				
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	-	-	1,875
Fina Norhizah binti Haji Baharu Zaman	-	64,000	(64,000)	-
Indirect interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	5,000	-	(5,000)	-
Datuk Azmi bin Ahmad	355,646,061	-	(7,030,000)	348,616,061
Shaharuddin bin Warno @ Rahmad	355,415,436	-	(7,000,000)	348,415,436
Mohd Abd Rahman bin Mohd Hashim	355,415,436	-	(7,000,000)	348,415,436
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750	-	-	123,750

	Number of options over ordinary shares of RM0.25			
	At 1.1.2013	**Granted**	**Exercised**	**At 31.12.2013**
Datuk Azmi bin Ahmad	8,038,387	-	(4,728,487)	3,309,900
Shaharuddin bin Warno @ Rahmad	3,309,900	-	(3,309,900)	-
Mohd Abd Rahman bin Mohd Hashim	3,309,900	-	(3,309,900)	-

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM196,802,315 to RM200,324,434 by way of issuance of 14,088,474 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.44 to RM1.07 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.

Subsequent events

Details of subsequent events are disclosed in Note 38A to the financial statements.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position 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 values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts 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) At the date of this report, there does not exist:

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

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

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Other statutory information (cont'd)

(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.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2014.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk 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' Haji Ab Wahab bin Haji Ibrahim and Datuk Azmi bin Ahmad, being two of the directors of Alam Maritim Resources Berhad, state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 114 are drawn up, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 115 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2014.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Soffan Affendi bin Aminudin, being the officer primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 115 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, Soffan Affendi bin Aminudin at Kuala Lumpur in the Federal Territory on 23 April 2014.

KUALA LUMPUR
WILAYAH PERSEKUTUAN

Soffan Affendi bin Aminudin

Before me,

PESURUHJAYA SUMPAH
No. W 393
DATO' HJ [illegible] MOHD YUNOS
D[illegible], PJK, PSM, JP.
MALAYSIA

Kiosk 2, Aras G
Kompleks KDN. WP. KUALA LUMPUR
Jalan Sri Hartamas 1,
60480 Kuala Lumpur

EY
Building a better working world

Ernst & Young AF:0039
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

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 statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 10 to 114.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgement, 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 entity's preparation of financial statements that give true and fair view 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 entity'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.

700849-K

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") 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 financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

EY
Building a better working world

700849-K

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

Other reporting responsibilities

The supplementary information set out in Note 40 to the financial statements on page 115 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Mohd Sukarno bin Tun Sardon
No. 1697/03/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 April 2014

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	447,397,406	502,389,636	-	-
Cost of sales	4	(354,718,676)	(444,419,667)	-	-
Gross profit		92,678,730	57,969,969	-	-
Other income	5	19,020,302	7,081,523	17,646,897	22,265,425
Employee benefits expense	6	(31,767,265)	(24,722,156)	(402,717)	(496,567)
Other expenses		(23,555,746)	(18,808,445)	(883,210)	(396,428)
Operating profit		56,376,021	21,520,891	16,360,970	21,372,430
Finance costs	8	(30,238,035)	(27,075,739)	(17,273,726)	(21,889,504)
Share of results of associates		22,483,809	21,039,110	-	-
Share of results of joint ventures		30,039,683	40,434,054	-	-
Profit/(loss) before tax	9	78,661,478	55,918,316	(912,756)	(517,074)
Income tax (expense)/ credit	10	(4,160,379)	(210,090)	(759,761)	25,427
Profit/(loss) for the year		74,501,099	55,708,226	(1,672,517)	(491,647)

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2013 (cont'd.)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		677,972	411,483	-	-
Total comprehensive income for the year		75,179,071	56,119,709	(1,672,517)	(491,647)
Profit/(loss) attributable to:					
Owners of the parent		74,304,985	58,264,371	(1,672,517)	(491,647)
Non-controlling interests		196,114	(2,556,145)	-	-
		74,501,099	55,708,226	(1,672,517)	(491,647)
Total comprehensive income attributable to:					
Owners of the parent		74,982,957	58,617,145	(1,672,517)	(491,647)
Non-controlling interests		196,114	(2,497,436)	-	-
		75,179,071	56,119,709	(1,672,517)	(491,647)
Earnings per share attributable to owners of the parent:					
Basic (Sen)	11	9.4	7.4		
Diluted (Sen)	11	9.2	7.4		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2013

	Note	2013 RM	2012 RM
Group			
Assets			
Non-current assets			
Property, vessels and equipment	13	545,535,482	543,327,617
Intangible assets	14	1,512,611	1,533,408
Investments in associates	16	132,361,166	116,525,569
Interests in joint ventures	17	151,808,908	121,856,726
Deferred tax assets	27	11,562,405	20,383,132
Deposits with licensed banks	22	-	11,573,811
Trade receivables	20	1,182,638	7,486,145
		843,963,210	822,686,408
Current assets			
Inventories	19	3,752,481	8,239,400
Trade receivables	20	264,025,585	192,374,365
Other receivables	21	236,538,173	155,168,257
Tax recoverable		3,246,366	3,033,884
Cash and bank balances	22	135,187,316	118,116,479
		642,749,921	476,932,385
Total assets		1,486,713,131	1,299,618,793

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2013 (cont'd.)

	Note	2013 RM	2012 RM
Group (cont'd.)			
Equity and liabilities			
Current liabilities			
Borrowings	25	311,309,120	213,829,176
Trade payables	28	205,110,572	67,530,369
Other payables	29	30,429,511	55,727,283
Tax payable		64,491	467,015
		546,913,694	337,553,843
Net current assets		95,836,227	139,378,542
Non-current liabilities			
Borrowings	25	251,033,484	346,482,343
Deferred tax liabilities	27	81,679,942	87,603,409
		332,713,426	434,085,752
Total liabilities		879,627,120	771,639,595
Net assets		607,086,011	527,979,198
Equity attributable to owners of the parent			
Share capital	23	200,324,434	196,802,315
Share premium	23	33,206,711	24,095,508
Other reserves	24(a)	(3,184,471)	774,467
Retained earnings	24(b)	376,210,466	303,902,468
		606,557,140	525,574,758
Non-controlling interests		528,871	2,404,440
Total equity		607,086,011	527,979,198
Total equity and liabilities		1,486,713,131	1,299,618,793

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2013 (cont'd.)

	Note	2013 RM	2012 RM
Company			
Assets			
Non-current assets			
Property, vessels and equipment	13	233,191	323,459
Investment in subsidiaries	15	100,302,070	100,302,070
		100,535,261	100,625,529
Current assets			
Amounts due from subsidiaries	18	416,370,628	488,860,451
Amounts due from related parties	21	3,120	3,120
Other receivables	21	-	55,836
Tax recoverable		-	954,786
Cash and bank balances	22	32,324,395	42,904,388
		448,698,143	532,778,581
Total assets		549,233,404	633,404,110
Equity and liabilities			
Current liabilities			
Borrowings	25	78,048,641	122,834,400
Other payables	29	6,088,313	8,887,844
		84,136,954	131,722,244
Net current assets		364,561,189	401,056,337

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2013 (cont'd.)

	Note	2013 RM	2012 RM
Company (cont'd.)			
Non-current liabilities			
Borrowings	25	230,271,070	270,311,711
Total liabilities		314,408,024	402,033,955
Net assets		234,825,380	231,370,155
Equity attributable to owners of the parent			
Share capital	23	200,324,434	196,802,315
Share premium	23	33,206,711	24,095,508
Other reserves	24(a)	158,752	5,667,345
Retained earnings	24(b)	1,135,483	4,804,987
Total equity		234,825,380	231,370,155
Total equity and liabilities		549,233,404	633,404,110

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2013

	Attributable to owners of the parent						
	Non-distributable			Distributable			
Group	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24(a)) RM**	**Retained earnings (Note 24(b)) RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Opening balance at 1 January 2013	196,802,315	24,095,508	774,467	303,902,468	525,574,758	2,404,440	527,979,198
Total comprehensive income for the year	-	-	677,972	74,304,985	74,982,957	196,114	75,179,071
Transactions with owners:							
Dividend	-	-	-	(1,996,987)	(1,996,987)	-	(1,996,987)
Issue of ordinary shares pursuant to employee share options	3,522,119	9,111,203	(5,508,593)	-	7,124,729	-	7,124,729
Acquisition of non-controlling interests	-	-	871,683	-	871,683	(2,071,683)	(1,200,000)
Total transactions with owners	3,522,119	9,111,203	(4,636,910)	(1,996,987)	5,999,425	(2,071,683)	3,927,742
Closing balance at 31 December 2013	200,324,434	33,206,711	(3,184,471)	376,210,466	606,557,140	528,871	607,086,011

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2013 (cont'd.)

	← Attributable to owners of the parent →						
	← Non-distributable →			Distributable			
Group	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24(a)) RM**	**Retained earnings (Note 24(b)) RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Opening balance at 1 January 2012	196,802,315	24,095,508	421,693	245,638,097	466,957,613	4,901,876	471,859,489
Total comprehensive income for the year	-	-	352,774	58,264,371	58,617,145	(2,497,436)	56,119,709
Closing balance at 31 December 2012	196,802,315	24,095,508	774,467	303,902,468	525,574,758	2,404,440	527,979,198

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

700849-K

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2013 (cont'd.)

