Building a better working world

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

Directors' Report and Audited Financial Statements
31 December 2015

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Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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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 2015.

Principal activities

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

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

Results

	Group RM	Company RM
Profit/(loss) for the year	45,811,205	(778,373)
Profit/(loss) for the year attributable to:		
Owners of the parent	45,593,836	(778,373)
Non-controlling interests	217,369	-
	45,811,205	(778,373)

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 2015.

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

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 1.1.2015	**Acquired**	**Sold**	**At 31.12.2015**
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	9,900	-	-	9,900
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	-	-	1,875
Fina Norhizah binti Haji Baharu Zaman	34,000	-	-	34,000

Directors' interests (cont'd.)

	Number of ordinary shares of RM0.25 each			
	At 1.1.2015	**Acquired**	**Sold**	**At 31.12.2015**
Indirect interest:				
Datuk Azmi bin Ahmad	330,581,061	-	-	330,581,061
Shaharuddin bin Warno @ Rahmad	330,415,436	-	-	330,415,436
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750	-	-	123,750

	Number of options over ordinary shares of RM0.25 each			
	At 1.1.2015	**Granted**	**Exercised**	**At 31.12.2015**
Datuk Azmi bin Ahmad	3,309,900	-	-	3,309,900

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.

Other statutory information (cont'd.)

(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.

Subsequent event

On 31 March 2016, Alam Maritim (M) Sdn. Bhd., a wholly-owned subsidiary company of the Group, has completed the disposal of 1,255,000 ordinary shares of RM1.00 each representing 84% of the issued and paid-up share capital of KJ Waja Engineering (M) Sdn. Bhd. ("KJ Waja") for a total cash consideration of RM2.00. Hence, KJ Waja shall cease to be a subsidiary company of the Group. The disposal is not expected to have any material financial effects to the Group.

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 8 April 2016.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

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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 117 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 39 to the financial statements on page 118 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 8 April 2016.

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 117 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 8 April 2016.

Md Nasir bin Noh

Before me,

PESURUHJAYA SUMPAH
No: W465
Nama: KAPT. (B) JASNI BIN YUSOFF
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 2015 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 117.

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 2015 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 39** to the financial statements on page 118 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	Nik Rahmat Kamarulzaman Bin Nik Ab. Rahman
AF: 0039	No. 1759/02/18(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
8 April 2016

Statements of comprehensive income
For the financial year ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	4	350,222,090	391,584,354	-	-
Cost of sales	4	(286,904,376)	(320,579,813)	-	-
Gross profit		63,317,714	71,004,541	-	-
Other income	5	19,738,027	18,960,043	8,244,846	16,025,411
Employee benefits expense	6	(26,889,553)	(29,722,097)	(414,002)	(405,877)
Other expenses		(41,644,716)	(13,756,179)	(950,827)	(740,169)
Operating profit		14,521,472	46,486,308	6,880,017	14,879,365
Finance costs	8	(12,345,609)	(24,006,397)	(7,550,483)	(14,275,644)
Share of results of associates		2,379,049	21,210,352	-	-
Share of results of joint ventures		(24,373,278)	22,943,207	-	-
(Loss)/profit before tax	9	(19,818,366)	66,633,470	(670,466)	603,721
Income tax credit/ (expense)	10	65,629,571	(5,904,253)	(107,907)	254,256
Profit/(loss) for the year		45,811,205	60,729,217	(778,373)	857,977
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		2,061,148	102,416	-	-
Total comprehensive income/(expense) for the year		47,872,353	60,831,633	(778,373)	857,977

Statements of comprehensive income
For the financial year ended 31 December 2015 (cont'd.)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Profit/(loss) attributable to:					
Owners of the parent		45,593,836	60,702,032	(778,373)	857,977
Non-controlling interests		217,369	27,185	-	-
		45,811,205	60,729,217	(778,373)	857,977
Total comprehensive income/(expense) attributable to:					
Owners of the parent		47,176,970	60,784,304	(778,373)	857,977
Non-controlling interests		695,383	47,329	-	-
		47,872,353	60,831,633	(778,373)	857,977
Earnings per share attributable to owners of the parent:					
Basic (Sen)	11(a)	4.9	7.0		
Diluted (Sen)	11(b)	4.9	6.9		

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

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Statements of financial position
As at 31 December 2015

	Note	2015 RM	2014 RM
Group			
Assets			
Non-current assets			
Property, vessels and equipment	12	502,669,963	528,501,444
Investment properties	13	8,300,574	-
Intangible assets	14	1,559,512	1,358,222
Investments in associates	16	79,431,906	73,418,025
Interests in joint ventures	17	227,376,117	256,400,193
Deferred tax assets	18	7,841,327	7,041,998
Trade receivables	20	581,965	1,182,638
		827,761,364	867,902,520
Current assets			
Inventories	19	2,629,730	4,926,661
Trade receivables	20	100,484,306	185,109,720
Other receivables	21	131,330,822	102,446,034
Tax recoverable		4,138,802	3,655,029
Cash and bank balances	22	125,513,402	245,030,608
		364,097,062	541,168,052
Total assets		1,191,858,426	1,409,070,572
Equity and liabilities			
Current liabilities			
Borrowings	26	102,594,926	186,214,344
Trade payables	29	81,247,255	156,419,895
Other payables	30	24,921,291	21,377,137
Tax payable		351,771	137,790
		209,115,243	364,149,166
Net current assets		154,981,819	177,018,886

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Statements of financial position
As at 31 December 2015 (cont'd.)

	Note	2015 RM	2014 RM
Group (cont'd.)			
Non-current liabilities			
Borrowings	26	91,434,191	134,204,073
Deferred tax liabilities	18	12,798,980	80,079,674
		104,233,171	214,283,747
Total liabilities		313,348,414	578,432,913
Net assets		878,510,012	830,637,659
Equity attributable to owners of the parent			
Share capital	23	231,115,231	231,115,231
Share premium	23	165,199,735	165,199,735
Other reserves	24	(1,885,182)	(3,468,316)
Retained earnings		482,506,334	436,912,498
		876,936,118	829,759,148
Non-controlling interests		1,573,894	878,511
Total equity		878,510,012	830,637,659
Total equity and liabilities		1,191,858,426	1,409,070,572

Statements of financial position
As at 31 December 2015 (cont'd.)

	Note	2015 RM	2014 RM
Company			
Assets			
Non-current assets			
Investment in subsidiaries	15	100,303,120	100,303,120
		100,303,120	100,303,120
Current assets			
Amounts due from subsidiaries	28	402,087,637	406,303,631
Other receivables	21	28,811	107,385
Tax recoverable		360,302	504,256
Cash and bank balances	22	14,922,379	122,098,639
		417,399,129	529,013,911
Total assets		517,702,249	629,317,031
Equity and liabilities			
Current liabilities			
Borrowings	26	40,000,000	115,000,000
Other payables	30	5,077,250	913,659
		45,077,250	115,913,659
Net current assets		372,321,879	413,100,252

Statements of financial position
As at 31 December 2015 (cont'd.)

