Building a better working world

Alam Maritim Resources Berhad

(700849 - K)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2014

700849-K

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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Alam Maritim Resources Berhad
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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

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 for the year	60,729,217	857,977
Profit for the year attributable to:		
Owners of the parent	60,702,032	857,977
Non-controlling interests	27,185	-
	60,729,217	857,977

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 directors do not recommend any dividend in respect of the financial year ended 31 December 2014.

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:

Fina Norhizah binti Haji Baharu Zaman	
Dato' Haji Ab Wahab bin Haji Ibrahim	
Datuk Azmi bin Ahmad	
Shaharuddin bin Warno @ Rahmad	
Ahmad Hassanudin bin Ahmad Kamaluddin	
Ainul Azhar bin Ainul Jamal	(Appointed on 1 October 2014)
Mohd Abd Rahman bin Mohd Hashim	(Resigned on 5 December 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 31 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 1.1.2014	**Acquired**	**Sold**	**At 31.12.2014**
Direct interest:				
Dato' Haji Ab Wahab bin Haji Ibrahim	1,500	-	-	1,500
Datuk Azmi bin Ahmad	2,292,748	-	-	2,292,748
Shaharuddin bin Warno @ Rahmad	1,609,900	-	(1,600,000)	9,900
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	-	-	1,875
Fina Norhizah binti Haji Baharu Zaman	-	64,000	(30,000)	34,000
Indirect interest:				
Datuk Azmi bin Ahmad	122,161,028	49,562,315	(6,350,000)	165,373,343
Shaharuddin bin Warno @ Rahmad	121,945,403	49,562,315	(6,300,000)	165,207,718
Mohd Abd Rahman bin Mohd Hashim	104,524,630	-	(104,524,630)	-
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750	-	-	123,750

	Number of options over ordinary shares of RM0.25 each			
	At 1.1.2014	**Granted**	**Exercised**	**At 31.12.2014**
Datuk Azmi bin Ahmad	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 RM200,324,434 to RM231,115,231 by way of issuance of 123,000,000 ordinary shares of RM0.25 each for cash at an issue price of RM1.35 per ordinary share.

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

Subsequent event

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

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;

  (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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; 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 or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(f) In the opinion of the directors:

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

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Alam Maritim Resources Berhad
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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 21 April 2015.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

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Alam Maritim Resources Berhad
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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 2014 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 21 April 2015.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

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

I, Md Nasir bin Noh, being the officer primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 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, Md Nasir bin Noh
at Kuala Lumpur in the Federal
Territory on 21 April 2015.

Md Nasir bin Noh

Before me,

PESURUHJAYA SUMPAH
W 537
N.THINAHARAKUMAR
MALAYSIA

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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 2014 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 115.

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.

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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 2014 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.

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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

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 April 2015

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Alam Maritim Resources Berhad
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Statements of comprehensive income
For the financial year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	4	391,584,354	447,397,406	-	-
Cost of sales	4	(320,579,813)	(354,718,676)	-	-
Gross profit		71,004,541	92,678,730	-	-
Other income	5	18,960,043	19,020,302	16,025,411	17,646,897
Employee benefits expense	6	(29,722,097)	(31,767,265)	(405,877)	(402,717)
Other expenses		(13,756,179)	(23,555,746)	(740,169)	(883,210)
Operating profit		46,486,308	56,376,021	14,879,365	16,360,970
Finance costs	8	(24,006,397)	(30,238,035)	(14,275,644)	(17,273,726)
Share of results of associates		21,210,352	22,483,809	-	-
Share of results of joint ventures		22,943,207	30,039,683	-	-
Profit/(loss) before tax	9	66,633,470	78,661,478	603,721	(912,756)
Income tax (expense)/ credit	10	(5,904,253)	(4,160,379)	254,256	(759,761)
Profit/(loss) for the year		60,729,217	74,501,099	857,977	(1,672,517)
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation, representing other comprehensive income for the year, net of tax		102,416	677,972	-	-
Total comprehensive income for the year		60,831,633	75,179,071	857,977	(1,672,517)

Alam Maritim Resources Berhad
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Statements of comprehensive income
For the financial year ended 31 December 2014 (cont'd.)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Profit/(loss) attributable to:					
Owners of the parent		60,702,032	74,304,985	857,977	(1,672,517)
Non-controlling interests		27,185	196,114	-	-
		60,729,217	74,501,099	857,977	(1,672,517)
Total comprehensive income attributable to:					
Owners of the parent		60,804,448	74,982,957	857,977	(1,672,517)
Non-controlling interests		27,185	196,114	-	-
		60,831,633	75,179,071	857,977	(1,672,517)
Earnings per share attributable to owners of the parent:					
Basic (Sen)	11(a)	7.0	9.4		
Diluted (Sen)	11(b)	6.9	9.2		

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

Alam Maritim Resources Berhad
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Statements of financial position
As at 31 December 2014

	Note	2014 RM	2013 RM
Group			
Assets			
Non-current assets			
Property, vessels and equipment	13	528,501,444	545,535,482
Intangible assets	14	1,358,222	1,512,611
Investments in associates	16	73,418,025	132,361,166
Interests in joint ventures	17	256,400,193	151,808,908
Deferred tax assets	18	7,041,998	11,562,405
Trade receivables	20	1,182,638	1,182,638
		867,902,520	843,963,210
Current assets			
Inventories	19	4,926,661	3,752,481
Trade receivables	20	185,109,720	264,025,585
Other receivables	21	102,446,034	236,538,173
Tax recoverable		3,655,029	3,246,366
Cash and bank balances	22	245,030,608	135,187,316
		541,168,052	642,749,921
Total assets		1,409,070,572	1,486,713,131
Equity and liabilities			
Current liabilities			
Borrowings	26	186,214,344	311,309,120
Trade payables	29	156,419,895	205,110,572
Other payables	30	21,377,137	30,429,511
Tax payable		137,790	64,491
		364,149,166	546,913,694
Net current assets		177,018,886	95,836,227

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Statements of financial position
As at 31 December 2014 (cont'd.)

	Note	2014 RM	2013 RM
Group (cont'd.)			
Non-current liabilities			
Borrowings	26	134,204,073	251,033,484
Deferred tax liabilities	18	80,079,674	81,679,942
		214,283,747	332,713,426
Total liabilities		578,432,913	879,627,120
Net assets		830,637,659	607,086,011
Equity attributable to owners of the parent			
Share capital	23	231,115,231	200,324,434
Share premium	23	165,199,735	33,206,711
Other reserves	24	(3,145,861)	(3,184,471)
Retained earnings		436,912,498	376,210,466
		830,081,603	606,557,140
Non-controlling interests		556,056	528,871
Total equity		830,637,659	607,086,011
Total equity and liabilities		1,409,070,572	1,486,713,131

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Statements of financial position
As at 31 December 2014 (cont'd.)

	Note	2014 RM	2013 RM
Company			
Assets			
Non-current assets			
Property, vessels and equipment	13	-	233,191
Investment in subsidiaries	15	100,303,120	100,302,070
		100,303,120	100,535,261
Current assets			
Amounts due from subsidiaries	28	406,303,631	416,370,628
Other receivables	21	107,385	3,120
Tax recoverable		504,256	-
Cash and bank balances	22	122,098,639	32,324,395
		529,013,911	448,698,143
Total assets		629,317,031	549,233,404
Equity and liabilities			
Current liabilities			
Borrowings	26	115,000,000	78,048,641
Other payables	30	913,659	6,088,313
		115,913,659	84,136,954
Net current assets		413,100,252	364,561,189

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Statements of financial position
As at 31 December 2014 (cont'd.)