	Non-Distributable			Distributable	
Company	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24(a)) RM**	**Retained earnings (Note 24(b)) RM**	**Total equity RM**
At 1 January 2013	196,802,315	24,095,508	5,667,345	4,804,987	231,370,155
Total comprehensive income for the year	-	-	-	(1,672,517)	(1,672,517)
Transactions with owners:					
Dividend	-	-	-	(1,996,987)	(1,996,987)
Issue of ordinary shares pursuant to employee share options	3,522,119	9,111,203	(5,508,593)	-	7,124,729
Total transactions with owners	3,522,119	9,111,203	(5,508,593)	(1,996,987)	5,127,742
At 31 December 2013	200,324,434	33,206,711	158,752	1,135,483	234,825,380
At 1 January 2012	196,802,315	24,095,508	5,667,345	5,296,634	231,861,802
Total comprehensive income for the year	-	-	-	(491,647)	(491,647)
At 31 December 2012	196,802,315	24,095,508	5,667,345	4,804,987	231,370,155

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Operating activities				
Profit/(loss) before tax	78,661,478	55,918,316	(912,756)	(517,074)
Adjustments for:				
Interest income	(10,235,411)	(2,110,786)	(390,302)	(395,457)
Interest recharged to subsidiaries	-	-	(17,256,595)	(21,869,968)
Depreciation of property, vessels and equipment	42,742,596	36,951,426	90,268	90,268
Gain on disposal of property, vessels and equipment	(5,710,546)	(2,599,002)	-	-
Finance costs	30,238,035	27,075,739	17,273,726	21,889,504
Impairment loss on trade receivables	44,031	6,131,560	-	-
Reversal of impairment on trade receivables	(303,915)	(2,199,462)	-	-
Net unrealised foreign exchange gain	(390,653)	(460,772)	-	-
Amortisation of intangible assets	64,738	125,150	-	-
Share of results of associates	(22,483,809)	(21,039,110)	-	-
Share of results of joint ventures	(30,039,683)	(40,434,054)	-	-
Total adjustments	3,925,383	1,440,689	(282,903)	(285,653)
Operating cash flows before working capital changes	82,586,861	57,359,005	(1,195,659)	(802,727)

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2013 (cont'd.)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Operating activities (cont'd.)				
Changes in working capital:				
Decrease/(increase) in inventories	4,486,919	(1,984,691)	-	-
(Increase)/decrease in receivables	(144,795,232)	13,319,640	267,673	(113,264)
Increase/(decrease) in payables	120,616,142	31,289,738	(2,799,531)	1,023,748
Total changes in working capital	(19,692,171)	42,624,687	(2,531,858)	910,484
Cash flows from/ (used in) operations	62,894,690	99,983,692	(3,727,517)	107,757
Income tax (paid)/refund, net	(1,294,462)	(4,090,726)	195,025	-
Interest paid	(30,238,035)	(27,075,739)	(17,273,726)	(21,889,504)
Net cash flows from/(used in) operating activities	31,362,193	68,817,227	(20,806,218)	(21,781,747)
Investing activities				
Purchase of property, vessels and equipment	(147,379,542)	(27,944,537)	-	-
Acquisition of non-controlling interests	(1,200,000)	-	-	-
Proceeds from disposal of property, vessels and equipment	157,253	750,000	-	-
Investments in joint ventures	-	(2,883,823)	-	-
Decrease in amount due from subsidiaries	-	-	72,489,823	57,972,180
Interest received	10,235,411	2,110,786	17,646,897	22,265,425
Net cash flows (used in)/ from investing activities	(138,186,878)	(27,967,574)	90,136,720	80,237,605

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2013 (cont'd.)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Financing activities				
Proceeds from Murabahah Commercial Papers ("MCP")/ Murabahah Medium Term Notes ("MMTN")	60,000,000	-	60,000,000	-
Repayment of MCP/MMTN	(55,000,000)	(50,000,000)	(55,000,000)	(50,000,000)
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	(90,000,000)	(30,000,000)	(90,000,000)	(30,000,000)
Proceeds from drawdown of term loans	194,655,673	23,656,175	-	-
Repayment of term loans	(5,132,490)	(7,617,272)	-	-
Proceeds from drawdown of revolving credits	30,000,000	15,000,000	-	-
Repayments of revolving credits	(23,469,286)	-	-	-
Repayment of hire purchase and lease financing	(3,141,959)	(5,129,192)	(38,237)	(35,833)
Net cash repayment/(set aside) for marginal deposit	(3,994,016)	(2,656,990)	-	-
Net cash set aside for collateral and sinking fund	15,189,607	(20,272,452)	-	-
Dividends paid	(1,996,987)	-	(1,996,987)	-
Proceeds from issuance of ordinary shares	7,124,729	-	7,124,729	-
Net cash flows from/(used in) financing activities	124,235,271	(77,019,731)	(79,910,495)	(80,035,833)

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2013 (cont'd.)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net increase/(decrease) in cash and cash equivalents	17,410,586	(36,170,078)	(10,579,993)	(21,579,975)
Effect of exchange rate changes on cash and cash equivalent	(721,913)	(41,204)	-	-
Cash and cash equivalents at beginning of year	92,370,125	128,581,407	42,904,388	64,484,363
Cash and cash equivalents at end of year (Note 22)	109,058,798	92,370,125	32,324,395	42,904,388

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 2013

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at 38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company adopted new and revised MFRS, which are mandatory for the financial periods beginning on or after 1 January 2013 as disclosed in Note 2.2.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

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

2.2 Changes in accounting policies (cont'd.)

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. Adoption of MFRS 10 has no impact on the Group's financial position or performance.

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

2.2 Changes in accounting policies (cont'd.)

MFRS 11 Joint Arrangements (cont'd.)

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method. Adoption of MFRS 11 has no impact on the Group's financial position or performance.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

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

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

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

2.3 Standards and interpretations issued but not yet effective (cont'd.)

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

2.4 Basis of consolidation (cont'd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary’s cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

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

2.4 Basis of consolidation (cont'd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8(a).

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

2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders’ equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.6 Foreign currencies

(a) Functional and presentation currency

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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 in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

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

2.6 Foreign currencies (cont'd.)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, vessels and equipment, and depreciation

All items of property, vessels and equipment are initially recorded at cost. The cost of an item of property, vessels and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, vessels and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, vessels and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the vessels and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Vessels are depreciated in equal annual basis 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 ranging from 2.5 to 5 years.

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

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

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:

Long term leasehold land	99 years
Leasehold buildings	2% to 3%
Diving equipment	10%
Equipment on vessel	10%
Motor vehicles	20%
Computers	33.3%
Office equipment	10%
Furniture and fittings	10%
Renovations	10%

Assets under construction are not depreciated as the assets are not available for use.

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.

2.8 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group’s cash-generating units that are expected to benefit from the synergies of the combination.

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

2.8 Intangible assets (cont'd.)

(a) Goodwill (cont'd.)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

(b) 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.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:
(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

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

2.11 Investment in associates and joint ventures

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

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

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

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

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

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

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

2.11 Investment in associates and joint ventures (cont'd.)

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

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for 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.

2.12 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

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

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) The rights to receive cash flows from the asset have expired.

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

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

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The only category of the Group and of the Company is other financial liabilities.

Other financial liabilities

The Group’s and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

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

2.13 Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

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

2.13 Impairment of financial assets (cont'd.)

Financial assets carried at amortised cost (cont'd.)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group’s cash management. Cash and cash equivalents which are restricted in its use for more than twelve months are classified as non-current assets.

2.15 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 estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

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

2.15 Construction contracts (cont'd.)

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

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

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.

2.16 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.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

(a) Short term benefits

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

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

2.20 Employee benefits (cont'd.)

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) 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 reporting 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. Summary of significant accounting policies (cont'd.)

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income are set out in Notes 2.22(a) and 2.22(d).

2.22 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:

(a) Charter hire of vessels and other shipping related income

Charter hire of vessels and other shipping related income are recognised when the services are rendered and are 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 reporting date.

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

2.22 Revenue recognition (cont'd.)

(b) Revenue from offshore installation and construction

Revenue relating to offshore installation and construction are recognised in accordance with the policy set out in Note 2.15.

(c) Diving and sub-sea services

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

(d) Rental of equipment

Rental of equipment is recognised on a straight-line basis over the term of the lease.

(e) 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.

(f) Management fees

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

(g) Interest income

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

(h) Dividend income

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

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

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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

2.23 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

2.23 Income taxes (cont'd.)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

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

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

2.25 Share capital and share issuance expenses (cont'd.)

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Contingencies

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

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

3. Significant accounting judgements and estimates

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

(a) 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 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.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the Group's contractual entitlement to a debt, the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group’s trade receivable at the reporting date is disclosed in Note 20.

4. Revenue and cost of sales

Revenue

	Group 2013 RM	Group 2012 RM
Charter hire	234,626,175	207,360,107
Offshore installation and construction	34,615,386	238,328,644
Diving and sub-sea services	78,598,962	23,859,279
Rental of equipment	44,689,573	12,194,303
Other shipping related income	34,213,811	6,984,876
Vessel's management fees	13,734,426	9,954,093
Ship catering	6,454,189	3,268,821
Sales of diving equipment	464,884	439,513
	447,397,406	502,389,636

Cost of sales

The following employee benefit expenses have been included in arriving at cost of sales:

	Group 2013 RM	Group 2012 RM
Wages and allowances	46,843,357	45,455,997
Contributions to defined contribution plan - EPF	1,907,166	1,910,080
Social security contributions	140,129	140,350
	48,890,652	47,506,427

5. Other income

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest income	10,235,411	2,110,786	390,302	395,457
Realised gain on foreign exchange	688,303	1,732,014	-	-
Rental of premises	609,938	639,721	-	-
Gain on disposal of property, vessels and equipment	5,710,546	2,599,002	-	-
Interest recharged to subsidiaries	-	-	17,256,595	21,869,968
Dividend income	1,200,000	-	-	-
Other income	576,104	-	-	-
	19,020,302	7,081,523	17,646,897	22,265,425

6. Employee benefits expense

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Salaries, bonuses and allowances	25,079,281	18,634,763	341,500	476,065
Contributions to defined contribution plan - EPF	2,324,272	2,107,334	-	-
Social security contributions	117,769	135,550	-	-
Other staff related expenses	4,245,943	3,844,509	61,217	20,502
	31,767,265	24,722,156	402,717	496,567
Cost of sales (Note 4)	48,890,652	47,506,427	-	-
	80,657,917	72,228,583	402,717	496,567

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM4,163,831 (2012: RM3,586,477) as further disclosed in Note 7.