	Note	2015 RM	2014 RM
Company (cont'd.)			
Non-current liabilities			
Borrowings	26	75,000,000	115,000,000
Total liabilities		120,077,250	230,913,659
Net assets		397,624,999	398,403,372
Equity attributable to owners of the parent			
Share capital	23	231,115,231	231,115,231
Share premium	23	165,199,735	165,199,735
Employee share option reserve	24	94,946	94,946
Retained earnings	25	1,215,087	1,993,460
Total equity		397,624,999	398,403,372
Total equity and liabilities		517,702,249	629,317,031

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 2015

	Attributable to owners of the parent						
	Non-distributable			Distributable			
Group	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24) RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Opening balance at 1 January 2015	231,115,231	165,199,735	(3,468,316)	436,912,498	829,759,148	878,511	830,637,659
Profit for the year	-	-	-	45,593,836	45,593,836	217,369	45,811,205
Other comprehensive income:							
Foreign currency translation of a subsidiary	-	-	1,583,134	-	1,583,134	478,014	2,061,148
Closing balance at 31 December 2015	231,115,231	165,199,735	(1,885,182)	482,506,334	876,936,118	1,573,894	878,510,012

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Statements of changes in equity
For the financial year ended 31 December 2015 (cont'd.)

	Attributable to owners of the parent						
	Non-distributable			Distributable			
Group	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24) RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Opening balance at 1 January 2014	200,324,434	33,206,711	(3,486,782)	376,210,466	606,254,829	831,182	607,086,011
Profit for the year	-	-	-	60,702,032	60,702,032	27,185	60,729,217
Other comprehensive income:							
Foreign currency translation of a subsidiary	-	-	82,272	-	82,272	20,144	102,416
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	(3,468,316)	436,912,498	829,759,148	878,511	830,637,659

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Statements of changes in equity
For the financial year ended 31 December 2015 (cont'd.)

	Non-Distributable			Distributable	
	Share capital (Note 23) RM	**Share premium (Note 23) RM**	**Other reserves (Note 24) RM**	**Retained earnings (Note 25) RM**	**Total equity RM**
Company					
At 1 January 2015	231,115,231	165,199,735	94,946	1,993,460	398,403,372
Total comprehensive expense for the year	-	-	-	(778,373)	(778,373)
At 31 December 2015	231,115,231	165,199,735	94,946	1,215,087	397,624,999

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Statements of changes in equity
For the financial year ended 31 December 2015 (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 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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Statements of cash flows
For the financial year ended 31 December 2015

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Operating activities				
(Loss)/profit before tax	(19,818,366)	66,633,470	(670,466)	603,721
Adjustments for:				
Interest income	(3,475,745)	(6,981,501)	(689,795)	(1,752,518)
Interest recharged to subsidiaries	-	-	(7,550,483)	(14,272,893)
Property, vessels and equipment:				
- Depreciation **(Note 12)**	42,876,078	39,514,378	-	
- Loss/(gain) on disposal	3,176	(4,691,931)	-	33,191
- Written off **(Note 12)**	2,004	171,292	-	-
- Impairment **(Note 12)**	16,077,838	671,170	-	-
Finance costs	12,345,609	24,006,397	7,550,483	14,275,644
Trade receivables:				
- Impairment loss **(Note 20)**	12,378,295	811,062	-	-
- Reversal of impairment loss **(Note 20)**	-	(151,281)	-	-
Net unrealised foreign exchange gain	(12,919,748)	(1,936,703)	-	-
Intangibles assets:				
- Amortisation **(Note 14)**	-	66,178	-	-
- Impairment loss	-	183,878	-	-
Share of results of associates	(2,379,049)	(21,210,352)	-	-
Share of results of joint ventures	24,373,278	(22,943,207)	-	-
Impairment loss on interests in joint venture **(Note 17)**	840,967	417,914	-	-
Total adjustments	90,122,703	7,927,294	(689,795)	(1,716,576)

Statements of cash flows
For the financial year ended 31 December 2015 (cont'd.)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Operating activities (cont'd.)				
Operating cash flows before working capital changes	70,304,337	74,560,764	(1,360,261)	(1,112,855)
Changes in working capital:				
Decrease/(increase) in inventories	2,296,931	(1,174,180)	-	-
Decrease/(increase) in receivables	57,057,751	211,401,472	78,574	(126,777)
(Decrease)/increase in payables	(70,231,129)	(57,708,674)	4,163,591	(5,462,803)
Total changes in working capital	(10,876,447)	152,518,618	4,242,165	(5,589,580)
Cash flows generated from/ (used in) operations	59,427,890	227,079,382	2,881,904	(6,702,435)
Income tax (paid)/refund, net	(3,161,572)	(3,340,362)	36,047	(250,000)
Interest paid	(12,345,609)	(24,006,397)	(7,550,483)	(14,275,644)
Net cash flows generated from/(used in) operating activities	43,920,709	199,732,623	(4,632,532)	(21,228,079)
Investing activities				
Purchase of property, vessels and equipment	(33,217,956)	(11,516,005)	-	-
Proceeds from disposal of property, vessels and equipment	-	13,107,808	-	200,000
Investments in subsidiaries	-	-	-	(1,050)
Decrease in amount due from subsidiaries	-	-	4,215,994	10,066,997
Interest received	3,475,745	6,981,501	8,240,278	16,025,411
Net cash flows (used in)/ from investing activities	(29,742,211)	8,573,304	12,456,272	26,291,358

Statements of cash flows
For the financial year ended 31 December 2015 (cont'd.)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Financing activities				
Repayment of Murabahah Commercial Paper ("MCP")/ Murabahah Medium Term Notes ("MMTN")	-	(38,008,000)	-	(38,008,000)
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	(115,000,000)	(40,000,000)	(115,000,000)	(40,000,000)
Term loans:				
- Drawdown	2,734,901	1,353,283	-	-
- Repayment	(10,969,919)	(133,636,712)	-	-
Revolving credits:				
- Drawdown	6,000,000	12,669,286	-	-
- Repayment	(9,200,000)	(40,000,000)	-	-
Hire purchase and finance lease liabilities:				
- Repayment	(1,168,185)	(24,506,823)	-	-
Increase in cash set aside for marginal deposit	(981,110)	(821,228)	-	-
Net cash set aside for sinking fund	17,658,617	(21,988,080)	-	-
Proceeds from issuance of ordinary shares	-	162,718,965	-	162,718,965
Withdrawal/(placement) in fixed deposit with maturity more than three months	30,000,000	(30,000,000)	-	-
Net cash flows (used in)/ from financing activities	(80,925,696)	(152,219,309)	(115,000,000)	84,710,965

Statements of cash flows
For the financial year ended 31 December 2015(cont'd.)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Net changes in cash and cash equivalents	(66,747,198)	56,086,618	(107,176,260)	89,774,244
Currency translation difference	(6,179,232)	(95,668)	-	-
Cash and cash equivalents at beginning of the financial year	165,049,748	109,058,798	122,098,639	32,324,395
Cash and cash equivalents at end of the financial year (Note 22)	92,123,318	165,049,748	14,922,379	122,098,639

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

Notes to the financial statements - 31 December 2015

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 8 April 2016.

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 2015 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 2015, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2015.

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

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

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

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

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

MFRS 2 Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group did not grant any awards during the second half of 2014. Thus, this amendment did not impact the Group.

MFRS 3 Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group.

MFRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRSs 2010–2012 Cycle (cont'd.)

MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. This amendment did not have any impact on the Group.

MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. This amendment is not applicable to the Group as the Group does not receive any management services from other entities.

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Group has applied the amendments for the first time in the current year.

MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively. The Group is not a joint arrangement and thus this arrangement is not relevant to the Group.

MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable). The Group does not apply the portfolio exception.

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRSs 2011–2013 Cycle (cont'd.)

MFRS 140 Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

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
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	Deferred
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 2018
MFRS 9 Financial Instruments	1 January 2018

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

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

The Group has not completed its assessment of the financial effects of standards and interpretations issued but not yet effective. The nature of the new and amended MFRS and IC Interpretations are described below:

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 of the business) 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.

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 a date to be determined by Malaysian Accounting Standards Board. 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.

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

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

Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (cont'd.)

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.

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.

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

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

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model 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.

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 2018 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. Retrospective application is required, but comparative information is not compulsory.

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

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

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

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

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

MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report such as in the management commentary or risk report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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
(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.

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

2.4 Basis of consolidation (cont'd.)

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.

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.

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

2.4 Basis of consolidation (cont'd.)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resultant gain or loss is recognised in 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 2.9(a)**.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent equity attributable to owners of the Company.

Changes in the Company owner's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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.

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

2.6 Foreign currencies (cont'd.)

(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 to reduce the cost of vessels to its residual value 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.

Freehold land has an unlimited useful life and therefore is not depreciated.

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 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses in accordance with **Note 2.10**.

The residual values, useful lives and depreciation methods 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 the investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal of an investment property is recognised in profit or loss in the period of disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

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

2.9 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.

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

2.10 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.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

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

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

2.12 Investment in associates and joint ventures

An associate is an entity over 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as ‘Share of profit of an associate and a joint venture’ in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.13 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition. Financial assets with fixed or determinable payments that are not quoted in any active market are classified as loans and receivables. All financial assets of the Group and the Company are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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

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

(a) Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date such as the date that the Group and the Company commit to purchase or sell 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.

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.

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

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

(b) Financial liabilities (cont'd.)

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 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.

2.14 Impairment of financial assets

The Group and the Company assess, 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.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial assets's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivable, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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

2.14 Impairment of financial assets (cont'd.)

Financial assets carried at amortised cost

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 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.

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

2.17 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.

2.18 Provisions

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

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

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

2.20 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.

2.21 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.

(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.

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

2.21 Employee benefits (cont'd.)

(c) Employee Share Options Scheme ("ESOS") (cont'd.)

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.

2.22 Leases

(a) As lessee

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

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

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

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

2.22 Leases (cont'd.)

(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 2.23(a)** and **2.23(d)**.

2.23 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 2.16**.

(c) Diving and sub-sea services

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

(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.

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

2.23 Revenue recognition (cont'd.)

(g) Interest income

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

(h) Dividend income

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

2.24 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

2.24 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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.

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

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

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

2.25 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 38**, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 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.

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.

2.27 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.

2.28 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) 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.

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

2.28 Current versus non-current classification (cont'd.)

A liability is current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) 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.

2.29 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 use.

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.

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

2.29 Fair value measurement (cont'd.)

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

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

3.2 Key sources of estimation uncertainty

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

(a) Depreciation of vessels and equipment on vessel

The cost of vessels and equipment on vessel are depreciated on a straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's vessels to be 25 years and equipment on vessel to be 10 years. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of vessels and equipment on vessel is disclosed in **Note 12**.

(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**.

(c) Impairment review of vessels' carrying value

The Group assesses at each reporting date whether there is any indication that the asset may be impaired. To determine whether there is objective evidence of impairment, the Group considers external and internal factors such as the current economic outlook, average utilisation rate as well as ability of the entity to secure long term contract. Where there is objective evidence of impairment, the amount of impairment loss is measured at the difference between the asset’s carrying amount and the recoverable amount. The recoverable amount of an asset is a higher of the fair value less cost to sell and its value in use.

To determine fair value less cost to sell requires an estimation on price at which an orderly transaction to sell the asset would take place between market participants under current market condition. While to determine value in use requires estimation on the future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows. The amount of impairment on vessels, if any, is as disclosed in **Note 12**.

4. Revenue and cost of sales

Revenue

	Group	
	2015	**2014**
	RM	**RM**
Charter hire	177,200,040	178,188,445
Offshore installation and construction	2,607,593	45,914,395
Diving and sub-sea services	79,647,714	79,564,117
Rental of equipment	22,828,190	35,219,263
Other shipping related income	51,484,870	33,044,084
Vessel's management fees	13,685,032	11,915,960
Ship catering	2,768,651	7,738,090
	350,222,090	391,584,354

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	
	2015	**2014**
	RM	**RM**
Wages and allowances	48,569,476	36,716,124
Contributions to defined contribution plan - EPF	1,258,900	1,795,596
Social security contributions	95,627	133,061
	49,924,003	38,644,781

5. Other income

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income	3,475,745	6,981,501	689,795	1,752,518
Gain on foreign exchange:				
- Realised	564,759	-	-	-
- Unrealised	12,919,748	1,936,703	-	-
Rental of premises	348,666	539,557	-	-
Gain on disposal of property, vessels and equipment	-	4,691,931	-	-
Interest recharged to subsidiaries	-	-	7,550,483	14,272,893
Other income	2,429,109	4,810,351	4,568	-
	19,738,027	18,960,043	8,244,846	16,025,411

6. Employee benefits expense

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonuses and allowances	19,906,223	22,020,022	210,507	344,540
Contributions to defined contribution plan	2,189,507	2,599,579	-	-
Social security contributions	113,549	123,893	-	-
Other staff related expenses	4,680,274	4,978,603	203,495	61,337
	26,889,553	29,722,097	414,002	405,877
Cost of sales **(Note 4)**	49,924,003	38,644,781	-	-
	76,813,556	68,366,878	414,002	405,877

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,895,629 (2014: RM4,614,338) as further disclosed in **Note 7**.

7. Directors' remuneration

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	3,437,194	3,726,153	-	-
Bonus	-	603,750	-	-
Defined contribution plan	284,435	284,435	-	-
Estimated money value of benefits-in-kind	174,000	-	-	-
Total executive directors' remuneration	3,895,629	4,614,338	-	-
Non-executive:				
Fees and other emoluments	356,499	346,040	356,499	346,040
Estimated money value of benefits-in-kind	50,000	-	50,000	-
Total non-executive directors' remuneration	406,499	346,040	406,499	346,040
Total directors' remuneration	4,302,128	4,960,378	406,499	346,040

7. Directors' remuneration (cont'd.)

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	
	2015	**2014**
Executive directors:		
RM1,000,001 - RM1,100,000	1	-
RM1,100,001 - RM1,200,000	-	1
RM1,200,001 - RM1,300,000	1	-
RM1,501,001 - RM1,600,000	1	1
RM1,901,001 - RM2,000,000	-	1
Non-executive directors:		
RM20,001 - RM30,000	-	1
RM80,001 - RM90,000	-	1
RM100,001 - RM110,000	-	2
RM110,001 - RM120,000	2	-
RM170,001 - RM180,000	1	-