	Note	2014 RM	2013 RM
Company (cont'd.)			
Non-current liabilities			
Borrowings	26	115,000,000	230,271,070
Total liabilities		230,913,659	314,408,024
Net assets		398,403,372	234,825,380
Equity attributable to owners of the parent			
Share capital	23	231,115,231	200,324,434
Share premium	23	165,199,735	33,206,711
Employee share option reserve	24	94,946	158,752
Retained earnings	25	1,993,460	1,135,483
Total equity		398,403,372	234,825,380
Total equity and liabilities		629,317,031	549,233,404

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

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Statements of changes in equity
For the financial year ended 31 December 2014

Group	Attributable to owners of the parent: Non-distributable: Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Distributable: Retained earnings 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:							
Dividends (Note 12)	-	-	-	(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

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Statements of changes in equity
For the financial year ended 31 December 2014 (cont'd.)

Group	Attributable to owners of the parent: Non-distributable: Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Distributable: Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Opening balance at 1 January 2014	200,324,434	33,206,711	(3,184,471)	376,210,466	606,557,140	528,871	607,086,011
Total comprehensive income for the year	-	-	102,416	60,702,032	60,804,448	27,185	60,831,633
Transactions with owners:							
Issue of ordinary shares	30,750,000	135,260,253	-	-	166,010,253	-	166,010,253
Issue of ordinary shares pursuant to employee share options	40,797	63,806	(63,806)	-	40,797	-	40,797
Share issuance expense	-	(3,331,035)	-	-	(3,331,035)	-	(3,331,035)
Total transactions with owners	30,790,797	131,993,024	(63,806)	-	162,720,015	-	162,720,015
Closing balance at 31 December 2014	231,115,231	165,199,735	(3,145,861)	436,912,498	830,081,603	556,056	830,637,659

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Statements of changes in equity
For the financial year ended 31 December 2014 (cont'd.)

	Non-Distributable			Distributable	
Company	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24) RM**	**Retained earnings (Note 25) 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 (Note 12)	-	-	-	(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 2014	200,324,434	33,206,711	158,752	1,135,483	234,825,380
Total comprehensive income for the year	-	-	-	857,977	857,977
Transactions with owners:					
Issue of ordinary shares	30,750,000	135,260,253	-	-	166,010,253
Issue of ordinary shares pursuant to employee share options	40,797	63,806	(63,806)	-	40,797
Share issuance expense	-	(3,331,035)	-	-	(3,331,035)
Total transactions with owners	30,790,797	131,993,024	(63,806)	-	162,720,015
At 31 December 2014	231,115,231	165,199,735	94,946	1,993,460	398,403,372

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

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Alam Maritim Resources Berhad
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Statements of cash flows
For the financial year ended 31 December 2014

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Operating activities				
Profit/(loss) before tax	66,633,470	78,661,478	603,721	(912,756)
Adjustments for:				
Interest income	(6,981,501)	(10,235,411)	(1,752,518)	(390,302)
Interest recharged to subsidiaries	-	-	(14,272,893)	(17,256,595)
Depreciation of property, vessels and equipment	39,514,378	42,742,596	-	90,268
(Gain)/loss on disposal of property, vessels and equipment	(4,691,931)	(5,710,546)	33,191	-
Finance costs	24,006,397	30,238,035	14,275,644	17,273,726
Impairment loss on trade receivables	811,062	44,031	-	-
Reversal of impairment on trade receivables	(151,281)	(303,915)	-	-
Impairment loss on interests in joint venture	417,914	-		-
Net unrealised foreign exchange gain	(1,936,703)	(390,653)	-	-
Amortisation of intangible assets	66,178	64,738	-	-
Share of results of associates	(21,210,352)	(22,483,809)	-	-
Share of results of joint ventures	(22,943,207)	(30,039,683)	-	-
Property, vessels and equipment written off	171,292	-	-	-
Impairment of property, vessels and equipment	671,170	-	-	-
Impairment of goodwill	183,878	-	-	-
Total adjustments	7,927,293	3,925,383	(1,716,576)	(282,903)
Operating cash flows before working capital changes carried forward	74,560,763	82,586,861	(1,112,855)	(1,195,659)

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Statements of cash flows
For the financial year ended 31 December 2014 (cont'd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Operating activities (cont'd.)				
Operating cash flows before working capital changes brought forward	74,560,763	82,586,861	(1,112,855)	(1,195,659)
Changes in working capital:				
(Increase)/decrease in inventories	(1,174,180)	4,486,919	-	-
Decrease/(increase) in receivables	211,401,472	(144,795,232)	(126,777)	267,673
(Decrease)/increase in payables	(57,708,674)	120,616,142	(5,462,803)	(2,799,531)
Total changes in working capital	152,518,618	(19,692,171)	(5,589,580)	(2,531,858)
Cash flows from/ (used in) operations	227,079,382	62,894,690	(6,702,435)	(3,727,517)
Income tax (paid)/refund, net	(3,340,362)	(1,294,462)	(250,000)	195,025
Interest paid	(24,006,397)	(30,238,035)	(14,275,644)	(17,273,726)
Net cash flows from/(used in) operating activities	199,732,623	31,362,193	(21,228,079)	(20,806,218)
Investing activities				
Purchase of property, vessels and equipment	(30,677,750)	(147,379,542)	-	-
Acquisition of non-controlling interests	-	(1,200,000)	-	-
Proceeds from disposal of property, vessels and equipment	13,107,808	157,253	200,000	-
Investments in subsidiaries	-	-	(1,050)	-
Decrease in amount due from subsidiaries	-	-	10,066,997	72,489,823
Interest received	6,981,501	10,235,411	16,025,411	17,646,897
Net cash flows (used in)/ from investing activities	(10,588,441)	(138,186,878)	26,291,358	90,136,720

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2014 (cont'd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	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	(38,008,000)	(55,000,000)	(38,008,000)	(55,000,000)
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	(40,000,000)	(90,000,000)	(40,000,000)	(90,000,000)
Proceeds from drawdown of term loans	1,353,283	194,655,673	-	-
Repayment of term loans	(133,636,712)	(5,132,490)	-	-
Proceeds from drawdown of revolving credits	12,669,286	30,000,000	-	-
Repayments of revolving credits	(40,000,000)	(23,469,286)	-	-
Repayment of hire purchase and finance lease liabilities	(5,345,078)	(3,141,959)	-	(38,237)
Net cash set aside for marginal deposit	(821,228)	(3,994,016)	-	-
Net cash set aside for collateral and sinking fund	(21,988,080)	15,189,607	-	-
Dividends paid	-	(1,996,987)	-	(1,996,987)
Proceeds from issuance of ordinary shares	162,718,965	7,124,729	162,718,965	7,124,729
Net cash flows (used in)/ from financing activities	(103,057,564)	124,235,271	84,710,965	(79,910,495)

Alam Maritim Resources Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2014 (cont'd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Net increase/(decrease) in cash and cash equivalents	86,086,618	17,410,586	89,774,244	(10,579,993)
Effect of exchange rate changes on cash and cash equivalents	(95,668)	(721,913)	-	-
Cash and cash equivalents at beginning of year	109,058,798	92,370,125	32,324,395	42,904,388
Cash and cash equivalents at end of year (Note 22)	195,049,748	109,058,798	122,098,639	32,324,395

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

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main 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 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 21 April 2015.

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 2014 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 2014, 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 2014.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 132: Disclosures – 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

The nature and impact of the new and amended MFRS and IC Interpretations are described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

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

2.2 Changes in accounting policies (cont'd.)

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's and the Company's financial statements.

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

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

2.3 Standards 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 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
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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

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

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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

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

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

MFRS 15: Revenue from Contracts with Customers (cont'd.)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group has not completed its assessment of the financial effects of standards and amendments to standards issued but not yet effective.

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.

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

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

2.4 Basis of consolidation (cont'd.)

(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.