7. Directors' remuneration

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive directors' remuneration (Note 6):				
Fees	157,119	169,865	-	-
Other emoluments	4,006,712	3,416,612	-	-
	4,163,831	3,586,477	-	-
Non-executive directors' remuneration (Note 9):				
Fees	252,000	252,000	252,000	252,000
Other emoluments	114,250	100,000	114,250	100,000
	366,250	352,000	366,250	352,000
Total directors' remuneration (Note 35(b))	4,530,081	3,938,477	366,250	352,000
Estimated money value of benefits-in-kind	36,467	88,750	36,467	21,250
Total directors' remuneration including benefits-in-kind	4,566,548	4,027,227	402,717	373,250

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	3,492,119	3,000,265	-	-
Bonus	420,000	338,100	-	-
Defined contribution plan - EPF	251,712	248,112	-	-
Estimated money value of benefits-in-kind	-	67,500	-	-
Total executive directors' remuneration	4,163,831	3,653,977	-	-

7. Directors' remuneration (cont'd.)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-executive:				
Fees and other emoluments	366,250	352,000	366,250	352,000
Estimated money value of benefits-in-kind	36,467	21,250	36,467	21,250
Total non-executive directors' remuneration	402,717	373,250	402,717	373,250
Total directors' remuneration	4,566,548	4,027,227	402,717	373,250

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	
	2013	2012
Executive directors:		
RM800,001 - RM900,000	-	1
RM900,001 - RM1,000,000	1	-
RM1,200,001 - RM1,300,000	-	1
RM1,401,001 - RM1,500,000	1	-
RM1,501,001 - RM1,600,000	-	1
RM1,601,001 - RM1,700,000	1	-
Non-executive directors:		
RM60,001 - RM70,000	1	1
RM80,001 - RM90,000	1	2
RM90,001 - RM100,000	1	-
RM100,001 - RM110,000	1	1

8. Finance costs

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Term loans	8,113,847	1,972,481	-	-
Hire purchase and finance lease liabilities	508,617	819,719	17,131	19,536
MCP/MMTN	1,984,350	3,526,769	1,984,350	3,526,769
Sukuk Ijarah MTN	15,272,245	18,343,199	15,272,245	18,343,199
Revolving credits	3,750,000	2,060,524	-	-
Other borrowings	608,976	353,047	-	-
	30,238,035	27,075,739	17,273,726	21,889,504

9. Profit/(loss) before tax

The following amounts have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Non-executive directors' remuneration (Note 7)	366,250	352,000	366,250	352,000
Auditors’ remuneration:				
Auditors of the Company:				
- statutory audits	202,000	199,000	50,000	50,000
- other services	80,000	75,000	-	-
Other auditors	58,264	36,000	-	-
Operating leases:				
- lease payments for premises	631,421	1,356,985	-	-
- lease payments for third party vessels	185,703,824	89,920,467	-	-
Depreciation of property, vessels and equipment (Note 13)	42,742,596	36,951,426	90,268	90,268
Amortisation of intangible assets (Note 14)	64,738	125,150	-	-
Impairment loss on trade receivables	44,031	6,131,560	-	-
Reversal of impairment loss on trade receivables	(303,915)	(2,199,462)	-	-

9. Profit/(loss) before tax (cont'd.)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Litigation costs (Note 34)	4,954,835	-	-	-
Net unrealised foreign exchange gain	(390,653)	(460,772)	-	-
Net realised foreign exchange losses	692,032	1,295,956	-	-

10. Income tax expense/(credit)

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2013 and 2012 are:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	1,003,626	1,361,786	-	-
Under/(over)provision in prior years:				
Malaysian income tax	618,739	1,271,757	759,761	(25,427)
Foreign tax	-	112,744	-	-
	1,622,365	2,746,287	759,761	(25,427)
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	2,579,679	(368,458)	-	-
Overprovision in prior year	(41,665)	(2,167,739)	-	-
	2,538,014	(2,536,197)	-	-
Income tax expense/(credit) for the year	4,160,379	210,090	759,761	(25,427)

10. Income tax expense/(credit) (cont'd.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

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

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

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	78,661,478	55,918,316	(912,756)	(517,074)
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	19,838,679	13,979,579	(228,189)	(129,411)
Different tax rates in other countries	122,879	(40,258)	-	-
Different tax rates in other tax jurisdiction	(5,316,613)	(82,841)	-	-
Effect of income not subject to tax	(300,000)	(113,092)	-	-
Effect of share of results of joint ventures and associates	(13,130,873)	(15,368,291)	-	-
Non-deductible for tax purposes	2,369,233	2,561,135	228,189	72,315
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	57,096	-	57,096
Under/(over)provision of income tax in prior years	618,739	1,384,501	759,761	(25,427)
Overprovision of deferred tax in prior year	(41,665)	(2,167,739)	-	-
Income tax expense/ (credit) for the year	4,160,379	210,090	759,761	(25,427)

11. 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.

	2013 RM	2012 RM
Profit attributable to ordinary equity holders of the Company	74,304,985	58,264,371
Weighted average number of ordinary shares in issue	794,364,702	787,209,260
Basic earnings per share (Sen)	9.4	7.4

(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 such as share options granted to employees.

	2013 RM	2012 RM
Profit attributable to ordinary equity holders of the Company	74,304,985	58,264,371
Weighted average number of ordinary shares in issue	794,364,702	787,209,260
Effects of dilution from share options granted to employees	14,757,967	3,906,147
Adjusted weighted average number of ordinary shares in issue and issuable	809,122,669	791,115,407
Diluted earnings per share (Sen)	9.2	7.4

12. Dividends

	Dividends paid in respect of year		Dividends recognised in respect of year	
	2013 RM	2012 RM	2013 RM	2012 RM
Recognised during the year:				
A final tax exempt (single tier) dividend, of 1% per ordinary shares of RM0.25 each	1,996,987	-	-	1,996,987

700849-K

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

13. Property, vessels and equipment

Group	Long term leasehold land RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessel RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Assets under construction RM	Total RM
Cost										
At 1 January 2013	12,039,510	17,649,467	587,248,045	29,566,056	90,429,084	5,521,089	5,473,664	4,796,046	2,493,683	755,216,644
Additions	-	6,474,574	-	9,455,946	13,858,857	790,078	2,591,752	213,949	113,994,386	147,379,542
Reclassification	-	-	106,096,633	-	1,200,000	-	-	-	(107,296,633)	-
Disposals	-	-	(106,096,633)	-	(142,087)	(911,025)	-	-	-	(107,149,745)
Exchange differences	-	365,250	-	-	(227,777)	-	1,828	28,464	-	167,765
At 31 December 2013	12,039,510	24,489,291	587,248,045	39,022,002	105,118,077	5,400,142	8,067,244	5,038,459	9,191,436	795,614,206
Accumulated depreciation										
At 1 January 2013	453,159	1,702,101	146,747,368	20,943,156	31,969,583	4,527,142	3,558,436	1,988,082	-	211,889,027
Charge for the year	121,611	822,795	21,265,933	5,197,377	13,467,700	482,455	740,590	644,135	-	42,742,596
Disposals	-	-	-	-	(140,480)	(844,359)	-	-	-	(984,839)
Exchange differences	-	(230,630)	-	-	(3,116,370)	-	(69,093)	(151,967)	-	(3,568,060)
At 31 December 2013	574,770	2,294,266	168,013,301	26,140,533	42,180,433	4,165,238	4,229,933	2,480,250	-	250,078,724

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

Group (cont'd.)	Long term leasehold land RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessel RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Assets under construction RM	Total RM
Cost										
At 1 January 2012	12,039,510	17,363,787	589,496,119	27,890,155	84,613,660	4,841,109	5,356,946	4,774,426	2,420,910	748,796,622
Additions	-	8,255	-	5,710,417	5,088,840	679,980	96,919	-	16,908,273	28,492,684
Disposals	-	-	(2,237,093)	(4,034,516)	(392,402)	-	-	-	(16,835,500)	(23,499,511)
Exchange differences	-	277,425	(10,981)	-	1,118,986	-	19,799	21,620	-	1,426,849
At 31 December 2012	12,039,510	17,649,467	587,248,045	29,566,056	90,429,084	5,521,089	5,473,664	4,796,046	2,493,683	755,216,644
Accumulated depreciation										
At 1 January 2012	32,611	1,821,453	127,693,528	19,190,771	24,139,101	3,742,292	2,855,977	1,572,519	-	181,048,252
Charge for the year	121,611	388,673	21,015,758	5,786,782	7,985,289	784,850	687,645	405,869	-	37,176,477
Disposals	-	-	(1,961,918)	(4,034,397)	(346,742)	-	-	-	-	(6,343,057)
Adjustment	298,937	(523,988)	-	-	-	-	-	-	-	(225,051)
Exchange differences	-	15,963	-	-	191,935	-	14,814	9,694	-	232,406
At 31 December 2012	453,159	1,702,101	146,747,368	20,943,156	31,969,583	4,527,142	3,558,436	1,988,082	-	211,889,027