8. Finance costs

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Interest expense on:				
Term loans	1,679,387	4,557,302	-	-
Hire purchase and finance lease liabilities	211,397	421,288	-	2,751
MCP/MMTN	-	1,124,800	-	1,124,800
Sukuk Ijarah MTN	7,550,483	13,148,093	7,550,483	13,148,093
Revolving credits	2,527,747	4,180,181	-	-
Other borrowings	376,595	574,733	-	-
	12,345,609	24,006,397	7,550,483	14,275,644

9. (Loss)/profit before tax

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Non-executive directors' remuneration **(Note 7)**	406,499	346,040	406,499	346,040
Auditors' remuneration:				
- Statutory audits	203,000	179,000	70,000	50,000
- Other services	32,000	30,000	-	-
- Other auditors	72,800	113,904	-	-
Operating leases payment:				
- premises	1,401,196	906,823	-	-
- third party vessels	32,581,545	104,327,183	-	-
Property, vessels and equipment:				
- Depreciation **(Note 12)**	42,876,078	39,514,378	-	-
- Loss on disposal	3,176	-	-	-
- Written off	2,004	171,292	-	-
- Impairment **(Note 12)**	16,077,838	671,170	-	-
Trade receivables:				
- Impairment loss **(Note 20)**	12,378,295	811,062	-	-
- Reversal of impairment loss **(Note 20)**	-	(151,281)	-	-
Intangible assets:				
- Amortisation **(Note 14)**	-	66,178	-	-
- Impairment loss **(Note 14)**	-	183,878	-	-
Net realised foreign exchange losses	-	758,591	-	-
Impairment loss on interests in joint venture **(Note 17)**	840,967	417,914	-	-

10. Income tax (credit)/expense

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	1,615,213	3,223,972	-	-
Foreign tax	-	111,178	-	-
Under/(over)provision in prior years:				
Malaysian income tax	966,747	(330,152)	107,907	(254,256)
Foreign tax	309,820	-	-	-
	2,891,780	3,004,998	107,907	(254,256)
Deferred tax **(Note 18)**:				
Relating to origination and reversal of temporary differences	(69,663,693)	313,275	-	-
Underprovision in prior years	1,142,342	2,585,980	-	-
	(68,521,351)	2,899,255	-	-
Income tax (credit)/ expense for the year	(65,629,571)	5,904,253	107,907	(254,256)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 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.

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

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
(Loss)/profit before tax	(19,818,366)	66,633,470	(670,466)	603,721
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(4,954,592)	16,658,368	(167,617)	150,930
Different tax rates in other countries	(138,716)	(306,956)	-	-
Different tax rates in other tax jurisdiction	1,278,174	(5,330,704)	-	-
Effect of changes in tax rate	(2,692,562)	-	-	-
Effect of income not subject to tax	(6,276,743)	(1,726,478)	-	(353,903)
Effect of share of results of joint ventures and associates	5,498,557	(11,038,390)	-	-
Expenses non-deductible for tax purposes	4,907,825	5,392,585	159,033	202,973
Deferred tax assets not recognised on unutilised business losses	-	-	8,584	-
Deferred tax liabilities previously recognised on deductible temporary differences now unrecognised **(Note 12)**	(65,670,423)	-	-	-
Under/(over)provision of income tax in prior years	1,276,567	(330,152)	107,907	(254,256)
Underprovision of deferred tax in prior years	1,142,342	2,585,980	-	-
Income tax (credit)/ expense for the year	(65,629,571)	5,904,253	107,907	(254,256)

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.

	2015 RM	2014 RM
Profit attributable to ordinary equity holders of the Company	45,593,836	60,702,032
Weighted average number of ordinary shares in issue	924,460,921	871,885,693
Basic earnings per share (Sen)	4.9	7.0

(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.

	2015 RM	2014 RM
Profit attributable to ordinary equity holders of the Company	45,593,836	60,702,032
Weighted average number of ordinary shares in issue	924,460,921	871,885,693
Effects of dilution from share options granted to employees	419,152	3,361,371
Adjusted weighted average number of ordinary shares in issue and issuable	924,880,073	875,247,064
Diluted earnings per share (Sen)	4.9	6.9

12. 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 2015	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
Additions	-	-	-	4,992,961	23,923,230	1,127,172	399,834	8,477	3,893,454	34,345,128
Reclassification	-	3,402,944	-	-	9,521,376	-	-	764,717	(13,689,037)	-
Disposals	-	-	-	-	-	(529,398)	(110,840)	-	-	(640,238)
Transfer to investment properties **(Note 13)**	-	(8,410,451)	-	-	-	-	-	-	-	(8,410,451)
Written off	-	-	-	-	-	(52,750)	-	-	(443,903)	(496,653)
Exchange differences	-	1,656,948	-	-	8,135,009	-	146,289	129,124	-	10,067,370
At 31 December 2015	12,039,510	24,444,603	587,248,045	51,591,096	140,583,103	5,871,898	9,000,333	6,197,754	4,261,914	841,238,256
Accumulated depreciation and impairment										
At 1 January 2015	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
Charge for the year	85,254	693,336	20,719,550	5,845,421	13,209,959	422,643	987,954	911,961	-	42,876,078
Disposals	-	-	-	-	-	(529,398)	(107,664)	-	-	(637,062)
Impairment **(Note 9)**	-	-	16,077,838	-	-	-	-	-	-	16,077,838
Transfer to investment properties **(Note 13)**	-	(109,877)	-	-	-	-	-	-	-	(109,877)
Written off	-	-	-	-	(494,649)	-	-	-	-	(494,649)
Exchange differences	-	213,693	-	-	3,088,075	-	104,783	(422,242)	-	2,984,309
At 31 December 2015	781,664	3,754,544	226,696,775	37,081,831	56,650,789	3,689,674	6,031,264	3,881,752	-	338,568,293

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

Group (cont'd.)	Long term leasehold land RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessel RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Assets under construction RM	Total RM
Cost										
At 1 January 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 and impairment										
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

12. 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 2015	11,257,846	20,690,059	360,551,270	14,509,265	83,932,314	2,182,224	2,969,069	2,316,002	4,261,914	502,669,963
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

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

	Motor vehicles	
	2015	**2014**
Company	**RM**	**RM**
Cost		
At 1 January	-	451,338
Disposal	-	(451,338)
At 31 December	-	-
Accumulated depreciation		
At 1 January	-	218,147
Disposal	-	(218,147)
At 31 December	-	-
Net carrying amount		
At 31 December	-	-

(a) Included in the Group's additions for the year are property, vessels and equipment of RM1,127,172 (2014: RM19,161,745) 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	
	2015	**2014**
	RM	**RM**
Motor vehicles	2,182,224	1,530,445
Computers, office equipment, and furniture and fittings	1,441,963	1,835,226

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

12. 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	
	2015	**2014**
	RM	**RM**
Leasehold buildings	20,690,059	24,837,770
Vessels	360,551,270	397,348,658
	381,241,329	422,186,428

(c) Included in the carrying amount of property, vessels and equipment are vessels held under control transfer between Alam Maritim (M) Sdn. Bhd. and Alam Maritim (L) Inc. The vessels are transferred at net book value of RM274,976,920. Deferred tax liability arose from the temporary difference between the tax base and accounting base amounted to RM65,670,423 **(Note 10)** is derecognised in full upon transfer due to different tax jurisdiction applied by the transferee.