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.

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

2.4 Basis of consolidation (cont'd.)

Business combinations (cont'd.)

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).

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

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 operate ("the functional currency"). The consolidated financial statements are presented in 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.

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

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 range approximately between 2.5 to 5 years.

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 building	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.

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

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

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.

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.

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

2.8 Intangible assets (cont'd.)

(b) Other intangible assets (cont'd.)

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.

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

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.

2.11 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.

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

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

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.

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.

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 classifications as described below and the only category applicable to the Group is loans and receivables:

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.

(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.

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

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

(b) Financial liabilities (cont'd.)

Other financial liabilities

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

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.

(c) Offsetting of financial instruments

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

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.

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

2.13 Impairment of financial assets (cont'd.)

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.

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

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.

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.

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

2.17 Provisions (cont'd.)

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.

2.18 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.

2.21 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.

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

2.21 Leases (cont'd.)

(a) As lessee (cont'd.)

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.

(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 accrual basis when the services are rendered.

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

2.22 Revenue recognition (cont'd.)

(d) Rental of equipment

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

(e) Vessel's management fees

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

(f) 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.

(g) Interest income

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

(h) Dividend income

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

2.23 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.

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

2.23 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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:

- 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.

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

2.23 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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.

(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.

2.27 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

2.28 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best value.

The Group and the Company use valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.28 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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.

3.2 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. The carrying amount of vessels and equipment on vessel is disclosed in Note 13.

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

3.2 Key sources of estimation uncertainty (cont'd.)

(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 receivables at the reporting date is disclosed in Note 20.

4. Revenue and cost of sales

Revenue

	Group 2014 RM	Group 2013 RM
Charter hire	178,188,445	234,626,175
Offshore installation and construction	45,914,395	34,615,386
Diving and sub-sea services	79,564,117	78,598,962
Rental of equipment	35,219,263	44,689,573
Other shipping related income	33,044,084	34,213,811
Vessel's management fees	11,915,960	13,734,426
Ship catering	7,738,090	6,454,189
Sales of diving equipment	-	464,884
	391,584,354	447,397,406

Cost of sales

Cost of sales represents cost of services provided, labor cost related overheads, development cost, cost of goods sold, and cost of operation.

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

	Group 2014 RM	Group 2013 RM
Wages and allowances	36,716,124	46,843,357
Contributions to defined contribution plan - EPF	1,795,596	1,907,166
Social security contributions	133,061	140,129
	38,644,781	48,890,652

5. Other income

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest income	6,981,501	10,235,411	1,752,518	390,302
Realised gain on foreign exchange	4,520	688,303	-	-
Rental of premises	539,557	609,938	-	-
Gain on disposal of property, vessels and equipment	4,691,931	5,710,546	-	-
Interest recharged to subsidiaries	-	-	14,272,893	17,256,595

5. Other income (cont'd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Net unrealised foreign exchange gain	1,936,703	390,653	-	-
Other income	4,805,831	1,385,451	-	-
	18,960,043	19,020,302	16,025,411	17,646,897

6. Employee benefits expense

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Salaries, bonuses and allowances	22,020,022	25,079,281	344,540	341,500
Contributions to defined contribution plan - EPF	2,599,579	2,324,272	-	-
Social security contributions	123,893	117,769	-	-
Other staff related expenses	4,978,603	4,245,943	61,337	61,217
	29,722,097	31,767,265	405,877	402,717
Cost of sales (Note 4)	38,644,781	48,890,652	-	-
	68,366,878	80,657,917	405,877	402,717

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM4,614,338 (2013: RM4,163,831) as further disclosed in Note 7.

7. Directors' remuneration

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Executive directors' remuneration (Note 6):				
Fees	139,413	157,119	-	-
Other emoluments	4,474,925	4,006,712	-	-
	4,614,338	4,163,831	-	-

7. Directors' remuneration (cont'd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-executive directors' remuneration (Note 9):				
Fees	317,040	252,000	317,040	252,000
Other emoluments	29,000	114,250	29,000	114,250
	346,040	366,250	346,040	366,250
Total directors' remuneration (Note 34(b))	4,960,378	4,530,081	346,040	366,250
Estimated money value of benefits-in-kind	-	36,467	-	36,467
Total directors' remuneration including benefits-in-kind	4,960,378	4,566,548	346,040	402,717

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Executive:				
Salaries and other emoluments	3,726,153	3,492,119	-	-
Bonus	603,750	420,000	-	-
Defined contribution plan - EPF	284,435	251,712	-	-
Total executive directors' remuneration	4,614,338	4,163,831	-	-
Non-executive:				
Fees and other emoluments	346,040	366,250	346,040	366,250
Estimated money value of benefits-in-kind	-	36,467	-	36,467
Total non-executive directors' remuneration	346,040	402,717	346,040	402,717

7. Directors' remuneration (cont'd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total directors' remuneration	4,960,378	4,566,548	346,040	402,717

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	
	2014	**2013**
Executive directors:		
RM900,001 - RM1,000,000	-	1
RM1,100,001 - RM1,200,000	1	-
RM1,401,001 - RM1,500,000	-	1
RM1,501,001 - RM1,600,000	1	-
RM1,601,001 - RM1,700,000	-	1
RM1,901,001 - RM2,000,000	1	-
Non-executive directors:		
RM20,001 - RM30,000	1	-
RM60,001 - RM70,000	-	1
RM80,001 - RM90,000	1	1
RM90,001 - RM100,000	-	1
RM100,001 - RM110,000	-	1
RM110,001 - RM120,000	2	-

8. Finance costs

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Term loans	4,557,302	8,113,847	-	-
Hire purchase and finance lease liabilities	421,288	508,617	2,751	17,131
MCP/MMTN	1,124,800	1,984,350	1,124,800	1,984,350
Sukuk Ijarah MTN	13,148,093	15,272,245	13,148,093	15,272,245
Revolving credits	4,180,181	3,750,000	-	-
Other borrowings	574,733	608,976	-	-
	24,006,397	30,238,035	14,275,644	17,273,726

9. Profit/(loss) before tax

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-executive directors' remuneration (Note 7)	346,040	366,250	346,040	366,250
Auditors' remuneration:				
Auditors of the Company:				
- statutory audits	179,000	202,000	50,000	50,000
- other services	30,000	80,000	-	-
Other auditors	113,904	58,264	-	-
Operating leases:				
- lease payments for premises	906,823	631,421	-	-
- lease payments for third party vessels	104,327,183	185,703,824	-	-
Depreciation of property, vessels and equipment (Note 13)	39,514,378	42,742,596	-	90,268
Amortisation of intangible assets (Note 14)	66,178	64,738	-	-
Impairment loss on trade receivables (Note 20)	811,062	44,031	-	-
Reversal of impairment loss on trade receivables (Note 20)	(151,281)	(303,915)	-	-
Litigation costs	-	4,954,835	-	-
Net realised foreign exchange losses	758,591	692,032	-	-
Impairment of property, vessels and equipment (Note 13)	671,170	-	-	-
Impairment of goodwill (Note 14)	183,878	-	-	-
Impairment loss on interests in joint venture	417,914	-	-	-
Property, vessels and equipment written off	171,292	-	-	-

10. Income tax expense/(credit)

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	3,223,972	1,003,626	-	-
Foreign tax	111,178	-	-	-
(Over)/underprovision in prior years:				
Malaysian income tax	(330,152)	618,739	(254,256)	759,761
	3,004,998	1,622,365	(254,256)	759,761
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	313,275	2,579,679	-	-
Under/(over)provision in prior years	2,585,980	(41,665)	-	-
	2,899,255	2,538,014	-	-
Income tax expense/ (credit) for the year	5,904,253	4,160,379	(254,256)	759,761

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

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. The computation of deferred tax as at the reporting date has reflected these changes.