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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

Group (cont'd.)	Long term leasehold land RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessel RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Assets under construction RM	Total RM
Net carrying amount										
At 31 December 2013	11,464,740	22,195,025	419,234,744	12,881,469	62,937,644	1,234,904	3,837,311	2,558,209	9,191,436	545,535,482
At 31 December 2012	11,586,351	15,947,366	440,500,677	8,622,900	58,459,501	993,947	1,915,228	2,807,964	2,493,683	543,327,617

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

	Motor vehicles	
Company	**2013 RM**	**2012 RM**
Cost		
At 1 January/31 December	451,338	451,338
Accumulated depreciation		
At 1 January	127,879	37,611
Depreciation charge for the year	90,268	90,268
At 31 December	218,147	127,879
Net carrying amount		
At 31 December	233,191	323,459

(a) Included in the Group's additions for the year are property, vessels and equipment of RM790,078 (2012: RM548,147) 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	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Motor vehicles	1,234,904	993,947	233,191	323,459
Diving equipment	55,311,256	51,501,464	-	-
Assets under construction	9,191,436	2,493,684	-	-

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 26.

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

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

	Group	
	2013 RM	2012 RM
Leasehold buildings	22,195,025	15,947,366
Vessels	419,234,744	440,500,677
	441,429,769	456,448,043

14. Intangible assets

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2013	1,486,938	626,170	2,113,108
Exchange differences	9,131	21,205	30,336
At 31 December 2013	1,496,069	647,375	2,143,444
At 1 January 2012	1,434,556	609,325	2,043,881
Exchange differences	52,382	16,845	69,227
At 31 December 2012	1,486,938	626,170	2,113,108
Accumulated amortisation and impairment			
At 1 January 2013	-	579,700	579,700
Charge for the year	-	64,738	64,738
Exchange differences	-	(13,605)	(13,605)
At 31 December 2013	-	630,833	630,833

14. Intangible assets (cont'd.)

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Accumulated amortisation and impairment (cont'd.)			
At 1 January 2012	-	426,527	426,527
Charge for the year	-	125,150	125,150
Exchange differences	-	28,023	28,023
At 31 December 2012	-	579,700	579,700
Net carrying amount			
At 31 December 2013	1,496,069	16,542	1,512,611
At 31 December 2012	1,486,938	46,470	1,533,408

Deferred development costs represent costs incurred to develop remotely operated vehicles and peripherals.

(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:

	Sub-sea services RM	Offshore support vessels and services RM	Total RM
At 31 December 2013	1,312,191	183,878	1,496,069
At 31 December 2012	1,303,060	183,878	1,486,938

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.

14. Intangible assets (cont'd.)

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

Key assumptions used in value-in-use calculations (cont'd.)

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.

15. Investments in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	100,302,070	100,302,070

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2013 %	Group's effective interest 2012 %
(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

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2013 %	Group's effective interest 2012 %
(ii) Held through AMSB:				
Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	Offshore facilities construction and installation and sub-sea services	100	70
Alam Offshore Services & Logistics Sdn. Bhd. ("AOLSB")	Malaysia	Transportation, ship forwarding and agent, ship chandelling and other related activities	100	100
Alam Food Industries (M) Sdn. Bhd. ("AFI")	Malaysia	Catering and messing services	100	100
KJ Waja Engineering Sdn. Bhd. ("KJWE")	Malaysia	Ship repair and maintenance, ship spare supply and other related services	84	84
Alam Maritim Properties (M) Sdn. Bhd. ("AMP")	Malaysia	Property owner and management	100	100
(iii) Held through KJWE:				
KJ Waja Services Sdn. Bhd. ("KJWS")	Malaysia	Ship spare supply and other related services	84	84

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2013 %	2012 %
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") *	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	75	75
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV Services	75	75

* Audited by firms other than Ernst & Young.

The subsidiaries do not have non-controlling interests that are material to the Group. Therefore, the summarised statements of financial position, statements of comprehensive income and statement of cash flows of the subsidiaries with non-controlling interests are not disclosed.

<u>Acquisition of non-controlling interests</u>

On 6 December 2013, a wholly owned subsidiary of the Company, AMSB, acquired remaining 30% equity interest in AHSB for a total cash consideration of RM1,200,000. As a result of the acquisition, AHSB became a wholly owned subsidiary of AMSB and the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM2,071,683. The difference between the consideration and the book value of the interest acquired of RM871,683 is reflected in other reserves as disclosed in Note 24(a).

16. Investments in associates

	Group 2013 RM	Group 2012 RM
Unquoted shares, at cost	86,594,449	86,594,449
Share of post-acquisition reserves	45,766,717	29,931,120
	132,361,166	116,525,569

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2013 %	Group's effective interest 2012 %
(i) Held through AMLI:				
Alam-PE Holdings (L) Inc. ("ALAM-PE(H)")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	49	49
TH-Alam Holdings (L) Inc. ("THAH")	Federal Territory of Labuan, Malaysia	Investment holding	49	49
(ii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc. ("ALAM-PE I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE II (L) Inc. ("ALAM-PE II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE III (L) Inc. ("ALAM-PE III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49

16. Investments in associates (cont'd.)

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2013 %	2012 %
(ii) Held through ALAM-PE(H) (cont'd.):				
Alam-PE IV (L) Inc. ("ALAM-PE IV")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE V (L) Inc. ("ALAM-PE V")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE Holdings Sdn. Bhd. ("ALAM-PE(H)SB")	Malaysia	Ship management	49	49
(iii) Held through THAH:				
Alam-JV DP 1 (L) Inc. ("AJVDP1")	Federal Territory of Labuan, Malaysia	Ship owning	49	49
Alam-JV DP 2 (L) Inc. ("AJVDP2")	Federal Territory of Labuan, Malaysia	Ship owning	49	49

These associates have the same reporting periods as the Group and accounted for by using equity method.

16. Investments in associates (cont'd.)

Summarised financial information in respect of each of the Group’s associates is set out below. The summarised financial information represents the amounts in the consolidated MFRS financial statements of the associates and not the Group’s share of those amounts.

(i) Summarised consolidated statements of financial position

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM
Assets and liabilities						
Non-current assets	226,904,721	234,748,094	388,542,269	278,224,987	615,446,990	512,973,081
Current assets	67,181,869	25,719,422	51,288,642	288,221,363	118,470,511	313,940,785
Total assets	294,086,590	260,467,516	439,830,911	566,446,350	733,917,501	826,913,866
Non-current liabilities	70,523,793	104,307,541	93,117,124	109,860,733	163,640,917	214,168,274
Current liabilities	79,258,295	46,217,371	196,301,265	317,400,578	275,559,560	363,617,949
Total liabilities	149,782,088	150,524,912	289,418,389	427,261,311	439,200,477	577,786,223
Net assets	144,304,502	109,942,604	150,412,522	139,185,039	294,717,024	249,127,643

16. Investments in associates (cont'd.)

(ii) Summarised consolidated statements of comprehensive income

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM
Revenue	82,029,708	81,204,400	54,393,392	31,921,853	136,423,100	113,126,253
Profit for the year, representing total comprehensive income	34,361,898	33,169,104	11,227,483	9,320,700	45,589,381	42,489,804

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM
Net assets as at 1 January	109,942,604	76,773,500	139,185,039	129,864,339	249,127,643	206,637,839
Profit for the year	34,361,898	33,169,104	11,227,483	9,320,700	45,589,381	42,489,804
Net assets as at 31 December	144,304,502	109,942,604	150,412,522	139,185,039	294,717,024	249,127,643
Elimination	-	-	-	-	(24,592,195)	(11,320,359)
	144,304,502	109,942,604	150,412,522	139,185,039	270,124,829	237,807,284
Interest in associates	49%	49%	49%	49%	132,361,166	116,525,569
Carrying value of Group's interest in associates	70,709,206	53,871,876	73,702,136	68,200,669	132,361,166	116,525,569

17. Interests in joint ventures

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group.

	Group	
	2013 RM	2012 RM
Unquoted shares, at cost	40,100,445	40,100,445
Share of post-acquisition reserves	105,708,463	76,956,281
	145,808,908	117,056,726
Redeemable preference shares	6,000,000	4,800,000
	151,808,908	121,856,726

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2013 %	Proportion of ownership interest 2012 %
(i) Held through AMSB:				
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy I (L) Inc. ("AS I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy II (L) Inc. ("AS II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60

17. Interests in joint ventures (cont'd.)

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership Interest 2013 %	2012 %
(i) Held through AMSB (cont'd.):				
Alam Swiber Offshore (M) Sdn. Bhd. ("ASOSB")	Malaysia	Ship operator	50	50
Alam Radiance (M) Sdn. Bhd. ("ARMSB")	Malaysia	Ship owning, ship management, ship operation, maintenance and consultancy	50	50
YSS Alam Energy (M) Sdn. Bhd. ("YSS Alam")	Malaysia	Ship owning, ship management, ship operation, maintenance and consultancy	50	50
(ii) Held through AMLI:				
Workboat International DMCCO ("WBI")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine consultancy	60	60
Alam Brompton (L) Inc. ("ABLI")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	51	51

17. Interests in joint ventures (cont'd.)

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership Interest 2013 %	2012 %
(ii) Held through AMLI (cont'd.):				
Alam Fast Boats (L) Inc. ("AFBLI")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Swiber DLB 1 (L) Inc. ("ASDLB1")	Federal Territory of Labuan, Malaysia	Ship owning and chartering	51	51
Alam Radiance (L) Inc. ("ARLI")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
TH-Alam Management (M) Sdn. Bhd. ("THAM")	Malaysia	Ship management and consultancy	50	50
Globe Alam Marine Offshore Services Co. ("Globe Alam")	Saudi Arabia	Offshore facilities construction and installation services	40	40

These joint ventures have the same reporting periods as the Group and accounted for by using equity method.