13. Investment properties

	Group	
	2015	**2014**
	RM	**RM**
Cost		
At 1 January	-	-
Transfer from property, vessels and equipment **(Note 12)**	8,410,451	-
At 31 December	8,410,451	-
Accumulated depreciation		
At 1 January	-	-
Transfer from property, vessels and equipment **(Note 12)**	109,877	-
At 31 December	109,877	-
Net carrying amount		
At 31 December	8,300,574	-

The Group's investment properties consist of two units of office buildings. The fair value of the investment properties were estimated at RM11,667,426 (2014: nil) by the directors based on the market value for similar properties in the same vicinity that have been transacted in the open market.

The fair value was based on level 2 of the fair value hierarchy: other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly. Sale price of comparable property in close proximity is adjusted for differences in key attributes such as property size. The most significant input into this approach is price per square foot of comparable property. The investment properties are pledged as securities for borrowings granted to the Group as disclosed in **Note 26**.

14. Intangible assets

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2015	1,529,140	661,775	2,190,915
Exchange differences	214,250	93,811	308,061
At 31 December 2015	1,743,390	755,586	2,498,976
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
Accumulated amortisation and impairment			
At 1 January 2015	183,878	648,815	832,693
Exchange differences	-	106,771	106,771
At 31 December 2015	183,878	755,586	939,464
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
Net carrying amount			
At 31 December 2015	1,559,512	-	1,559,512
At 31 December 2014	1,345,262	12,960	1,358,222

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

14. Intangible assets (cont'd.)

(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 2015	1,559,512	-	1,559,512
At 31 December 2014	1,345,262	-	1,345,262

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

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

(ii) Discount rate

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

15. Investments in subsidiaries

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost	100,303,120	100,303,120

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(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	100
Alam JV Holdings (L) Inc. ("ALAM JV")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	100	100
Alam Maritim Global I Ltd. ("AMG")	British Virgin Islands	Investment holding	100	100

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(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
(iii) Held through KJWE:				
KJ Waja Services Sdn. Bhd. ("KJWS") *	Malaysia	Ship spare supply and other related services	84	84

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") *	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	75	75
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV Services	75	75

* Audited by firms other than Ernst & Young.

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

16. Investments in associates

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	61,699,516	61,699,516
Share of post-acquisition reserves	17,732,390	11,718,509
	79,431,906	73,418,025

16. Investments in associates (cont'd.)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(i) Held through AMLI:				
TH-Alam Holdings (L) Inc. ("THAH")	Federal Territory of Labuan, Malaysia	Investment holding	49	49
(ii) Held through THAH:				
Alam-JV DP1 (L) Inc. ("AJVDP1")	Federal Territory of Labuan, Malaysia	Ship owning	49	49
Alam-JV DP2 (L) Inc. ("AJVDP2")	Federal Territory of Labuan, Malaysia	Ship owning	49	49

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

	TH-Alam Holdings (L) Inc.	
	2015	**2014**
	RM	**RM**
Assets and liabilities		
Non-current assets	365,611,478	373,475,999
Current assets	61,808,354	100,080,911
Total assets	427,419,832	473,556,910
Non-current liabilities	217,303,955	217,400,208
Current liabilities	36,456,423	86,467,679
Total liabilities	253,760,378	303,867,887
Net assets	173,659,454	169,689,023

16. Investments in associates (cont'd.)

17. Interests in joint ventures

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

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

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	66,995,378	66,995,378
Share of post-acquisition reserves	155,639,620	183,822,729
	222,634,998	250,818,107
Redeemable preference shares	6,000,000	6,000,000
Less: Impairment	(1,258,881)	(417,914)
	227,376,117	256,400,193

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
(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 2015 %	2014 %
(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 2015 %	Proportion of ownership interest 2014 %
(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	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 2015 %	2014 %
(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	51
Alam-PE II (L) Inc. ("ALAM-PE II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE III (L) Inc. ("ALAM-PE III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE IV (L) Inc. ("ALAM-PE IV")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE V (L) Inc. ("ALAM-PE V")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE Holdings Sdn. Bhd. ("ALAM-PE(H)SB")	Malaysia	Ship management	51	51

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
(iv) Held through AMIH:				
Deepsea Leader Venture (L) Inc. ("DLV")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	51	51
(v) Held through DLV:				
MDSV 1 (L) Inc. ("MDSV")	Federal Territory of Labuan, Malaysia	Ship owning, ship operating and chartering	51	51
OLV Offshore Services (M) Sdn. Bhd. ("OLV") *	Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	51	-
(vi) Held through Alam JV:				
Wide Global (L) Inc. ("WG")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	50	50

* During the year, DLV has acquired OLV at a consideration of RM2.00. DLV has issued and paid up capital of RM2.00 comprising ordinary shares of RM1.00 each.

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 2015 and 31 December 2014.

16. Investments in associates (cont'd.)

(ii) Summarised consolidated statements of comprehensive income

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Revenue for the year/period	-	56,375,166	49,168,150	63,740,827	49,168,150	120,115,993
Profit for the year/period, representing total comprehensive income	-	23,964,078	4,533,941	19,276,501	4,533,941	43,240,579

(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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Net assets as at 1 January	-	144,304,502	169,689,023	150,412,522	169,689,023	294,717,024
Profit for the year	-	23,964,078	4,533,941	19,276,501	4,533,941	43,240,579
Net assets as at 31 December/16 October	-	168,268,580	174,222,964	169,689,023	174,222,964	337,957,603
Transfer out to interests in joint venture **(Note 17(iii))**	-	(168,268,580)	-	-	-	(168,268,580)
Elimination	-	-	-	-	(12,117,033)	(19,856,318)
	-	-	174,222,964	169,689,023	162,105,931	149,832,705
Investments in associates	-	-	49%	49%	79,431,906	73,418,025
Carrying value of Group's investments in associates	-	-	85,369,252	83,147,621	79,431,906	73,418,025

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
2015				
Assets and liabilities				
Non-current assets	215,218,117	63,825,095	199,360,608	168,447,585
Cash and cash equivalent	24,384,653	56,534	8,867,928	6,398,542
Other current assets	29,078,325	10,290,431	30,885,365	15,485,656
Total assets	268,681,095	74,172,060	239,113,901	190,331,783
Non-current liabilities	34,141,293	24,113,992	80,527,070	49,108,028
Trade and other payables	9,652,678	9,801,157	94,970,456	15,375,407
Other current liabilities	6,758,856	8,162,098	3,198,000	34,877,832
Total liabilities	50,552,827	42,077,247	178,695,526	99,361,267
Net assets	218,128,268	32,094,813	60,418,375	90,970,516
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

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
2015				
Revenue	60,610,811	2,986,461	118,808,355	17,092,381
Depreciation	(12,430,584)	(4,187,789)	(9,425,759)	(8,728,186)
Interest income	105,232	-	825	7,538
Interest expense	(3,135,731)	(1,091,790)	(8,925,368)	(6,126,047)
Profit/(loss) before tax	25,396,457	(9,555,946)	(13,637,087)	(12,638,866)
Income tax expense	(102,288)	(20,000)	(20,000)	(20,000)
Profit/(loss) for the year, representing total comprehensive income	25,294,169	(9,575,946)	(13,657,087)	(12,658,866)
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 for the year, representing total comprehensive income	27,490,016	9,293,706	(6,484,775)	24,942,184