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

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

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	66,633,470	78,661,478	603,721	(912,756)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	16,724,905	19,838,679	150,930	(228,189)
Different tax rates in other countries	(306,956)	122,879	-	-
Different tax rates in other tax jurisdiction	(5,330,704)	(5,316,613)	-	-
Effect of income not subject to tax	(1,726,478)	(300,000)	(353,903)	-
Effect of share of results of joint ventures and associates	(11,038,390)	(13,130,873)	-	-
Non-deductible for tax purposes	5,326,048	2,369,233	202,973	228,189
(Over)/underprovision of income tax in prior years	(330,152)	618,739	(254,256)	759,761
Under/(over)provision of deferred tax in prior years	2,585,980	(41,665)	-	-
Income tax expense/ (credit) for the year	5,904,253	4,160,379	(254,256)	759,761

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.

	2014 RM	2013 RM
Profit attributable to ordinary equity holders of the Company	60,702,032	74,304,985
Weighted average number of ordinary shares in issue	871,885,693	794,364,702
Basic earnings per share (Sen)	7.0	9.4

(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.

	2014 RM	2013 RM
Profit attributable to ordinary equity holders of the Company	60,702,032	74,304,985
Weighted average number of ordinary shares in issue	871,885,693	794,364,702
Effects of dilution from share options granted to employees	3,361,371	14,757,967
Adjusted weighted average number of ordinary shares in issue and issuable	875,247,064	809,122,669
Diluted earnings per share (Sen)	6.9	9.2

12. Dividends

	Dividends paid in respect of year		Dividends recognised in respect of year	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Recognised during the year:				
A final tax exempt (single tier) dividend, of 1% per ordinary shares of RM0.25 each	-	1,996,987	-	-

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 2014	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
Additions	-	3,062,649	-	7,576,133	13,113,410	738,371	639,200	238,023	5,309,964	30,677,750
Disposals	-	-	-	-	(19,803,539)	(811,639)	(159,310)	-	-	(20,774,488)
Written off	-	-	-	-	(483,105)	-	-	-	-	(483,105)
Exchange differences	-	243,222	-	-	1,058,645	-	17,916	18,954	-	1,338,737
At 31 December 2014	12,039,510	27,795,162	587,248,045	46,598,135	99,003,488	5,326,874	8,565,050	5,295,436	14,501,400	806,373,100
Accumulated depreciation										
At 1 January 2014	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
Charge for the year	121,640	637,549	21,214,916	5,095,877	10,380,098	209,639	958,930	895,729	-	39,514,378
Disposals	-	-	-	-	(11,620,853)	(578,448)	(159,310)	-	-	(12,358,611)
Impairment (Note 9)	-	-	671,170	-	-	-	-	-	-	671,170
Written off	-	-	-	-	(311,813)	-	-	-	-	(311,813)
Exchange differences	-	25,577	-	-	219,539	-	16,638	16,054	-	277,808
At 31 December 2014	696,410	2,957,392	189,899,387	31,236,410	40,847,404	3,796,429	5,046,191	3,392,033	-	277,871,656

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

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

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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 2014	11,343,100	24,837,770	397,348,658	15,361,725	58,156,084	1,530,445	3,518,859	1,903,403	14,501,400	528,501,444
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

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

Company	Motor vehicles 2014 RM	2013 RM
Cost		
At 1 January	451,338	451,338
Disposal	(451,338)	-
At 31 December	-	451,338
Accumulated depreciation		
At 1 January	218,147	127,879
Depreciation charge for the year (Note 9)	-	90,268
Disposal	(218,147)	-
At 31 December	-	218,147
Net carrying amount		
At 31 December	-	233,191

(a) Included in the Group's additions for the year are property, vessels and equipment of RM19,161,745 (2013: RM128,643,321) 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Motor vehicles	1,530,445	1,234,904	-	233,191
Diving equipment	39,954,993	55,311,256	-	-
Assets under construction	14,501,400	9,191,436	-	-

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

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 26 are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Leasehold buildings	24,837,770	22,195,025
Vessels	397,348,658	419,234,744
	422,186,428	441,429,769

14. Intangible assets

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2014	1,496,069	647,375	2,143,444
Exchange differences	33,071	14,400	47,471
At 31 December 2014	1,529,140	661,775	2,190,915
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
Accumulated amortisation and impairment			
At 1 January 2014	-	630,833	630,833
Charge for the year (Note 9)	-	66,178	66,178
Impairment (Note 9)	183,878	-	183,878
Exchange differences	-	(48,196)	(48,196)
At 31 December 2014	183,878	648,815	832,693

14. Intangible assets (cont'd.)

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Accumulated amortisation and impairment (cont'd.)			
At 1 January 2013	-	579,700	579,700
Charge for the year (Note 9)	-	64,738	64,738
Exchange differences	-	(13,605)	(13,605)
At 31 December 2013	-	630,833	630,833
Net carrying amount			
At 31 December 2014	1,345,262	12,960	1,358,222
At 31 December 2013	1,496,069	16,542	1,512,611

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 2014	1,345,262	-	1,345,262
At 31 December 2013	1,312,191	183,878	1,496,069

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 2014 RM	Company 2013 RM
Unquoted shares, at cost	100,303,120	100,302,070

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %
(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
Alam Maritim Investment Holdings (L) Inc. ("AMIH") **	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	100	-
Alam JV Holdings (L) Inc. ("ALAM JV") **	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	100	-
Alam Maritim Global I Ltd. ("AMG") **	British Virgin Islands	Investment holding	100	-

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %
(ii) Held through AMSB:				
Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	Offshore facilities construction and installation and sub-sea services	100	100
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

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2014 %	2013 %
(iii) Held through KJWE:				
KJ Waja Services Sdn. Bhd. ("KJWS") *	Malaysia	Ship spare supply and other related services	84	84
(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.

** (i) On 26 December 2014, the Company has acquired AMIH and ALAM JV at a consideration of USD100 each from ZRC Corporate Management Inc.. AMIH and ALAM JV has issued and paid up capital of USD100 comprising ordinary shares of USD1.00 each.

(ii) On 29 December 2014, the Company has incorporated AMG under the BVI Business Companies Act, 2004. The issued and paid up share capital of AMG is USD100 comprising ordinary shares of USD1.00 each.

(iii) On 27 November 2014, AMIH has incorporated Alam Maritim Investment I (L) Inc., Alam Maritim Investment II (L) Inc., Alam Maritim Investment III (L) Inc., Alam Maritim Investment IV (L) Inc., and Alam Maritim Investment V (L) Inc.. The issued and paid up share capital of these companies are USD100 comprising ordinary shares of USD1.00 each.

15. Investments in subsidiaries (cont'd.)

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 statements of cash flows of the subsidiaries with non-controlling interests are not disclosed.

16. Investments in associates

	Group 2014 RM	Group 2013 RM
Unquoted shares, at cost	61,699,516	86,594,449
Share of post-acquisition reserves	11,718,509	45,766,717
	73,418,025	132,361,166

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %
(i) Held through AMLI:				
TH-Alam Holdings (L) Inc. ("THAH")	Federal Territory of Labuan, Malaysia	Investment holding	49	49
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

16. Investments in associates (cont'd.)

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2014 %	2013 %
(ii) 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
(iii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc. ("ALAM-PE I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	-	49
Alam-PE II (L) Inc. ("ALAM-PE II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	-	49
Alam-PE III (L) Inc. ("ALAM-PE III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	-	49
Alam-PE IV (L) Inc. ("ALAM-PE IV")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	-	49
Alam-PE V (L) Inc. ("ALAM-PE V")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	-	49
Alam-PE Holdings Sdn. Bhd. ("ALAM-PE(H)SB")	Malaysia	Ship management	-	49

16. Investments in associates (cont'd.)

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

The associates have no other contingent liabilities or capital commitments as at 31 December 2014 and 31 December 2013.