<u>Increase in interest in a joint venture</u>

During the financial year, the Group via its subsidiary, AMSB subscribed 60% of 2,000,000 units of Redeemable Preference Shares ("RPS") which is 1,200,000 units of RPS of RM0.01 each at a premium of RM0.99 per share issued by AS II based on AMSB's shareholding.

17. Interests in joint ventures (cont'd.)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

	AS I	AS II	AS III	ASOSB	ASDLB 1	ARLI	THAM	Total
	RM	RM	RM	RM	RM	RM	RM	RM
2013								
Assets and liabilities								
Non-current assets	28,311,188	29,203,416	71,729,458	1,012,232	217,271,544	182,427,133	284,949	530,239,920
Cash and cash equivalent	1,892,554	2,080,447	883,056	7,505,521	8,086,440	9,946,278	24,272,643	54,666,939
Other current assets	6,495,502	1,853,325	22,640,558	24,623,611	26,673,926	18,868,183	81,711,834	182,866,939
Total assets	36,699,244	33,137,188	95,253,072	33,141,364	252,031,910	211,241,594	106,269,426	767,773,798
Non-current liabilities	8,034,189	10,888,875	32,841,984	194,275	98,239,800	91,164,118	13,366,475	254,729,716
Trade and other payables	357,284	3,303,280	24,543,286	24,871,113	57,234,309	11,232,789	82,112,842	203,654,903
Other current liabilities	2,402,360	2,482,422	5,490,751	29,722	16,079,586	30,004,008	4,033,776	60,522,625
Total liabilities	10,793,833	16,674,577	62,876,021	25,095,110	171,553,695	132,400,915	99,513,093	518,907,244
Net assets	25,905,411	16,462,611	32,377,051	8,046,254	80,478,215	78,840,679	6,756,333	248,866,554

17. Interests in joint ventures (cont'd.)

(i) Summarised statements of financial position (cont'd.)

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2012								
Assets and liabilities								
Non-current assets	29,919,275	29,155,957	71,423,905	1,017,436	225,976,150	186,691,158	208,123	544,392,004
Cash and cash equivalent	3,357,326	6,639	1,533,812	31,631,088	16,580,372	16,057,275	3,133,922	72,300,434
Current assets	4,831,968	1,799,753	19,479,388	39,361,199	15,699,302	7,339,775	9,770,337	98,281,722
Total assets	38,108,569	30,962,349	92,437,105	72,009,723	258,255,824	210,088,208	13,112,382	714,974,160
Non-current liabilities	9,894,332	11,126,960	36,475,686	51,789	114,953,675	111,168,126	-	283,670,568
Trade and other payables	1,660,460	1,716,524	27,406,192	65,076,200	70,348,281	32,439,768	9,197,939	207,845,364
Other current liabilities	2,288,599	2,363,406	5,600,251	692,038	14,410,032	18,542,065	-	43,896,391
Total liabilities	13,843,391	15,206,890	69,482,129	65,820,027	199,711,988	162,149,959	9,197,939	535,412,323
Net assets	24,265,178	15,755,459	22,954,976	6,189,696	58,543,836	47,938,249	3,914,443	179,561,837

17. Interests in joint ventures (cont'd.)

(ii) Summarised statements of comprehensive income:

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2013								
Revenue	7,897,238	4,907,471	18,975,176	34,049,732	36,263,253	59,524,093	83,524,378	245,141,341
Depreciation	1,693,177	1,678,202	3,576,307	227,360	9,038,201	7,521,284	54,025	23,788,556
Interest income	19,243	-	14,424	-	50,507	17,561	37,338	139,073
Interest expense	393,586	482,662	1,457,005	-	8,013,938	9,995,630	834,958	21,177,779
Profit before tax	3,660,233	727,152	9,442,075	3,013,716	21,954,379	30,922,430	4,211,496	73,931,481
Income tax expense	20,000	20,000	20,000	1,157,158	20,000	20,000	1,194,606	2,451,764
Profit for the year, representing total comprehensive income	3,640,233	707,152	9,422,075	1,856,558	21,934,379	30,902,430	3,016,890	71,479,717
2012								
Revenue	8,954,817	5,565,413	21,476,410	263,688,626	124,898,078	52,065,315	45,156,410	521,805,069
Depreciation	1,622,541	1,327,382	3,350,913	175,516	8,759,562	5,010,749	36,097	20,282,760
Interest income	-	-	-	-	199,752	-	40,082	239,834
Interest expense	611,935	659,968	1,952,917	-	8,648,125	5,845,149	-	17,718,094
Profit before tax	2,056,215	1,717,119	3,263,734	6,349,051	33,660,080	22,953,325	2,502,951	72,502,475
Income tax expense	20,000	20,000	20,000	1,376,208	20,000	20,000	616,665	2,092,873
Profit for the year, representing total comprehensive income	2,036,215	1,697,119	3,243,734	4,972,843	33,640,080	22,933,325	1,886,286	70,409,602

17. Interests in joint ventures (cont'd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group’s interest in joint ventures:

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2013								
Net assets as at 1 January	24,265,178	15,755,459	22,954,976	6,189,696	58,543,836	47,938,249	3,914,443	179,561,837
Profit for the year	3,640,233	707,152	9,422,075	1,856,558	21,934,379	30,902,430	3,016,890	71,479,717
Less: Dividends	(2,000,000)	-	-	-	-	-	(175,000)	(2,175,000)
Net assets as at 31 December	25,905,411	16,462,611	32,377,051	8,046,254	80,478,215	78,840,679	6,756,333	248,866,554
Interest in joint ventures	60%	60%	60%	50%	51%	51%	50%	133,500,973
Elimination	-	-	-	-	-	-	-	(184,022)
Carrying value of Group's interest in joint ventures	15,543,247	9,877,567	19,426,231	4,023,127	41,043,890	40,208,746	3,378,167	133,316,951

17. Interests in joint ventures (cont'd.)

	AS I	AS II	AS III	ASOSB	ASDLB 1	ARLI	THAM	Total
	RM	RM	RM	RM	RM	RM	RM	RM
2012								
Net assets as at 1 January	22,228,963	14,058,340	19,711,242	(3,176,009)	24,148,380	25,004,924	2,203,158	104,178,998
Profit for the year	2,036,215	1,697,119	3,243,734	4,972,843	33,640,080	22,933,325	1,886,286	70,409,602
Increase in share capital	-	-	-	4,392,862	755,376	-	-	5,148,238
Less: Dividends	-	-	-	-	-	-	(175,001)	(175,001)
Net assets as at 31 December	24,265,178	15,755,459	22,954,976	6,189,696	58,543,836	47,938,249	3,914,443	179,561,837
Interest in joint ventures	60%	60%	60%	50%	51%	51%	50%	97,143,301
Elimination	-	-	-	-	-	-	-	228,652
Carrying value of Group's interest in joint ventures	14,559,107	9,453,275	13,772,986	3,094,848	29,857,356	24,448,507	1,957,222	97,371,953

17. Interests in joint ventures (cont'd.)

(iv) Aggregate information of joint ventures that are not individually material and not included in Note 17 (ii) above:

	2013 RM	2012 RM
The Group's share of results, representing total comprehensive income	(7,789,510)	3,781,792

18. Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM308,008,000 (2012: RM392,796,163) which bears interest rate between 4.58% per annum and 5.63% per annum (2012: between 4.58% per annum and 5.63% per annum).

Further details on related party transactions are disclosed in Note 35.

19. Inventories

	Group	
	2013 RM	2012 RM
Cost		
Raw materials	1,685,894	1,891,815
Work-in-progress	1,894,535	6,058,209
Spare parts	172,052	289,376
	3,752,481	8,239,400

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,802,080 (2012: RM2,669,607).

20. Trade receivables

	Group 2013 RM	Group 2012 RM
Current		
Third parties	104,203,921	136,664,909
Accrued charter hire income	159,821,664	55,709,456
	264,025,585	192,374,365
Non-current		
Third parties	42,485,719	49,049,110
Less: Allowance for impairment	(41,303,081)	(41,562,965)
	1,182,638	7,486,145
Trade receivables, net	265,208,223	199,860,510

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other information on financial risks of trade receivables is disclosed in Note 37.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	195,719,614	124,761,512
1 to 30 days past due not impaired	18,133,723	294,376
31 to 60 days past due not impaired	3,824,690	36,948,330
61 to 90 days past due not impaired	40,438,297	30,370,147
91 to 120 days past due not impaired	2,292,439	-
More than 121 days past due not impaired	4,799,460	7,486,145
	69,488,609	75,098,998
Impaired	41,303,081	41,562,965
	306,511,304	241,423,475

20. Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group’s trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM69,488,609 (2012: RM75,098,998) that are past due at the reporting date but not impaired.