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
2015			
Net assets as at 1 January	41,670,757	73,993,440	103,782,863
Loss for the year	(9,575,946)	(13,657,087)	(12,658,866)
Net assets as at 31 December	32,094,811	60,336,353	91,123,997
Interests in joint ventures	60%	51%	51%
Carrying value of Group's interests in joint ventures	19,256,887	30,771,540	46,473,239
2014			
Net assets as at 1 January	32,377,051	80,478,215	78,840,679
Profit/(loss) 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

	Alam-PE Holdings (L) Inc. 2015 RM	2014 RM
Net assets as at 1 January	195,694,518	-
Transfer from investments in associates **(Note 16(ii))**	-	168,268,580
Profit for the year/period (17 October 2014 to 31 December 2014)	25,294,169	3,525,938
Equity contribution reserve	-	23,900,000
Net assets as at 31 December	220,988,687	195,694,518
Elimination and adjustment	(23,969,953)	(23,643,722)
	197,018,734	172,050,796
Interests in joint ventures	51%	51%
Carrying value of Group's interests in joint ventures	100,479,554	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:

	2015 RM	2014 RM
(Loss)/profit for the year, representing total comprehensive income of joint ventures	(33,030,757)	11,034,179
The Group's share of results, representing total comprehensive income	(18,106,601)	(2,370,706)

18. Deferred taxation

	Group 2015 RM	Group 2014 RM
At 1 January	73,037,676	70,117,537
Recognised in profit or loss **(Note 10)**	(68,521,351)	2,899,255
Exchange differences	441,328	20,884
At 31 December	4,957,653	73,037,676

Presented after appropriate offsetting as follows:

	2015 RM	2014 RM
Deferred tax assets	(7,841,327)	(7,041,998)
Deferred tax liabilities	12,798,980	80,079,674
	4,957,653	73,037,676

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 2015	80,079,674
Recognised in profit or loss	(67,722,022)
Exchange differences	441,328
At 31 December 2015	12,798,980

18. Deferred taxation (cont'd.)

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

	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

Deferred tax assets of the Group

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2015	(1,303,385)	(5,738,613)	(7,041,998)
Recognised in profit or loss	(520,887)	(278,442)	(799,329)
At 31 December 2015	(1,824,272)	(6,017,055)	(7,841,327)
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)

19. Inventories

	Group	
	2015 RM	2014 RM
Cost		
Raw materials	1,180,791	1,762,096
Work-in-progress	848,230	2,705,169
Spare parts	600,709	459,396
	2,629,730	4,926,661

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM3,330,566 (2014: RM2,705,169).

20. Trade receivables

	Group 2015 RM	Group 2014 RM
Current		
Third parties	84,189,399	159,998,888
Accrued charter hire income	16,954,688	25,770,613
Less: Allowance for impairment	(659,781)	(659,781)
	100,484,306	185,109,720

	Group 2015 RM	Group 2014 RM
Non-current		
Third parties	54,263,341	42,485,719
Less: Allowance for impairment	(53,681,376)	(41,303,081)
	581,965	1,182,638
Trade receivables, net	101,066,271	186,292,358

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Ageing analysis of trade receivables

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

	Group 2015 RM	Group 2014 RM
Neither past due nor impaired	62,944,782	73,639,032
1 to 30 days past due not impaired	15,442,867	8,189,545
31 to 60 days past due not impaired	7,354,770	6,515,311
61 to 90 days past due not impaired	7,390,449	18,535,802
91 to 120 days past due not impaired	6,013,833	78,230,030
More than 121 days past due not impaired	1,919,570	1,182,638
	38,121,489	112,653,326
Impaired	54,341,157	41,962,862
	155,407,428	228,255,220

20. Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM38,121,489 (2014: RM112,653,326) that are past due at the reporting date but not impaired.

At the reporting date, 23% (2014: 34.6%) 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	
	2015 RM	**2014 RM**
Individually impaired		
Trade receivables - nominal amounts	54,341,157	41,962,862
Less: Allowance for impairment	(54,341,157)	(41,962,862)
	-	-

Movement in allowance accounts:

	Group	
	2015 RM	**2014 RM**
At 1 January	41,962,862	41,303,081
Charge for the year **(Note 9)**	12,378,295	811,062
Reversal **(Note 9)**	-	(151,281)
At 31 December	54,341,157	41,962,862

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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Amounts due from related parties:				
- Joint ventures	114,400,647	96,029,928	19,496	-
- Associates	624	624	624	-
	114,401,271	96,030,552	20,120	-
Deposits	1,181,978	1,096,963	-	-
Prepayments	11,253,551	4,827,925	-	104,263
Sundry receivables	4,494,022	490,594	8,691	3,122
Total other receivables	131,330,822	102,446,034	28,811	107,385
Add: Trade receivables **(Note 20)**	101,066,271	186,292,358	-	-
Cash and bank balances **(Note 22)**	125,513,402	245,030,608	14,922,379	122,098,639
Amount due from subsidiaries	-	-	402,087,637	406,303,631
Less: Prepayments	(11,253,551)	(4,827,925)	-	(104,263)
Total loans and receivables	346,656,944	528,941,075	417,038,827	528,405,392

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

22. Cash and bank balances

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash on hand and at banks	58,500,521	110,659,430	14,922,379	122,098,639
Deposits with licensed banks (a)	67,012,881	134,371,178	-	-
Cash and bank balances	125,513,402	245,030,608	14,922,379	122,098,639
Less:				
Bank overdrafts **(Note 26)**	(4,342,990)	(4,256,259)	-	-
Amounts set aside as sinking fund (b)	(16,912,308)	(34,570,925)	-	-
Amounts set aside as margin deposits for bank guarantee facilities (c)	(12,134,786)	(11,153,676)	-	-
Deposit with licensed bank with maturity of more than 90 days	-	(30,000,000)	-	-
Total cash and cash equivalents	92,123,318	165,049,748	14,922,379	122,098,639

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2015 are 3.00% (2014: 2.80%) and 30 days (2014: 90 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**.

The currency exposure profile of cash and bank balances as at end of the reporting period is as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Ringgit Malaysia	118,075,118	240,831,084	14,922,379	122,098,639
United States Dollar	6,036,770	3,842,610	-	-
Singapore Dollar	1,401,514	356,914	-	-
	125,513,402	245,030,608	14,922,379	122,098,639

23. Share capital and share premium

	Number of ordinary shares of RM0.25 each		Amount	
	2015	**2014**	**2015 RM**	**2014 RM**
Authorised share capital				
At 1 January/ 31 December	2,000,000,000	2,000,000,000	500,000,000	500,000,000

	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 2015/ 31 December 2015	924,460,921	231,115,231	165,199,735	396,314,966
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 previous 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 in prior financial year resulted in the issuance of 163,187 ordinary shares at the exercise price between RM0.47 and RM1.20 each. The related weighted average share price at the date of exercise was RM0.51.

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.