Acquisition of additional investment in ALAM-PE (H)

On 8 October 2014, the Joint Venture Agreement dated 24 June 2014 ("JVA") between a wholly owned subsidiary of the Company, Alam Maritim (L) Inc. ("AMLI") and WASCO Energy Ltd. ("WASCO") became effective in accordance with the terms and conditions of the JVA, with WASCO owning 49% equity interest in ALAM-PE (H) on the same date.

Subsequent to the above, AMLI had on 16 October 2014 completed the Share Sale & Purchase Agreement entered into between AMLI and Armada Investment Holdings Ltd. ("ARMADA") on 22 September 2014 for the acquisition of 2% equity interest in ALAM-PE (H) by AMLI from ARMADA. Following this, ALAM-PE (H) is now a joint venture by AMLI and WASCO with the shareholding of 51% and 49% respectively.

In this regard, the Joint Venture Agreement previously entered into between AMLI and ARMADA dated 30 October 2008 had been terminated with immediate effect.

Pursuant to transactions above, reclassification effect from the above transactions are as follows:

	(Decrease)/increase As at 16.10.2014 RM
Consolidated statement of financial position	
Investment in associates	(84,111,574)
Interests in joint ventures	84,111,574

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	
	2014	2013	2014	2013	2014	2013
	RM	RM	RM	RM	RM	RM
Assets and liabilities						
Non-current assets	-	226,904,721	373,475,999	388,542,269	373,475,999	615,446,990
Current assets	-	67,181,869	100,080,911	51,288,642	100,080,911	118,470,511
Total assets	-	294,086,590	473,556,910	439,830,911	473,556,910	733,917,501
Non-current liabilities	-	70,523,793	217,400,208	93,117,124	217,400,208	163,640,917
Current liabilities	-	79,258,295	86,467,679	196,301,265	86,467,679	275,559,560
Total liabilities	-	149,782,088	303,867,887	289,418,389	303,867,887	439,200,477
Net assets	-	144,304,502	169,689,023	150,412,522	169,689,023	294,717,024

16. Investments in associates (cont'd.)

(ii) Summarised consolidated statements of comprehensive income

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2014	2013	2014	2013	2014	2013
	RM	RM	RM	RM	RM	RM
Revenue for the period/year	56,375,166	82,029,708	63,740,827	54,393,392	120,115,993	136,423,100
Profit for the period/year, representing total comprehensive income	23,964,078	34,361,898	19,276,501	11,227,483	43,240,579	45,589,381

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

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2014	2013	2014	2013	2014	2013
	RM	RM	RM	RM	RM	RM
Net assets as at 1 January	144,304,502	109,942,604	150,412,522	139,185,039	294,717,024	249,127,643
Profit for the period (1 January 2014 to 16 October 2014)/year	23,964,078	34,361,898	19,276,501	11,227,483	43,240,579	45,589,381
Net assets as at 16 October/31 December	168,268,580	144,304,502	169,689,023	150,412,522	337,957,603	294,717,024
Transfer out to interests in joint venture (Note 17(iii))	(168,268,580)	-	-	-	(168,268,580)	-
Elimination	-	-	-	-	(19,856,318)	(24,592,195)
	-	144,304,502	169,689,023	150,412,522	149,832,705	270,124,829
Investments in associates	-	49%	49%	49%	73,418,025	132,361,166
Carrying value of Group's investments in associates	-	70,709,206	83,147,621	73,702,136	73,418,025	132,361,166

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.

During the year, the Group has increased its effective interest in ALAM-PE (H) from 49% to 51% as disclosed in Note 16. Accordingly the investment in ALAM-PE (H) was reclassified here from investments in associates.

	Group	
	2014	**2013**
	RM	**RM**
Unquoted shares, at cost	66,995,378	40,100,445
Share of post-acquisition reserves	183,822,729	105,708,463
	250,818,107	145,808,908
Redeemable preference shares	6,000,000	6,000,000
Less: Impairment	(417,914)	-
	256,400,193	151,808,908

Details of the joint ventures are as follows:

Name of joint ventures	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest 2014 %**	**2013 %**
(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

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
(i) Held through AMSB (cont'd.):				
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
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 2014 %	2013 %
(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
Alam-PE Holdings (L) Inc. ("ALAM-PE(H)")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	51	-
Globe Alam Marine Offshore Services Co. ("Globe Alam")	Saudi Arabia	Offshore facilities construction and installation services	40	40

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
(iii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc. ("ALAM-PE I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	-
Alam-PE II (L) Inc. ("ALAM-PE II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	-
Alam-PE III (L) Inc. ("ALAM-PE III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	-
Alam-PE IV (L) Inc. ("ALAM-PE IV")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	-
Alam-PE V (L) Inc. ("ALAM-PE V")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	-
Alam-PE Holdings Sdn. Bhd. ("ALAM-PE(H)SB")	Malaysia	Ship management	51	-

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

The joint ventures have no other contingent liabilities or capital commitments as at 31 December 2014 and 31 December 2013.

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

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2014				
Assets and liabilities				
Non-current assets	220,859,199	67,929,111	208,742,805	176,578,487
Cash and cash equivalent	20,204,029	860,540	7,844,792	8,727,896
Other current assets	31,587,454	16,635,001	23,634,900	34,593,052
Total assets	272,650,682	85,424,652	240,222,497	219,899,435
Non-current liabilities	34,141,293	28,000,421	98,239,799	70,492,326
Trade and other payables	2,619,974	5,715,845	25,153,632	8,408,511
Other current liabilities	40,194,897	10,037,629	42,835,626	37,215,735
Total liabilities	76,956,164	43,753,895	166,229,057	116,116,572
Net assets	195,694,518	41,670,757	73,993,440	103,782,863
2013				
Assets and liabilities				
Non-current assets	-	71,729,458	217,271,544	182,427,133
Cash and cash equivalent	-	883,056	8,086,440	9,946,278
Other current assets	-	22,640,558	26,673,926	18,868,183
Total assets	-	95,253,072	252,031,910	211,241,594
Non-current liabilities	-	32,841,984	98,239,800	91,164,118
Trade and other payables	-	24,543,286	57,234,309	11,232,789
Other current liabilities	-	5,490,751	16,079,586	30,004,008
Total liabilities	-	62,876,021	171,553,695	132,400,915
Net assets	-	32,377,051	80,478,215	78,840,679

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

(ii) Summarised statements of comprehensive income:

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2014				
Revenue	67,008,780	19,712,552	16,216,613	52,330,376
Depreciation	11,517,404	4,251,680	9,088,586	7,965,864
Interest income	242,888	-	8,126	244,608
Interest expense	4,962,227	1,184,323	7,895,354	7,189,708
Profit/(loss) before tax	27,590,016	9,313,706	(6,464,775)	24,962,184
Income tax expense	100,000	20,000	20,000	20,000
Profit/(loss) for the year, representing total comprehensive income	27,490,016	9,293,706	(6,484,775)	24,942,184
2013				
Revenue	-	18,975,176	36,263,253	59,524,093
Depreciation	-	3,576,307	9,038,201	7,521,284
Interest income	-	14,424	50,507	17,561
Interest expense	-	1,457,005	8,013,938	9,995,630
Profit before tax	-	9,442,075	21,954,379	30,922,430
Income tax expense	-	20,000	20,000	20,000
Profit for the year, representing total comprehensive income	-	9,422,075	21,934,379	30,902,430