At the reporting date, 45.2% (2012: 73.8%) of trade receivables that are past due but not impaired are amounts due from established creditworthy major oil companies with minimum collection risk. The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

Receivables that are impaired

The Group’s trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	2012
	RM	RM
Individually impaired		
Trade receivables - nominal amounts	41,303,081	41,562,965
Less: Allowance for impairment	(41,303,081)	(41,562,965)
	-	-

Movement in allowance accounts:

	Group	
	2013	2012
	RM	RM
At 1 January	41,562,965	37,630,867
Charge for the year (Note 9)	44,031	6,131,560
Reversal (Note 9)	(303,915)	(2,199,462)
At 31 December	41,303,081	41,562,965

20. Trade receivables (cont'd.)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. Other receivables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Amounts due from related parties:				
- Joint ventures	57,872,742	71,089,390	1,248	1,248
- Associates	168,892,882	76,855,594	1,872	1,872
	226,765,624	147,944,984	3,120	3,120
Deposits	1,068,322	583,513	-	-
Prepayments	5,327,009	777,421	-	55,836
Sundry receivables	3,377,218	5,862,339	-	-
Total other receivables	236,538,173	155,168,257	3,120	58,956
Add: Trade receivables (Note 20)	265,208,223	199,860,510	-	-
Cash and bank balances (Note 22)	135,187,316	129,690,290	32,324,395	42,904,388
Less: Prepayments	(5,327,009)	(777,421)	-	(55,836)
Total loans and receivables	631,606,703	483,941,636	32,327,515	42,907,508

Other details on financial risks of other receivables are disclosed in Note 37.

22. Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-current assets				
Deposits with licensed banks (a)	-	11,573,811	-	-
Current assets				
Cash on hand and at banks	108,648,499	88,586,595	32,324,395	42,904,388
Deposits with licensed banks (a)	26,538,817	29,529,884	-	-
	135,187,316	118,116,479	32,324,395	42,904,388
Cash and bank balances	135,187,316	129,690,290	32,324,395	42,904,388
Bank overdrafts (Note 25)	(3,213,225)	(3,209,281)	-	-
Amounts set aside as sinking fund (b)	(12,582,845)	(27,772,452)	-	-
Amounts set aside as margin deposits for bank guarantee facilities (a)	(10,332,448)	(6,338,432)	-	-
Total cash and cash equivalents	109,058,798	92,370,125	32,324,395	42,904,388

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2013 are 2.81% (2012: 1.90%) and 120 days (2012: 550 days) respectively. The amount set aside as margin deposits for bank guarantee facilities are pledged to secure the borrowings as disclosed in Note 25.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 25.

Other information on financial risks of cash and cash equivalents are disclosed in Note 37.

23. Share capital and share premium

	Number of ordinary shares of RM0.25 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised share capital				
At 1 January/ 31 December	1,000,000,000	1,000,000,000	250,000,000	250,000,000

	Number of ordinary shares of RM0.25 each	← Amount →		
	Share capital (issued and fully paid)	Share capital (issued and fully paid) RM	Share premium RM	Total RM
At 1 January 2012/ 31 December 2012	787,209,260	196,802,315	24,095,508	220,897,823
At 1 January 2013	787,209,260	196,802,315	24,095,508	220,897,823
Issue of ordinary shares pursuant to employee share options	14,088,474	3,522,119	9,111,203	12,633,322
At 31 December 2013	801,297,734	200,324,434	33,206,711	233,531,145

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.

Ordinary shares issued pursuant to the Company's Employee Share Options Scheme

During the financial year, the Company issued 14,088,474 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.44 to RM1.07 per ordinary share.

24. (a) Other reserves

	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2013	(5,511,517)	618,639	5,667,345	774,467
Foreign currency translation, representing other comprehensive income	-	677,972	-	677,972
	(5,511,517)	1,296,611	5,667,345	1,452,439
Transaction with owners:				
Exercise of employee share options	-	-	(5,508,593)	(5,508,593)
Acquisition of non-controlling interests	871,683	-	-	871,683
At 31 December 2013	(4,639,834)	1,296,611	158,752	(3,184,471)
At 1 January 2012	(5,511,517)	265,865	5,667,345	421,693
Foreign currency translation, representing other comprehensive income	-	352,774	-	352,774
At 31 December 2012	(5,511,517)	618,639	5,667,345	774,467

	Employee share option reserve RM	Total RM
Company		
At 1 January 2013	5,667,345	5,667,345
Exercise of employee share options	(5,508,593)	(5,508,593)
At 31 December 2013	158,752	158,752
At 1 January 2012/31 December 2012	5,667,345	5,667,345

24. (a) Other reserves

The nature and purpose of each category are as follows:

(i) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees as disclosed in Note 30. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(ii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single tier system.

25. Borrowings

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Short term borrowings				
Secured:				
Bank overdrafts (Note 22)	3,213,225	3,209,281	-	-
Term loans	148,013,429	12,616,749	-	-
MCP/MMTN	38,008,000	32,796,163	38,008,000	32,796,163
Sukuk Ijarah MTN	40,000,000	90,000,000	40,000,000	90,000,000
Hire purchase and finance lease liabilities (Note 26)	5,543,752	5,206,983	40,641	38,237
	234,778,406	143,829,176	78,048,641	122,834,400
Unsecured:				
Revolving credits	76,530,714	70,000,000	-	-
	311,309,120	213,829,176	78,048,641	122,834,400

25. Borrowings (cont'd.)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Long term borrowings				
Secured:				
Term loans	17,400,415	69,263,546	-	-
Sukuk Ijarah MTN	230,000,000	270,000,000	230,000,000	270,000,000
Hire purchase and finance lease liabilities (Note 26)	3,633,069	7,218,797	271,070	311,711
	251,033,484	346,482,343	230,271,070	270,311,711
Total borrowings				
Bank overdrafts (Note 22)	3,213,225	3,209,281	-	-
Revolving credits	76,530,714	70,000,000	-	-
Term loans	165,413,844	81,880,295	-	-
MCP/MMTN	38,008,000	32,796,163	38,008,000	32,796,163
Sukuk Ijarah MTN	270,000,000	360,000,000	270,000,000	360,000,000
Hire purchase and finance lease liabilities (Note 26)	9,176,821	12,425,780	311,711	349,948
	562,342,604	560,311,519	308,319,711	393,146,111

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Not later than 1 year	305,765,368	208,622,193	78,008,000	122,796,163
Later than 1 year not later than 2 years	120,465,128	45,243,596	115,000,000	40,000,000
Later than 2 years not later than 5 years	125,287,217	242,650,526	115,000,000	185,000,000
Later than 5 years	1,648,070	51,369,424	-	45,000,000
	553,165,783	547,885,739	308,008,000	392,796,163

25. Borrowings (cont'd.)

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

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Bank overdrafts	6.50	6.50	-	-
Revolving credits	4.30	4.30	-	-
Term loans	6.60	6.60	-	-
MCP/MMTN	4.20	4.20	4.20	4.20
Sukuk Ijarah MTN	5.00	5.00	5.00	5.00

(a) Bank overdrafts:

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 22.

(b) Term loans:

In prior year, Alam Maritim (L) Inc. has sought consent from Malaysian Debt Ventures Berhad to revise repayment schedule of Bai Al-Inah loan to better match its cash flow profile.

The revision is as follows:

(i) The availability period of the loan to be extended from March 2015 to August 2017.

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

(i) First legal charge over the vessels and leasehold building of certain subsidiaries as disclosed in Note 13;

(ii) First preferred statutory mortgage on vessels of certain subsidiaries;

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

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

(v) Corporate guarantees by the Company; and

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

25. Borrowings (cont'd.)

(c) 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; and

(iii) sinking fund as disclosed in Note 22.

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 4.58% to 5.63% per annum (2012: 4.58% to 5.63% per annum).

Profit element on MCP/MMTN and Sukuk Ijarah MTN charged by bank is recharged to subsidiaries at the same rate charged by the bank.

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

	Group and Company	
	2013	**2012**
	RM	**RM**
MCP/MMTN		
Nominal value	40,000,000	35,000,000
Less: Discount	(2,213,622)	(2,640,906)
Net proceeds from issuance of MCP/MMTN	37,786,378	32,359,094
Amortisation of discount	221,622	437,069
Total amount included within borrowings	38,008,000	32,796,163

Other information on financial risks of borrowings is disclosed in Note 37.

26. Hire purchase and finance lease liabilities

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Future minimum lease payments:				
Not later than 1 year	5,529,768	11,050,339	55,348	55,368
Later than 1 year and not later than 2 years	522,221	572,419	55,368	55,368
Later than 2 years and not later than 5 years	1,198,542	1,242,986	166,104	166,104
Later than 5 years	2,397,130	473,646	87,666	143,035
Total future minimum lease payments	9,647,661	13,339,390	364,486	419,875
Less: Future finance charges	(470,840)	(913,610)	(52,775)	(69,927)
Present value of finance lease liabilities (Note 25)	9,176,821	12,425,780	311,711	349,948
Analysis of present value of finance lease liabilities:				
Not later than 1 year	5,543,752	5,206,983	40,641	38,237
Later than 1 year and not later than 2 years	438,681	5,325,210	43,045	40,642
Later than 2 years and not later than 5 years	1,064,274	1,097,343	143,563	136,350
Later than 5 years	2,130,114	796,244	84,462	134,719
	9,176,821	12,425,780	311,711	349,948
Less: Amount due within 12 months (Note 25)	(5,543,752)	(5,206,983)	(40,641)	(38,237)
Amount due after 12 months (Note 25)	3,633,069	7,218,797	271,070	311,711

The Group's and the Company's hire purchase and finance lease liabilities bear flat interest rates of 2.87% (2012: 2.96%) per annum and 2.73% (2012: 2.73%) per annum respectively .