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 2015	(4,639,834)	1,076,572	94,946	(3,468,316)
Foreign currency translation, representing other comprehensive income	-	1,583,134	-	1,583,134
At 31 December 2015	(4,639,834)	2,659,706	94,946	(1,885,182)
At 1 January 2014	(4,639,834)	994,300	158,752	(3,486,782)
Foreign currency translation, representing other comprehensive income	-	82,272	-	82,272
Transaction with owners:				
Exercise of employee share options	-	-	(63,806)	(63,806)
At 31 December 2014	(4,639,834)	1,076,572	94,946	(3,468,316)

24. Other reserves (cont'd.)

	Employee share option reserve/Total RM
Company	
At 1 January/31 December 2015	94,946
At 1 January 2014	158,752
Exercise of employee share options	(63,806)
At 31 December 2014	94,946

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 2015 and 31 December 2014 under the single tier system.

26. Borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Short term borrowings				
Secured:				
Bank overdrafts **(Note 22)**	4,342,990	4,256,259	-	-
Term loans	11,513,742	17,090,742	-	-
Sukuk Ijarah MTN	40,000,000	115,000,000	40,000,000	115,000,000
Hire purchase and finance lease liabilities **(Note 27)**	738,194	667,343	-	-
	56,594,926	137,014,344	40,000,000	115,000,000
Unsecured:				
Revolving credits	46,000,000	49,200,000	-	-
	102,594,926	186,214,344	40,000,000	115,000,000
Long term borrowings				
Secured:				
Term loans	13,381,655	16,039,673	-	-
Sukuk Ijarah MTN	75,000,000	115,000,000	75,000,000	115,000,000
Hire purchase and finance lease liabilities **(Note 27)**	3,052,536	3,164,400	-	-
	91,434,191	134,204,073	75,000,000	115,000,000
Total borrowings				
Bank overdrafts **(Note 22)**	4,342,990	4,256,259	-	-
Revolving credits	46,000,000	49,200,000	-	-
Term loans	24,895,397	33,130,415	-	-
Sukuk Ijarah MTN	115,000,000	230,000,000	115,000,000	230,000,000
Hire purchase and finance lease liabilities **(Note 27)**	3,790,730	3,831,743	-	-
	194,029,117	320,418,417	115,000,000	230,000,000

26. Borrowings (cont'd.)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Not later than 1 year	101,856,732	185,547,001	40,000,000	115,000,000
Later than 1 year not later than 2 years	39,770,246	45,082,213	75,000,000	115,000,000
Later than 2 years not later than 5 years	42,984,139	80,164,733	-	-
Later than 5 years	5,627,270	5,792,727	-	-
	190,238,387	316,586,674	115,000,000	230,000,000

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	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	6.50	6.50	-	-
Term loans	6.10	6.60	-	-
MCP/MMTN	-	4.20	-	4.20
Sukuk Ijarah MTN	5.60	4.71	5.60	5.00
Revolving credits	5.69	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**.

(b) Term loans

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

(i) First legal charge over the leasehold building and vessels of certain subsidiaries as disclosed in **Note 12**;

(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;

26. Borrowings (cont'd.)

(b) Term loans (cont'd.)

(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 in prior year. The Sukuk Ijarah MTN are issued with yield to maturity ranging from 5.2% to 5.9% per annum (2014: 4.17% to 5.21% per annum).

(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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments:				
Not later than 1 year	930,479	897,348	-	-
Later than 1 year and not later than 2 years	972,861	894,505	-	-
Later than 2 years and not later than 5 years	1,507,468	1,881,980	-	-
Later than 5 years	683,344	739,537	-	-
Total future minimum lease payments	4,094,152	4,413,370	-	-
Less: Future finance charges	(303,422)	(581,627)	-	-
Present value of finance lease liabilities **(Note 26)**	3,790,730	3,831,743	-	-
Analysis of present value:				
Not later than 1 year	738,194	667,343	-	-
Later than 1 year and not later than 2 years	808,877	726,455	-	-
Later than 2 years and not later than 5 years	1,375,100	1,708,167	-	-
Later than 5 years	868,559	729,778	-	-
	3,790,730	3,831,743	-	-
Less: Amount due within 12 months **(Note 26)**	(738,194)	(667,343)	-	-
Amount due after 12 months **(Note 26)**	3,052,536	3,164,400	-	-

The Group's and the Company's hire purchase and finance lease liabilities bear flat interest rates of 2.87% (2014: 2.87%) per annum and Nil (2014: 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 RM115,000,000 (2014: RM230,000,000) which bears interest rate between 5.2% per annum and 5.9% per annum (2014: 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	
	2015	2014
	RM	RM
Third parties	56,268,452	54,104,368
Joint ventures	24,978,803	102,315,527
	81,247,255	156,419,895

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 60 days (2014: 30 to 60 days).

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

30. Other payables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Amounts due to related parties:				
- Joint ventures	22,500	-	-	-
- Associates	6,680,761	7,215,632	-	-
	6,703,261	7,215,632	-	-
Accrued expenses	3,918,408	10,706,790	288,371	841,439
Deposits from customers	514,940	418,030	-	-
Sundry payables	13,784,682	3,036,685	4,788,879	72,220
	24,921,291	21,377,137	5,077,250	913,659
Add: Trade payables **(Note 29)**	81,247,255	156,419,895	-	-
Borrowings **(Note 26)**	194,029,117	320,418,417	115,000,000	230,000,000
Total financial liabilities carried at amortised costs	300,197,663	498,215,449	120,077,250	230,913,659

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 effect 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
2015				
2006 Options	8,782,269	-	8,782,269	8,782,269
2007 Options	2,773,752	-	2,773,752	2,773,752
2008 Options	3,384,000	-	3,384,000	3,384,000
2009 Options	1,035,000	-	1,035,000	1,035,000
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

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

	Weighted average exercise price RM	Exercise period
2015		
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
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

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

(ii) Share options exercised in prior financial year

As disclosed in **Note 24**, options exercised in prior financial year resulted in the issuance of 163,187 ordinary shares at the exercise price between RM0.47 and RM1.20 each. The related weighted average share price at the date of exercise was RM0.51.

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:

	2015 RM	2014 RM
Future rental payments:		
Not later than 1 year	47,929,643	47,929,643
Later than 1 year and not later than 5 years	60,022,522	108,775,802
	107,952,165	156,705,445

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 7 years.

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:

	2015 RM	2014 RM
Not later than 1 year	121,643,078	119,659,699
Later than 1 year and not later than 5 years	148,246,488	230,780,940
Later than 5 years	10,215,482	23,483,346
	280,105,048	373,923,985

32. Operating lease arrangements (cont'd.)

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

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 RM92,500,000 (2014: 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) Sales and purchase of goods and services

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	2015 RM	2014 RM
Group			
Joint ventures:			
Charter hire of vessels	(i)	96,625,120	170,649,502
Vessel's management fees	(ii)	9,198,249	11,461,364
Associates:			
Charter hire of vessels	(i)	81,116,115	83,094,613
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(iii)	7,550,483	14,272,893

(i) The charter hire expense and mobilisation fees paid to joint ventures and associates 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.

34. Related party disclosures (cont'd.)

(a) Sales and purchase of goods and services (cont'd.)

(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.

(iii) The interest recharged to subsidiaries on Sukuk Ijarah MTN by the Company were based on the issuance rate at respective date.