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 III RM	ASDLB 1 RM	ARLI RM
2014			
Net assets as at 1 January	32,377,051	80,478,215	78,840,679
Profit for the year	9,293,706	(6,484,775)	24,942,184
Net assets as at 31 December	41,670,757	73,993,440	103,782,863
Interests in joint ventures	60%	51%	51%
Carrying value of Group's interests in joint ventures	25,002,454	37,736,654	52,929,260
2013			
Net assets as at 1 January	22,954,976	58,543,836	47,938,249
Profit for the year	9,422,075	21,934,379	30,902,430
Net assets as at 31 December	32,377,051	80,478,215	78,840,679
Interests in joint ventures	60%	51%	51%
Carrying value of Group's interests in joint ventures	19,426,231	41,043,890	40,208,746

	Alam-PE Holdings (L) Inc. 2014 RM	2013 RM
Net assets as at 1 January	-	-
Transfer from investments in associates (Note 16(ii))	168,268,580	-
Profit for the period (17 October 2014 to 31 December 2014)	3,525,938	-
Equity contribution reserve	23,900,000	-
Net assets as at 31 December	195,694,518	-
Elimination and adjustment	(23,643,722)	-
	172,050,796	-
Interests in joint ventures	51%	-
Carrying value of Group's interests in joint ventures	87,745,906	-

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:

	2014 RM	2013 RM
The Group's share of results, representing total comprehensive income	(2,370,706)	(7,789,510)

18. Deferred taxation

	Group 2014 RM	2013 RM
At 1 January	70,117,537	67,220,277
Recognised in profit or loss (Note 10)	2,899,255	2,538,014
Exchange differences	20,884	359,246
At 31 December	73,037,676	70,117,537

Presented after appropriate offsetting as follows:

	2014 RM	2013 RM
Deferred tax assets	(7,041,998)	(11,562,405)
Deferred tax liabilities	80,079,674	81,679,942
	73,037,676	70,117,537

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 2014	81,679,942
Recognised in profit or loss	(1,621,152)
Exchange differences	20,884
At 31 December 2014	80,079,674
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

18. Deferred taxation (cont'd.)

Deferred tax assets of the Group (cont'd.):

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2014	(1,427,803)	(10,134,602)	(11,562,405)
Recognised in profit or loss	124,418	4,395,989	4,520,407
At 31 December 2014	(1,303,385)	(5,738,613)	(7,041,998)
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)

19. Inventories

	Group 2014 RM	2013 RM
Cost		
Raw materials	1,762,096	1,685,894
Work-in-progress	2,705,169	1,894,535
Spare parts	459,396	172,052
	4,926,661	3,752,481

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM2,705,169 (2013: RM1,802,080).

20. Trade receivables

	Group 2014 RM	2013 RM
Current		
Third parties	159,998,888	104,203,921
Accrued charter hire income	25,770,613	159,821,664
Less: Allowance for impairment	(659,781)	-
	185,109,720	264,025,585

20. Trade receivables (cont'd.)

	Group	
	2014	**2013**
Non-current		
Third parties	42,485,719	42,485,719
Less: Allowance for impairment	(41,303,081)	(41,303,081)
	1,182,638	1,182,638
Trade receivables, net	186,292,358	265,208,223

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2013: 30 to 90 day) 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 36.

Ageing analysis of trade receivables

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

	Group	
	2014 **RM**	**2013** **RM**
Neither past due nor impaired	73,639,032	195,719,614
1 to 30 days past due not impaired	8,189,545	18,133,723
31 to 60 days past due not impaired	6,515,311	3,824,690
61 to 90 days past due not impaired	18,535,802	40,438,297
91 to 120 days past due not impaired	78,230,030	2,292,439
More than 121 days past due not impaired	1,182,638	4,799,460
	112,653,326	69,488,609
Impaired	41,962,862	41,303,081
	228,255,220	306,511,304

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.

20. Trade receivables (cont'd.) (cont'd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM112,653,326 (2013: RM69,488,609) that are past due at the reporting date but not impaired.

At the reporting date, 34.6% (2013: 45.2%) 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	
	2014	**2013**
	RM	**RM**
Individually impaired		
Trade receivables - nominal amounts	41,962,862	41,303,081
Less: Allowance for impairment	(41,962,862)	(41,303,081)
	-	-

Movement in allowance accounts:

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	41,303,081	41,562,965
Charge for the year (Note 9)	811,062	44,031
Reversal (Note 9)	(151,281)	(303,915)
At 31 December	41,962,862	41,303,081

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Amounts due from related parties:				
- Joint ventures	96,029,928	57,872,742	-	1,248
- Associates	624	168,892,882	-	1,872
	96,030,552	226,765,624	-	3,120
Deposits	1,096,963	1,068,322	-	-
Prepayments	4,827,925	5,327,009	104,263	-
Sundry receivables	490,594	3,377,218	3,122	-
Total other receivables	102,446,034	236,538,173	107,385	3,120
Add: Trade receivables (Note 20)	186,292,358	265,208,223	-	-
Cash and bank balances (Note 22)	245,030,608	135,187,316	122,098,639	32,324,395
Amount due from subsidiaries	-	-	406,303,631	416,370,628
Less: Prepayments	(4,827,925)	(5,327,009)	(104,263)	-
Total loans and receivables	528,941,075	631,606,703	528,405,392	448,698,143

Other details on financial risks of other receivables are disclosed in Note 36.

22. Cash and bank balances

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Cash on hand and at banks	110,659,430	108,648,499	122,098,639	32,324,395
Deposits with licensed banks (a)	134,371,178	26,538,817	-	-
Cash and bank balances	245,030,608	135,187,316	122,098,639	32,324,395
Less:				
Bank overdrafts (Note 26)	(4,256,259)	(3,213,225)	-	-
Amounts set aside as sinking fund (b)	(34,570,925)	(12,582,845)	-	-
Amounts set aside as margin deposits for bank guarantee facilities (c)	(11,153,676)	(10,332,448)	-	-
Total cash and cash equivalents	195,049,748	109,058,798	122,098,639	32,324,395

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2014 are 3.00% (2013: 2.81%) and 120 days (2013: 120 days) respectively.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 26.

(c) The amount set aside as margin deposits for bank guarantee facilities are pledged to secure the borrowings as disclosed in Note 26.

Other information on financial risks of cash and bank balances are disclosed in Note 36.

23. Share capital and share premium

	Number of ordinary shares of RM0.25 each		Amount	
	2014	2013	2014 RM	2013 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 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
At 1 January 2014	801,297,734	200,324,434	33,206,711	233,531,145
Issue of ordinary shares	123,000,000	30,750,000	135,260,253	166,010,253
Issue of ordinary shares pursuant to employee share options	163,187	40,797	63,806	104,603
Share issuance expense	-	-	(3,331,035)	(3,331,035)
At 31 December 2014	924,460,921	231,115,231	165,199,735	396,314,966

During the financial year, the Company increased its issued and paid up ordinary share capital from RM200,324,434 to RM231,115,231 by way of issuance of 123,000,000 ordinary shares of RM0.25 each for cash at an issue price of RM1.35 per ordinary share.

The options exercised during the financial year resulted in the issuance of 163,187 (2013: 14,088,474) ordinary shares at the exercise price between RM0.47 and RM1.20 (2013: RM0.44 and RM1.07) each. The related weighted average share price at the date of exercise was RM0.51 (2013: RM0.62).

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.

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24. 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 2014	(4,639,834)	1,296,611	158,752	(3,184,471)
Foreign currency translation, representing other comprehensive income	-	102,416	-	102,416
Transaction with owners:				
Exercise of employee share options	-	-	(63,806)	(63,806)
At 31 December 2014	(4,639,834)	1,399,027	94,946	(3,145,861)
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)

24. Other reserves (cont'd.)

	Employee share option reserve/Total RM
Company	
At 1 January 2014	158,752
Exercise of employee share options	(63,806)
At 31 December 2014	94,946
At 1 January 2013	5,667,345
Exercise of employee share options	(5,508,593)
At 31 December 2013	158,752

The nature and purpose of each category are as follows:

(i) 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.