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 37.

27. Deferred taxation

	Group 2013 RM	Group 2012 RM
At 1 January	67,220,277	70,168,897
Recognised in profit or loss (Note 10)	2,538,014	(2,536,197)
Exchange differences	359,246	(412,423)
At 31 December	70,117,537	67,220,277

Presented after appropriate offsetting as follows:

	Group 2013 RM	Group 2012 RM
Deferred tax assets	(11,562,405)	(20,383,132)
Deferred tax liabilities	81,679,942	87,603,409
	70,117,537	67,220,277

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2013	87,603,409
Recognised in profit or loss	(6,282,713)
Exchange differences	359,246
At 31 December 2013	81,679,942
At 1 January 2012	93,696,223
Recognised in profit or loss	(5,651,305)
Exchange differences	(441,509)
At 31 December 2012	87,603,409

27. Deferred taxation (cont'd.)

Deferred tax assets of the Group:

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2013	(422,307)	(19,960,825)	(20,383,132)
Recognised in profit or loss	(1,005,496)	9,826,223	8,820,727
At 31 December 2013	(1,427,803)	(10,134,602)	(11,562,405)
At 1 January 2012	(7,424,743)	(16,102,583)	(23,527,326)
Recognised in profit or loss	7,002,436	(3,887,328)	3,115,108
Exchange differences	-	29,086	29,086
At 31 December 2012	(422,307)	(19,960,825)	(20,383,132)

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

	Group 2013 RM	Group 2012 RM
Unutilised tax losses	7,033	216,552

The unutilised tax losses of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group. Deferred tax assets are not recognised in respect of these losses as they arise in Group of companies with a history of losses.

28. Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2012: 30 to 60 days).

Other information on financial risks of trade payables is disclosed in Note 37.

29. Other payables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Amounts due to related parties:				
- Joint ventures	-	10,360,001	-	-
- Associates	10,368,809	26,512,305	-	-
	10,368,809	36,872,306	-	-
Accrued expenses	17,636,983	14,868,224	6,073,308	8,887,844
Deposits from customers	98,401	-	-	-
Sundry payables	2,325,318	3,986,753	15,005	-
	30,429,511	55,727,283	6,088,313	8,887,844
Add: Trade payables	205,110,572	67,530,369	-	-
Borrowings (Note 25)	562,342,604	560,311,519	308,319,711	393,146,111
Total financial liabilities carried at amortised costs	797,882,687	683,569,171	314,408,024	402,033,955

Other information on financial risks of other payables is disclosed in Note 37.

30. Employee Share Options Scheme ("ESOS")

The Company's Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2006. The ESOS was implemented on 20 July 2006 and is to be in force for a period of 5 years from the date of implementation. The Board on 18 July 2011, announced the extension period of the ESOS with effective from 20 July 2011 to 19 July 2016 in accordance to the existing terms of the ESOS.

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

   (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.

(c) 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.

(d) 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.

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

(e) On 18 July 2011, pursuant to By-Law 20 of the Company's ESOS By-Laws, the Company had issued a Notice of Extended Duration of Company's Existing ESOS to all its option holder on the extension of the option period of its ESOS for another five (5) years with effect from 20 July 2011.

(f) The ESOS new expiry date, unless terminated earlier pursuant to By-Laws 19.2 of the Company's ESOS By-Laws shall be on 19 July 2016 subject to the existing terms and conditions of the Company's ESOS By-Laws, including all approved revisions, where applicable.

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

	<-------------------------Number of share options------------------------->			
	Outstanding at 1 January	**Movement during the year Exercised**	**Outstanding at 31 December**	**Exercisable at 31 December**
2013				
2006 Options	21,975,806	(13,193,537)	8,782,269	8,782,269
2007 Options	3,111,876	(195,937)	2,915,939	2,915,939
2008 Options	3,444,000	(39,000)	3,405,000	3,405,000
2009 Options	1,695,000	(660,000)	1,035,000	1,035,000
2012				
2006 Options	21,975,806	-	21,975,806	21,975,806
2007 Options	3,111,876	-	3,111,876	3,111,876
2008 Options	3,444,000	-	3,444,000	3,444,000
2009 Options	1,695,000	-	1,695,000	1,695,000

30. 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
2013		
2006 Options	0.47	20.07.2011 to 19.07.2016
2007 Options	1.09	20.07.2011 to 19.07.2016
2008 Options	1.14	20.07.2011 to 19.07.2016
2009 Options	1.00	20.07.2011 to 19.07.2016
2012		
2006 Options	0.49	20.07.2011 to 19.07.2016
2007 Options	1.47	20.07.2011 to 19.07.2016
2008 Options	1.79	20.07.2011 to 19.07.2016
2009 Options	1.27	20.07.2011 to 19.07.2016

(ii) Share options exercised during the year financial year

As disclosed in Note 23, options exercised during the financial year resulted in the issuance of 14,088,474 (2012: Nil) ordinary shares at the exercise price between RM0.44 and RM1.07 (2012: Nil) each. The related weighted average share price at the date of exercise was RM0.62.

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 and vessels. Leases of the premise and vessels 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 reporting date but not recognised as liabilities are as follows:

	2013 RM	2012 RM
Future rental payments:		
Not later than 1 year	68,702,723	96,426,773
Later than 1 year and not later than 5 years	142,229,875	189,595,575
	210,932,598	286,022,348

The lease payments recognised in profit or loss during the financial year are disclosed in Note 9.

(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 12 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 reporting date but not recognised as receivables, are as follows:

	2013 RM	2012 RM
Not later than 1 year	158,771,895	200,820,870
Later than 1 year and not later than 5 years	331,961,235	376,865,831
Later than 5 years	43,042,557	48,221,541
	533,775,687	625,908,242

Charter hire revenue earned from chartering the Group's vessels are recognised as revenue during the financial year as disclosed in Note 4.

32. Capital commitments

	Group	
	2013 RM	2012 RM
Share of associate's capital commitment in relation to purchase of vessels	-	57,952,000

33. Corporate guarantee

At the reporting date, the Company has extended its corporate guarantees given to banks for credit facilities granted to various subsidiaries amounting to RM136,500,000 (2012: RM134,500,000).

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

34. Contingent liabilities

The Board of Directors is not aware of any other material commitments, save for those arising from the ordinary course of business and contingent liabilities arising from an arbitration proceeding against Alam Hidro Sdn. Bhd. ("AHSB"), due to trade dispute. The Tribunal’s finding on 13 January 2014 was in favour of the owner of the vessel whereby AHSB has to pay the sum of USD1,300,457 (approximately RM4,259,647), plus interest on the amount at 1.5% per annum and USD252,337 (approximately RM695,188) plus interest on the amount at 2% per month until payment date.

The claim had impacted the profits of AHSB. However, the amount involved has no material impact on the Group's financial performance. As at reporting date, the amount was adequately taken up in profit or loss of the Group, as disclosed in Note 9, and of AHSB.

Save as disclosed above, there were no material contingent liabilities that may, upon materialisation, have material effect on the Group's financial results or position.

35. 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	2013 RM	2012 RM
Group			
Joint ventures:			
Charter hire of vessels	(i)	111,946,157	97,731,324
Vessel management fees	(ii)	6,462,010	3,587,978
Associates:			
Charter hire of vessels	(i)	150,771,383	117,919,724
Vessel management fees	(ii)	7,254,852	6,906,340
Sale of vessels to associates		117,429,883	16,835,500

35. Related party disclosures (cont'd.)

(a) (i) The charter hire expense and mobilisation fees paid to joint ventures 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 joint ventures 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 2013 are disclosed in Notes 18, 21 and 29.

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 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term employee benefits	6,114,953	5,706,431	402,717	373,250
Contributions to defined contribution plan - EPF	525,799	509,220	-	-

Included in the total key management personnel compensation are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors' remuneration (Note 7)	4,530,081	3,938,477	366,250	352,000

35. Related party disclosures (cont'd.)

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

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

	Group and Company 2013 RM	2012 RM
At 1 January	52,872,963	52,872,963
Exercised	(13,448,537)	-
At 31 December	39,424,426	52,872,963

36. Fair value of financial instruments

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Group 2013		Company 2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets:				
Due from subsidiaries	-	-	230,000,000	224,596,956
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	(3,633,069)	(1,880,304)	(271,070)	(266,059)
- Sukuk Ijarah MTN	(230,000,000)	(224,596,956)	(230,000,000)	(224,596,956)
- Fixed rate term loans	(17,400,415)	(14,539,560)	-	-

36. Fair value of financial instruments (cont'd.)

	Group 2012 Carrying amount RM	Group 2012 Fair value RM	Company 2012 Carrying amount RM	Company 2012 Fair value RM
Financial assets:				
Due from subsidiaries	-	-	270,000,000	267,347,422
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	(7,218,797)	(6,839,991)	(311,711)	(306,072)
- Sukuk Ijarah MTN	(270,000,000)	(267,347,422)	(270,000,000)	(267,347,422)
- Fixed rate term loans	(69,263,546)	(68,129,684)	-	-

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 carrying amount of deposits with a licensed bank are reasonable approximation of fair values as the interest earns on these deposits are, close to market interest rates or near at reporting date.

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 borrowings and leasing arrangements.