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 and 31 December 2014 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**	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Short term employee benefits	6,848,008	7,285,203	406,499	346,040
Contributions to defined contribution plan	567,101	635,130	-	-

Included in the total key management personnel compensation are:

	Group		**Company**	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Directors' remuneration **(Note 7)**	4,302,128	4,960,378	406,499	346,040

34. Related party disclosures (cont'd.)

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

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

	Group and Company	
	2015	**2014**
	RM	**RM**
At 1 January/31 December	39,880,840	39,880,840

35. Fair value measurement

<u>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</u>

	Group	
	Carrying amount	**Fair value**
	RM	**RM**
2015		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	(13,381,655)	(12,414,719)
- Sukuk Ijarah MTN	(75,000,000)	(68,353,668)
- Hire purchase and finance lease liabilities	(3,052,536)	(2,618,103)
2014		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	(16,039,673)	(17,394,554)
- Sukuk Ijarah MTN	(115,000,000)	(107,735,725)
- Hire purchase and finance lease liabilities	(3,164,400)	(4,779,118)

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

35. Fair value measurement (cont'd.)

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

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables (current)	20
Other receivables	21
Cash and cash equivalents	22
Borrowings (current)	26
Trade payables	29
Other payables	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Determination of fair value

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2015 are as follows:

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using inputs that are not based on observable market data.

35. Fair value measurement (cont'd.)

Determination of fair value

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2015 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
Property, vessels and equipment **(Note 12)**				
- Vessels	31 Dec 2015	-	413,842,151	413,842,151
Investment properties **(Note 13)**	31 Dec 2015	11,667,426	-	11,667,426

Level 2 fair value

Level 2 fair values of the investment properties have been generally derived using the comparison method as described in **Note 13**.

Level 3 fair value

Level 3 fair values of the vessels have been generally derived using the method as described in **Note 3.2(c)**.

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.

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification and evaluation procedures. In addition, trade receivable balances are monitored on an ongoing basis in view of reducing the Group's exposure to bad debts.

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.

At the reporting date, approximately:

- 44.7% (2014: 51%) of the Group's trade receivables were due from 10 (2014: 10) major customers who are located in Malaysia; and

- 49.4% (2014: 40%) 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 53% (2014: 58%) 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 35% (2014: 50%) of the Company's borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2015				
Financial liabilities:				
Group				
Trade and other payables	106,168,546	-	-	106,168,546
Borrowings	102,594,926	85,636,132	7,083,593	195,314,651
Total undiscounted financial liabilities	208,763,472	85,636,132	7,083,593	301,483,197
Company				
Other payables	5,077,250	-	-	5,077,250
Borrowings	40,000,000	80,812,500	-	120,812,500
Total undiscounted financial liabilities	45,077,250	80,812,500	-	125,889,750

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
2014				
Financial liabilities:				
Group				
Trade and other payables	177,797,032	-	-	177,797,032
Borrowings	186,214,344	148,142,795	5,794,875	340,152,014
Total undiscounted financial liabilities	364,011,376	148,142,795	5,794,875	517,949,046
Company				
Other payables	913,659	-	-	913,659
Borrowings	115,000,000	126,768,083	-	241,768,083
Total undiscounted financial liabilities	115,913,659	126,768,083	-	242,681,742

(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 78% (2014: 82%) 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.)

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group’s (loss)/profit before tax would have been RM46,291 (2014: RM49,939) 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.

<u>Sources of interest rate risk</u>

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 United States Dollar (“USD”) and Singapore Dollar (“SGD”).

Approximately 3% (2014: 2%) of the Group’s sales are denominated in foreign currencies whilst almost 100% (2014: 98%) 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.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's (loss)/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 (Loss)/profit before tax 2015 RM	Group (Loss)/profit before tax 2014 RM
Financial assets			
USD/RM	- strengthened 3% (2014: 3%)	(61,164)	(66,650)
	- weakened 3% (2014: 3%)	61,164	66,650
Financial liabilities			
USD/RM	- strengthened 3% (2014: 3%)	(324,705)	(47,727)
	- weakened 3% (2014: 3%)	324,705	47,727
SGD/RM	- strengthened 3% (2014: 3%)	(5,917)	-
	- weakened 3% (2014: 3%)	5,917	-

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 maximises 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 2015 and 31 December 2014.

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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Borrowings	194,029,117	320,418,417	115,000,000	230,000,000
Trade and other payables	106,168,546	177,797,032	5,077,250	913,659
Less: Cash and bank balances	(125,513,402)	(245,030,608)	(14,922,379)	(122,098,639)
Net debt	174,684,261	253,184,841	105,154,871	108,815,020
Equity attributable to the owners of the parent, representing total capital	876,936,118	829,759,148	397,624,999	398,403,372
Capital and net debt	1,051,620,379	1,082,943,989	502,779,870	507,218,392
Gearing ratio	16.6%	23.4%	20.9%	21.5%

38. 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.

38. 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.

38. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2015					
Revenue					
Sales to external customers	241,572,622	105,083,497	3,565,971	-	350,222,090
Inter segment sales	57,114,562	47,463,452	3,208,028	(107,786,042)	-
Total revenue	298,687,184	152,546,949	6,773,999	(107,786,042)	350,222,090
Results					
Segment results	15,875,786	(3,342,986)	7,468,190	(5,479,518)	14,521,472
Finance costs	(11,348,909)	(576,394)	(7,970,775)	7,550,469	(12,345,609)
Share of results of associates	2,379,049	-	-	-	2,379,049
Share of results of joint ventures	(12,482,195)	(11,891,083)	-	-	(24,373,278)
Loss before tax					(19,818,366)
Income tax credit					65,629,571
Profit for the year					45,811,205
Assets					
Segment assets	418,345,978	83,201,409	9,423,150	-	510,970,537
Investments in associates	61,699,516	-	-	17,732,390	79,431,906
Interests in joint ventures	70,255,327	-	-	157,120,790	227,376,117
Intangible assets	-	19,416	-	1,540,096	1,559,512
Unallocated assets	283,381,453	32,120,598	460,126,404	(403,108,101)	372,520,354
Total assets	833,682,274	115,341,423	469,549,554	(226,714,825)	1,191,858,426
Total liabilities	449,049,620	94,351,671	167,855,444	(397,908,321)	313,348,414
Other segment information:					
Capital expenditure	6,519,967	23,158,513	4,666,648	-	34,345,128
Depreciation	29,284,764	13,209,959	381,355	-	42,876,078
Other significant non-cash expenses:					
Impairment loss of trade receivables	10,473,238	1,905,057	-	-	12,378,295
Impairment loss on interests in joint ventures	840,967	-	-	-	840,967
Impairment of property, vessels and equipment	16,077,838	-	-	-	16,077,838
Property, vessels and equipment written off	2,004	-	-	-	2,004

38. 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. 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 2015 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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	672,707,205	579,083,160	1,220,541	1,993,460
- unrealised	(316,853,443)	(289,454,673)	(5,454)	-
	355,853,762	289,628,487	1,215,087	1,993,460
Total share of retained earnings from associates:				
- realised	23,173,268	21,085,958	-	-
- unrealised	39,142	(95,180)	-	-
Total share of retained earnings from joint ventures:				
- realised	157,351,063	180,003,946	-	-
- unrealised	14,507,325	15,206,400	-	-
	550,924,560	505,829,611	1,215,087	1,993,460
Less: consolidation adjustments	(68,418,226)	(68,917,113)	-	-
Retained earnings as per financial statements	482,506,334	436,912,498	1,215,087	1,993,460