(ii) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees as disclosed in Note 31. 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.

25. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 31 December 2013 under the single tier system.

26. Borrowings

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 22)	4,256,259	3,213,225	-	-
Term loans	17,090,742	148,013,429	-	-
MCP/MMTN	-	38,008,000	-	38,008,000
Sukuk Ijarah MTN	115,000,000	40,000,000	115,000,000	40,000,000
Hire purchase and finance lease liabilities (Note 27)	667,343	5,543,752	-	40,641
	137,014,344	234,778,406	115,000,000	78,048,641
Unsecured:				
Revolving credits	49,200,000	76,530,714	-	-
	186,214,344	311,309,120	115,000,000	78,048,641
Long term borrowings				
Secured:				
Term loans	16,039,673	17,400,415	-	-
Sukuk Ijarah MTN	115,000,000	230,000,000	115,000,000	230,000,000
Hire purchase and finance lease liabilities (Note 27)	3,164,400	3,633,069	-	271,070
	134,204,073	251,033,484	115,000,000	230,271,070
Total borrowings				
Bank overdrafts (Note 22)	4,256,259	3,213,225	-	-
Revolving credits	49,200,000	76,530,714	-	-
Term loans	33,130,415	165,413,844	-	-
MCP/MMTN	-	38,008,000	-	38,008,000
Sukuk Ijarah MTN	230,000,000	270,000,000	230,000,000	270,000,000
Hire purchase and finance lease liabilities (Note 27)	3,831,743	9,176,821	-	311,711
	320,418,417	562,342,604	230,000,000	308,319,711

26. Borrowings (cont'd.)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	185,547,001	305,765,368	115,000,000	78,008,000
Later than 1 year not later than 2 years	45,082,213	120,465,128	115,000,000	115,000,000
Later than 2 years not later than 5 years	80,164,733	125,287,217	-	115,000,000
Later than 5 years	5,792,727	1,648,070	-	-
	316,586,674	553,165,783	230,000,000	308,008,000

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	
	2014	**2013**	**2014**	**2013**
	%	**%**	**%**	**%**
Bank overdrafts	6.50	6.50	-	-
Term loans	6.60	6.60	-	-
MCP/MMTN	4.20	4.20	4.20	4.20
Sukuk Ijarah MTN	4.71	5.00	5.00	5.00
Revolving credits	4.30	4.30	-	-

(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.

26. Borrowings (cont'd.)

(b) Term loans

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.

(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 4.17% to 5.21% per annum (2013: 4.58% to 5.63% per annum).

26. Borrowings (cont'd.)

(c) MCP/MMTN and Sukuk Ijarah MTN Facility (cont'd.)

Finance costs 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	
	2014	**2013**
	RM	**RM**
MCP/MMTN		
Nominal value	-	40,000,000
Less: Discount	-	(2,213,622)
Net proceeds from issuance of MCP/MMTN	-	37,786,378
Amortisation of discount	-	221,622
Total amount included within borrowings	-	38,008,000

Other information on financial risks of borrowings is disclosed in Note 36.

(d) Revolving credits

The features of revolving credits issued are as follows:

(i) Unsecured over the non-current assets and contracts.

(ii) Required money pledged by way of sinking fund and corporate guarantee.

27. Hire purchase and finance lease liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments:				
Not later than 1 year	897,348	5,529,768	-	55,348
Later than 1 year and not later than 2 years	894,505	522,221	-	55,368
Later than 2 years and not later than 5 years	1,881,980	1,198,542	-	166,104
Later than 5 years	739,537	2,397,130	-	87,666
Total future minimum lease payments	4,413,370	9,647,661	-	364,486
Less: Future finance charges	(581,627)	(470,840)	-	(52,775)
Present value of finance lease liabilities (Note 26)	3,831,743	9,176,821	-	311,711
Analysis of present value:				
Not later than 1 year	667,343	5,543,752	-	40,641
Later than 1 year and not later than 2 years	726,455	438,681	-	43,045
Later than 2 years and not later than 5 years	1,708,167	1,064,274	-	143,563
Later than 5 years	729,778	2,130,114	-	84,462
	3,831,743	9,176,821	-	311,711
Less: Amount due within 12 months (Note 26)	(667,343)	(5,543,752)	-	(40,641)
Amount due after 12 months (Note 26)	3,164,400	3,633,069	-	271,070

The Group's and the Company's hire purchase and finance lease liabilities bear flat interest rates of 2.87% (2013: 2.87%) per annum and 2.73% (2013: 2.73%) per annum respectively .

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 36.

28. Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM230,000,000 (2013: RM308,008,000) which bears interest rate between 4.58% per annum and 5.63% per annum (2013: between 4.58% per annum and 5.63% per annum).

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

29. Trade payables

	Group	
	2014 RM	2013 RM
Third parties	54,104,368	142,792,490
Joint ventures	102,315,527	62,318,082
	156,419,895	205,110,572

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 day (2013: 30 to 60 day).

Other information on financial risks of trade payables is disclosed in Note 36.

30. Other payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amounts due to related parties:				
- Associates	7,215,632	10,368,809	-	-
	7,215,632	10,368,809	-	-
Accrued expenses	10,706,790	17,636,983	841,439	6,073,308
Deposits from customers	418,030	98,401	-	-
Sundry payables	3,036,685	2,325,318	72,220	15,005
	21,377,137	30,429,511	913,659	6,088,313
Add: Trade payables	156,419,895	205,110,572	-	-
Borrowings (Note 26)	320,418,417	562,342,604	230,000,000	308,319,711
Total financial liabilities carried at amortised costs	498,215,449	797,882,687	230,913,659	314,408,024

Other information on financial risks of other payables is disclosed in Note 36.

31. 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.

(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.

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

(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**
2014				
2006 Options	8,782,269	-	8,782,269	8,782,269
2007 Options	2,915,939	(142,187)	2,773,752	2,773,752
2008 Options	3,405,000	(21,000)	3,384,000	3,384,000
2009 Options	1,035,000	-	1,035,000	1,035,000
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

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

	Weighted average exercise price RM	**Exercise period**
2014		
2006 Options	0.47	20.07.2011 to 19.07.2016
2007 Options	1.15	20.07.2011 to 19.07.2016
2008 Options	1.20	20.07.2011 to 19.07.2016
2009 Options	1.00	20.07.2011 to 19.07.2016
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

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

(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 163,187 (2013: 14,088,474) ordinary shares at the exercise price between RM0.47 and RM1.20 (2013: RM0.44 and RM1.07) each. The related weighted average share price at the date of exercise was RM0.51 (2013: RM0.62).

32. Operating lease arrangements

(a) The Group as lessee

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

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

	2014 RM	2013 RM
Future rental payments:		
Not later than 1 year	47,929,643	68,702,723
Later than 1 year and not later than 5 years	108,775,802	142,229,875
	156,705,445	210,932,598

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.

32. Operating lease arrangements (cont'd.)

(b) The Group as lessor (cont'd.)

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:

	2014 RM	2013 RM
Not later than 1 year	119,659,699	158,771,895
Later than 1 year and not later than 5 years	230,780,940	331,961,235
Later than 5 years	23,483,346	43,042,557
	373,923,985	533,775,687

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

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 (2013: RM136,500,000).