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the various process owners. The Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. 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 and evaluation procedures. In addition, trade receivable balances are monitored on an ongoing basis in view of reducing the Group's exposure to bad debts.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position; and

At the reporting date, approximately:

- 45% (2012: 63%) of the Group's trade receivables were due from 10 (2012: 10) major customers who are located in Malaysia;
- 33% (2012: 42%) of the Group's trade and other receivables were due from related parties.

37. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions that are neither past due or impaired are placed with reputable financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 60% of loans and borrowings (including overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the reporting date, approximately 56% (2012: 38%) of the Group's loans and borrowings as disclosed in Note 25 will mature in less than one year based on the carrying amount reflected in the financial statements. About 25% (2012: 31%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

37. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2013				
Financial liabilities:				
Group				
Trade and other payables	235,540,083	-	-	235,540,083
Loans and borrowings	345,499,078	274,492,011	1,385,086	621,376,175
Total undiscounted financial liabilities	581,039,161	274,492,011	1,385,086	856,916,258
Company				
Other payables	6,088,313	-	-	6,088,313
Loans and borrowings	93,897,368	251,766,972	87,634	345,751,974
Total undiscounted financial liabilities	99,985,681	251,766,972	87,634	351,840,287

37. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
Financial liabilities:				
Group				
Trade and other payables	123,257,652	-	-	123,257,652
Loans and borrowings	219,672,532	289,709,527	51,843,070	561,225,129
Total undiscounted financial liabilities	342,930,184	289,709,527	51,843,070	684,482,781
Company				
Other payables	8,887,844	-	-	8,887,844
Loans and borrowings	122,851,531	225,221,472	45,143,034	393,216,037
Total undiscounted financial liabilities	131,739,375	225,221,472	45,143,034	402,103,881

(c) Interest rate risk

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

The Group’s and the Company’s exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its interest rate but ensures that it has obtained borrowings at competitive interest rates under the most favourable terms and conditions.

The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 65% (2012: 80%) of the Group’s borrowings are at fixed rates of interest.

37. Financial risk management objectives and policies (cont'd.)

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM224,752 (2012: RM129,383) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sources of interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position on the loans and borrowings.

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective currencies of Group's entities, primarily RM, United States Dollar ("USD") and Singapore Dollar ("SGD").

Approximately 7% (2012: 9%) of the Group's sales are denominated in foreign currencies whilst almost 93% (2012: 93%) of cost are denominated in the respective functional currencies of the Group's entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

37. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

		Group Profit net of tax 2013 RM	Group Profit net of tax 2012 RM
Financial assets			
USD/RM	- strengthened 3% (2012: 3%)	(1,663,000)	(37,000)
	- weakened 3% (2012: 3%)	1,663,000	37,000
Financial liabilities			
USD/RM	- strengthened 3% (2012: 3%)	(788,000)	(1,417,000)
	- weakened 3% (2012: 3%)	788,000	1,417,000
SGD/RM	- strengthened 3% (2012: 3%)	(231,000)	(183,000)
	- weakened 3% (2012: 3%)	231,000	183,000

38A. Events occuring after the reporting date

On 23rd April 2014, the Board of Directors of the Company announced that the Company had entered into a subscription agreement (“Subscription Agreement”) with Associated Land Sendirian Berhad and Caprice Capital Intl. Ltd. (collectively referred to as the “Subscribers”) for the proposed issuance and allotment of 123,000,000 new shares in the Company (“Subscription Shares”), representing approximately 15.35% of the existing issued and paid-up share capital of the Company, at an issue price of RM1.35 per Subscription Share to be satisfied in cash (“Proposed Share Issuance”). The Proposed Share Issuance shall be conditional upon the following:

(i) the approval from Bursa Securities for the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities;
(ii) the approval from the shareholders of the Company for the Proposed Share Issuance;
(iii) the warranties as set out in the Subscription Agreement being true and accurate in all material respects as at the date of the Subscription Agreement and the Completion Date and there being no breach by the Company of the terms and conditions as set out in the Subscription Agreement; and
(iv) there is no circumstances or event, the occurrence of which would result in the Subscribers acting in contravention of any directives, guidelines, requirements, statutes or regulatories by subscribing to the Subscription Shares.

38B. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 50% to 75%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve, if any.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Loans and borrowings	562,342,604	560,311,519	308,319,711	393,146,111
Trade and other payables	235,540,083	123,257,652	6,088,313	8,887,844
Less: Cash and bank balances	(135,187,316)	(129,690,290)	(32,324,395)	(42,904,388)
Net debt	662,695,371	553,878,881	282,083,629	359,129,567
Equity attributable to the owners of the parent, representing total capital	606,557,140	525,574,758	234,825,380	231,370,155
Capital and net debt	1,269,252,511	1,079,453,639	516,909,009	590,499,722
Gearing ratio	52.2%	51.3%	54.6%	60.8%

39. 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 support 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.

- **Sub-sea 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.

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.

(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.

39. Segmental information (cont'd.)

	Offshore support vessel and services RM	Sub-sea services RM	Others RM	Adjustment RM	Total RM
31 December 2013					
Revenue					
Sales to external customers	285,815,059	158,233,803	3,348,544	-	447,397,406
Inter segment sales	185,771,848	11,962,597	16,870,215	(214,604,660)	-
Total revenue	471,586,907	170,196,400	20,218,759	(214,604,660)	447,397,406
Results					
Segment results	60,967,462	2,930,737	259,913	(7,782,091)	56,376,021
Finance costs	(28,823,532)	(1,281,328)	(133,175)	-	(30,238,035)
Share of results of associates	22,483,809	-	-	-	22,483,809
Share of results of joint ventures	17,924,870	12,114,813	-	-	30,039,683
Profit before tax	72,552,609	13,764,222	126,738	(7,782,091)	78,661,478
Income tax expense					(4,160,379)
Profit for the year					74,501,099
Assets					
Segment assets	462,843,009	67,533,594	9,122,249	6,036,630	545,535,482
Investments in associates	86,594,450	-	-	45,766,716	132,361,166
Interests in joint ventures	46,100,444	-	-	105,708,464	151,808,908
Intangible assets	-	16,542	-	1,496,069	1,512,611
Unallocated assets	598,339,408	74,730,167	453,997,568	(471,572,179)	655,494,964
Total assets	1,193,877,311	142,280,303	463,119,817	(312,564,300)	1,486,713,131
Liabilities					
Segment liabilities	93,247,372	3,074,831	233,765,938	2,625,285	332,713,426
Unallocated liabilities	806,649,890	118,853,169	92,497,251	(471,086,616)	546,913,694
Total liabilities	899,897,262	121,928,000	326,263,189	(468,461,331)	879,627,120
Other segment information:					
Capital expenditure	128,721,485	12,111,394	6,546,663	-	147,379,542
Depreciation	28,376,835	14,027,980	337,781	-	42,742,596
Other significant non-cash expenses:					
Impairment loss of trade receivables	44,031	-	-	-	44,031

39. Segmental information (cont'd.)

	Offshore support vessel and services RM	Sub-sea services RM	Others RM	Adjustment RM	Total RM
31 December 2012					
Revenue					
Sales to external customers	239,329,107	259,425,058	3,635,471	-	502,389,636
Inter segment sales	11,625,042	22,731,308	2,953,617	(37,309,967)	-
Total revenue	250,954,149	282,156,366	6,589,088	(37,309,967)	502,389,636
Results					
Segment results	26,963,853	(6,196,783)	1,391,329	(637,508)	21,520,891
Finance costs	(25,994,039)	(1,027,164)	(54,536)	-	(27,075,739)
Share of results of associates	21,039,110	-	-	-	21,039,110
Share of results of joint ventures	20,652,439	19,781,615	-	-	40,434,054
Profit before tax	42,661,363	12,557,668	1,336,793	(637,508)	55,918,316
Income tax expense					(210,090)
Profit for the year					55,708,226
Assets					
Segment assets	468,561,478	65,182,955	2,946,881	6,636,303	543,327,617
Investments in associates	86,594,449	-	-	29,931,120	116,525,569
Interests in joint ventures	44,900,444	-	-	76,956,282	121,856,726
Intangible assets	-	78,564	-	1,454,844	1,533,408
Unallocated assets	455,948,577	43,309,477	541,514,316	(524,396,897)	516,375,473
Total assets	1,056,004,948	108,570,996	544,461,197	(409,418,348)	1,299,618,793
Liabilities					
Segment liabilities	152,622,872	7,505,330	271,182,347	2,775,203	434,085,752
Unallocated liabilities	637,934,852	82,069,437	140,710,229	(523,160,675)	337,553,843
Total liabilities	790,557,723	89,574,768	411,892,576	(520,385,472)	771,639,595
Other segment information:					
Capital expenditure	26,691,605	1,732,452	68,627	-	28,492,684
Depreciation	29,705,679	7,015,963	229,784	-	36,951,426
Other significant non-cash expenses:					
Impairment loss of trade receivables	5,980,279	151,281	-	-	6,131,560

40. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries				
- realised	520,124,884	343,474,560	1,135,483	4,804,987
- unrealised	(249,274,998)	(40,090,195)	-	-
	270,849,886	303,384,365	1,135,483	4,804,987
Total share of retained earnings from associates:				
- realised	57,694,245	35,199,647	-	-
- unrealised	(86,551)	69,251	-	-
Total share of retained earnings from joint ventures:				
- realised	100,033,545	71,906,748	-	-
- unrealised	13,079,843	5,360,889	-	-
	441,570,968	415,920,900	1,135,483	4,804,987
Less: consolidation adjustments	(65,360,502)	(112,018,432)	-	-
Retained earnings as per financial statements	376,210,466	303,902,468	1,135,483	4,804,987