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

34. Related party disclosures

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

	Note	2014 RM	2013 RM
Group			
Joint ventures:			
Charter hire of vessels	(i)	170,649,502	111,946,157
Vessel's management fees	(ii)	11,461,364	6,462,010
Associates:			
Charter hire of vessels	(i)	83,094,613	150,771,383
Vessel's management fees	(ii)	-	7,254,852
Sale of vessels to associates		-	117,429,883

34. Related party disclosures (cont'd.)

(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's 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 2014 and 31 December 2013 are disclosed in Notes 21, 28, 29 and 30.

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**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Short term employee benefits	7,285,203	6,114,953	346,040	402,717
Contributions to defined contribution plan - EPF	635,130	525,799	-	-

Included in the total key management personnel compensation are:

	Group		**Company**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Directors' remuneration (Note 7)	4,960,378	4,530,081	346,040	366,250

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:

34. Related party disclosures (cont'd.)

	Group and Company	
	2014	2013
	RM	RM
At 1 January	39,424,426	52,872,963
Exercised	-	(13,448,537)
At 31 December	39,424,426	39,424,426

35. 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		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2014				
Financial assets:				
Due from subsidiaries	-	-	115,000,000	107,735,725
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	3,164,400	4,779,118	-	-
- Sukuk Ijarah MTN	(115,000,000)	(107,735,725)	(115,000,000)	(107,735,725)
- Fixed rate term loans	16,039,673	17,394,554	-	-
2013				
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)	(5,513,373)	(271,070)	(537,129)
- Sukuk Ijarah MTN	(230,000,000)	(224,596,956)	(230,000,000)	(224,596,956)
- Fixed rate term loans	(17,400,415)	(21,068,714)	-	-

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

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.

36. 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 the 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.

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

(a) Credit risk (cont'd.)

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.

Exposure to credit risk

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:

- 51% (2013: 45%) of the Group's trade receivables were due from 10 (2013: 10) major customers who are located in Malaysia; and

- 40% (2013: 33%) of the Group's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Information regarding trade 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.

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

(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 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 58% (2013: 56%) of the Group's borrowings as disclosed in Note 26 will mature in less than one year based on the carrying amount reflected in the financial statements. About 50% (2013: 25%) of the Company's borrowings will mature in less than one year at the reporting date.

<u>Analysis of financial instruments by remaining contractual maturities</u>

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
2014				
Financial liabilities:				
Group				
Trade and other payables	177,797,032	-	-	177,797,032
Borrowings	189,182,948	148,142,795	5,794,875	343,120,618
Total undiscounted financial liabilities	366,979,980	148,142,795	5,794,875	520,917,650
Company				
Other payables	913,659	-	-	913,659
Borrowings	122,153,083	126,768,083	-	248,921,166
Total undiscounted financial liabilities	123,066,742	126,768,083	-	249,834,825

36. 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
2013				
Financial liabilities:				
Group				
Trade and other payables	235,540,083	-	-	235,540,083
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
Borrowings	85,201,724	251,766,972	87,634	337,056,330
Total undiscounted financial liabilities	91,290,037	251,766,972	87,634	343,144,643

(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 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 82% (2013: 65%) of the Group's borrowings are at fixed rates of interest.

36. 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 RM49,939 (2013: RM224,752) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate 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 statements of financial position on the 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 2% (2013: 7%) of the Group's sales are denominated in foreign currencies whilst almost 98% (2013: 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.

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

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

		Group Profit net of tax 2014 RM	Group Profit net of tax 2013 RM
Financial assets			
USD/RM	- strengthened 3% (2013: 3%)	(66,650)	(1,663,000)
	- weakened 3% (2013: 3%)	66,650	1,663,000
Financial liabilities			
USD/RM	- strengthened 3% (2013: 3%)	(47,727)	(788,000)
	- weakened 3% (2013: 3%)	47,727	788,000
SGD/RM	- strengthened 3% (2013: 3%)	-	(231,000)
	- weakened 3% (2013: 3%)	-	231,000

37. 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 2014 and 31 December 2013.

37. Capital management (cont'd.)

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 not exceeding 75%. The Group includes within net debt, 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Borrowings	320,418,417	562,342,604	230,000,000	308,319,711
Trade and other payables	177,797,032	235,540,083	913,659	6,088,313
Less: Cash and bank balances	(245,030,608)	(135,187,316)	(122,098,639)	(32,324,395)
Net debt	253,184,841	662,695,371	108,815,020	282,083,629
Equity attributable to the owners of the parent, representing total capital	830,081,603	606,557,140	398,403,372	234,825,380
Capital and net debt	1,083,266,444	1,269,252,511	507,218,392	516,909,009
Gearing ratio	23.4%	52.2%	21.5%	54.6%

38. Events occuring after the reporting date

On 24 March 2015, Deepsea Leader Venture (L) Inc, a joint venture between Alam Maritim Investment Holding (L) Inc. and Vallianz International Pte Ltd incorporated on 5 January 2015, had signed a Memorandum of Agreement with Wellspring Marine Trading Ltd. for the acquisition of offshore support vessel namely OLV Venture 1 for a total purchase consideration of USD60 million (approximately RM221 million).

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.

39. Segmental information (cont'd.)

(d) Allocation basis and transfer pricing

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

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

39. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2014					
Revenue					
Sales to external customers	227,544,885	160,697,775	3,341,694	-	391,584,354
Inter segment sales	62,994,306	70,220,482	738,060	(133,952,848)	-
Total revenue	290,539,191	230,918,257	4,079,754	(133,952,848)	391,584,354
Results					
Segment results	38,921,821	7,824,800	1,955,713	(2,216,026)	46,486,308
Finance costs	(22,199,587)	(1,482,940)	(323,870)	-	(24,006,397)
Share of results of associates	21,210,352	-	-	-	21,210,352
Share of results of joint ventures	20,430,155	2,513,052	-	-	22,943,207
Profit before tax	58,362,741	8,854,912	1,631,843	(2,216,026)	66,633,470
Income tax expense					(5,904,253)
Profit for the year					60,729,217
Assets					
Segment assets	455,484,694	64,396,066	8,620,684	-	528,501,444
Investments in associates	61,699,516	-	-	11,718,509	73,418,025
Interests in joint ventures	72,577,463	-	-	183,822,730	256,400,193
Intangible assets	-	12,960	-	1,345,262	1,358,222
Unallocated assets	391,759,622	25,606,948	533,744,144	(401,718,026)	549,392,688
Total assets	981,521,295	90,015,974	542,364,828	(204,831,525)	1,409,070,572
Total liabilities	676,563,016	66,848,655	243,294,538	(408,273,296)	578,432,913
Other segment information:					
Capital expenditure	12,125,541	18,423,374	128,835	-	30,677,750
Depreciation	28,626,141	10,380,098	508,139	-	39,514,378
Other significant non-cash expenses:					
Impairment loss of trade receivables	811,062	-	-	-	811,062
Impairment loss on interests in joint ventures	417,914	-	-	-	417,914
Impairment of property, vessels and equipment	671,170	-	-	-	671,170
Impairment of goodwill	183,878	-	-	-	183,878
Property, vessels and equipment written off	171,292	-	-	-	171,292

39. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments 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
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

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 2014 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	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained earnings of the Company and its subsidiaries				
- realised	579,083,160	520,124,884	1,993,460	1,135,483
- unrealised	(289,454,673)	(249,274,998)	-	-
	289,628,487	270,849,886	1,993,460	1,135,483
Total share of retained earnings from associates:				
- realised	21,085,958	57,694,245	-	-
- unrealised	(95,180)	(86,551)	-	-
Total share of retained earnings from joint ventures:				
- realised	180,003,946	100,033,545	-	-
- unrealised	15,206,400	13,079,843	-	-
	505,829,611	441,570,968	1,993,460	1,135,483
Less: consolidation adjustments	(68,917,113)	(65,360,502)	-	-
Retained earnings as per financial statements	436,912,498	376,210,466	1,993,460	1,135,483